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論文題目

Abraham Academic Academy Business Plan
Abraham Academic Academy 國際語言學院企業計劃

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Advisor: Professor Chester Ho

中華民國一百零二年二月
February 2013

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Dedication

To my parents, Beverly and Gerry Vatougios, for teaching me most of what I know, and involving me in every aspect of their entrepreneurial lives,

To my friends and family who taught me how to navigate the lines that exists between our professional and personal worlds,

To the Physics Department at Simon Fraser University for developing my objective personality, analytical mind and problem solving skills,

To the IMBA program at National ChengChi University for taking me to the next level of business awareness and preparing me for my future endeavors,

To my Advisor Chester Ho. for taking me under his wing and putting together the pieces of what I learned.

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1. EXECUTIVE SUMMARY



1.1. EXECUTIVE OVERVIEW

The intention of this business plan is to outline the creation of an internationally recognized education institute through its franchise of a world class set of chain schools that specializes in both supplementing a host country's national curriculum (cram school) and providing foreign language courses (language center).

The consumer-side of this education institute will focus on the provision of its curricula, programs, products and services to pre-university ages and levels (PK-Grade 12) through the development of kindergarten, elementary, and middle schools and junior and senior level high schools. The franchiser-side of the business will focus on the provision of everything needed by a school to ensure that a franchisee can be customer centric with the consumer-side running at optimum efficiency and the lowest possible cost structure.

Abraham Academic Academy is the Brand name of this education institution. It will function as the head-office and be responsible for the franchising obligations; franchising, curriculum and network development; and consultation, customer relation and student services development. All businesses and schools that operate within the franchise will adopt a portion of the name. For example, Abraham Academic Academy Kindergarten, Abraham's Elementary Language Academy, Abraham Academic Academy Junior High School, Abraham's Senior High Language Academy, Abraham Academic Academy Consultation Services and Abraham's Student Services.

Abraham Academic Academy plans to own and operate some of its own schools as well as sell franchises. In terms of the chain's local growth and expansion plans, Abraham Academic Academy has organic and aggressive models that are interlaced. A point of interest is the Abraham Academic Academy view on education in this chain school era, which explains their focus on acquiring bankrupt and struggling schools and bringing into the brand small, local, independently run schools with the promise of a brighter tomorrow through our network.

Local for Abraham Academic Academy means Taiwan. We are going to begin our focus on Asia by starting operations in Taiwan. Our flagship school is to be located in a suburb of Taipei and will initially consist of kindergarten and elementary grade (1-6) school programs.

The local curriculum of a specific school will be based on the public and private schools that exist in the vicinity of that Abraham Academic Academy school, which the majority of our students are expected to attend. Initially, our language program will only focus on the English language and its curriculum will parallel the Western K-12 systems used in Canada, America, and Australia. Our language curriculum will also embrace elements of the British and European education system encompassed in the international baccalaureate program.

By having our language program focus on the Western K-12 system, we are in essence providing a service that is only available in a few of the elite schools in a Non-native English speaking country. The current vision of English as a second language (ESL) that is embraced by most language schools is very limited to a recreational sense of the language and is missing two important and practical applications that are crucial to a student's development. First, to support a student, who in the future might make the transition to an overseas school through the provision

of important knowledge already taught to local students there. Second, to provide a unique international view of the world to a student through subject matter that is neglected in both non-native English speaking national curricula and standard language school programs.

Internationally, Abraham Academic Academy plans to expand from its base of operations in Taiwan by proceeding to China. From China we plan to begin going south into Vietnam and north into South Korea. By this time we expect to bring the Chinese Language into our language schools curricula. The world already recognizes that China will be an economic powerhouse by 2030, and trends already exhibit that Chinese language acquisition will become important in the future. Our intention is to utilize the schools in our network in Taiwan and China to obtain Chinese teachers and managers. We will provide our Chinese teachers with an exchange program and groom managers to either own or temporarily run schools in the new countries while implementing the Chinese language programs there.

For the purposes of this business plan we intend to go over the long-term aspects of building the Abraham Academic Academy franchise, but focus on the immediate short-term opening of the kindergarten school.

1.2. THE ABRAHAMIC VIEW ON EDUCATION

Education has always been a crucial factor behind a society's development. Those in the know and those with skills have always been better off and can be found occupying positions that allow them to flourish in the real world, which is why education has become synonymous with a better living.

However, today's free market society has changed the role of education in two ways. First, our raised standards of living have brought higher education down to the masses causing education to become a basic necessity for life. This can be seen through the proliferation of educational material in both the public and private sectors and the rising minimum requirements of a standardized educational system. Education has become a mass produced commodity, but unlike the water in your glass and the meat and potatoes on your plate, education is subject to greater differentiation and price premiums.

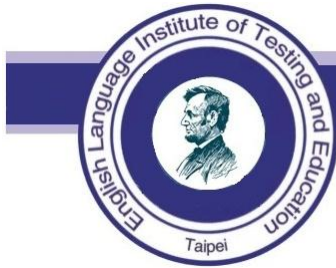
Secondly, today's free market society has not only brought about an international pressure to globally standardize education, but has brought about the requirement of a standardized language for communicative purposes. The world is flatter as many nations are part of the supply chain that makes our free markets work and technology has made the world smaller by bringing disparate resources together in a more timely fashion. It is the mobility of our human resources in this global village together with their knowledge and skills that has developed the need for a universal means of communication. For a long time English has been recognized as the international language and for some time still English will remain reinforcing the need for language schools. Abraham Academic Academy is English ready and is geared to be ready for the emergence of other languages as they become important.

Abraham Academic Academy believes it is better to supplement than provide the standardized education of a nation. Abraham Academic Academy believes that the supplementation is a larger market as competition is relative and every student in every country, school, and grade feels the pressure to improve. Another supplementation model benefit is the smaller initial infrastructure requirements and less bureaucratic red-tape, which translates into lower costs and fewer demands and compliance issues.

We believe there are many advantages in focusing on the language portion of our model in selling our education systems in the international community. First, our schools gain in prestige as the best local schools in a non-western country are the international schools, which are generally known for their English Language programs. Second, by the adoption of the highly regarded western K-12 curriculum, we are put into a class of only a select few. Third, many students want to be educated overseas and are concerned over making the difficult transition that we aid in. Fourth, the provision of a western style education conducted locally brings diversity and can broaden a student's mind without the need for going abroad. Fifth, the educational variety that Abraham Academic Academy brings to the classroom beyond the recreational and redundant curriculum currently in widespread use. Lastly, in regards to the emergence of other international languages, Chinese is quickly becoming accepted as the next language on the horizon. With our focus in Asia, our short-term goal is to bring English to Asia, but our long-term goal is to develop Chinese programs for the rest of the world.

2. COMPANY DESCRIPTION

2.1. COMPANY OVERVIEW



Abraham Academic Academy

Abraham Academic Academy is a limited liability company (LLC) that represents the core brand of a service-orientated business chain of businesses. Abraham Academic Academy is an education service provider. Abraham Academic Academy has schools that provide supplementary, extra-curricular, pre-school, after-school and intersession programs both locally and abroad. Abraham Academic Academy aids students with their studies under a countries national curriculum, supplements it with additional courses (cram school) and provides students with an intensive English language segment (language school). Any of the Abraham Academies can be operated by a franchisee, an affiliate, or the corporation itself. The company's revenues come from the rent, royalties and fees paid by the franchisees, as well as sales in and of company-operated schools.

The following is a list of some of the names that can be used by our trademarked schools and companies that will exist within the Abraham Academic Academy franchise group: Abraham's Kindergarten Language Academy (Abraham Academic Academy Kindergarten), Abraham's Elementary Language Academy (Abraham Academic Academy Elementary School), Abraham's Middle-School Language Academy (Abraham Academic Academy Middle School), Abraham's High-School Language Academy (Abraham Academic Academy Junior High School and Abraham Academic Academy Senior High School), Abraham Academic Academy Language

Institute, Abraham's International Language Center, Abraham Academic Academy Travel Center, Abraham's Student Services Center and Abraham's Education Consulting Incorporated.

Abraham Academic Academy's most prominent feature is its Americanized K-12 English Language curriculum that focuses on western style learning and an American way of life for the privileged. Other prominent, attractive features of Abraham Academic Academy are its network, support, marketing ability, flexible and convenient pedagogical schedules, and consultation, customer relations and student services wings of the business.

The company will be incorporated by the end of 2013 with plans of opening its first school by 2015. This school will be our flagship school and it will be located in Taiwan within the Taipei county limits. Abraham Academic Academy will initially be headquartered in Taiwan with its offices temporarily sharing the flagship kindergarten school's facilities until the school's enrollment numbers reach maximum capacity. At which time, alternate arrangements will be made for the franchising headquarters. This is expected to take place approximately 3-5 years after the school opens to the public (~2019).

To begin Abraham Academic Academy will focus its attention on the implementation of its Kindergarten. All remaining effort will be invested in developing its franchising network, services and curriculum that will be used by our future academies. Abraham Academic Academy's plans for growth are discussed below in section 2.2 Expansion Plans.

Abraham's Kindergarten Language Academy is a Bilingual Kindergarten (English and Chinese). These two departments (Chinese and English) will offer parents a wide range of

flexible program schedule times (part-and full-time) and types (English-Only, Chinese-Only, or bilingual curriculum and daycare services). Other important school offerings will be its parent days, field trips, outings, community involvement, inter-school competitions, inter-chain events, theater activities, and graduation and Christmas performances.

Abraham Academic Academy's Flagship Kindergarten will be a local Taiwanese school with between a 661-1,322 square-meter (between 200 and 400 ping) facility that has between 25-30 rooms of various sizes, which will serve a variety of purposes from office, kitchen and storage space to bath-, play- and classrooms. The company will employ 35 employees from managers and teachers to assistants and janitors to help smoothly operate Abraham Academic Academy's franchise head-office and kindergarten in order to facilitate our brand's development and support our Taiwanese students' academic and language abilities.

It is the intention of the founders, Mr. John Vatougios and Mrs. Jenny Lai, to grow this academy into a leading language and cram school provider that offers an exceptional educational experience. Abraham Academic Academy initially will serve the students and parents of Taiwan, but has the ambition to expand its services beyond its Taiwanese borders and to proceed into other countries.

2.2. EXPANSION PLANS

2.2.1. ORGANIC GROWTH MODEL:

Before Abraham Academic Academy can commence its franchising operations, we believe that we must first establish a set of corporate owned schools to serve as the franchising model that we intend to sell. Therefore, Abraham Academic Academy will begin building its education franchise through the implementation of its kindergarten program at its corporate flagship school. Once the kindergarten is up and running smoothly the first order of growth will be to expand the curriculum at that same school to include elementary school grades 1-4 (or 1-6, depending on the facility's size). The reason for this same facility expansion falls under the effective and efficient usage reasons that our model boasts about. The same facility described in our plans can be used to operate both a kindergarten and an elementary program. The only difference would be an incremental increase in staff, equipment and supplies necessary to support the additional grades and the introduction of a new rotating schedule to shuffle them around.

The reason that we do not want implement both schools simultaneously is the potential risk to our brand's image. This risk explains our desire to grow organically and our kindergarten can serve as the model to portray some of our organic growth elements. For example, a new staff using a new curriculum in a new environment would be stretched too thin trying to implement a more complicated, longer day schedule and could inadvertently affect the quality of our teachings and offerings. During this initial stage we want our staff to become familiar with the Abrahamic way, trained and prepared for the future and confident in the application of our business model. Abraham Academic Academy is more worried about the long-term harm than short-term good. Our plan is to grow organically and sequentially in terms of duplicating existing same school models (same ages/levels) and developing the next school level model (higher ages/levels) once

the root school has worked out all the bugs and is operating smoothly. The 8 reasons for undergoing organic growth that follow are based on intuition and experience and form the basis for the establishment of our kindergarten before our elementary school:

1. Cost Associated With a Customer.

There are significant costs associated with acquiring new customers and losing dissatisfied customers through switching. Customers are more skeptical and judgmental of a school without a history and reputation. You only get one shot at impressing a new customer and if you lose them you lose all their friends. This is important to us since most of our marketing initially will be grassroots oriented involving word of mouth. We want to ensure that our customers are happy and satisfied, so their friends and family will follow.

2. Curriculum.

The running of both schools simultaneously would be too time demanding. It would prevent us from developing new curriculum and from thoroughly testing and experimenting on the existing curriculum in order to improve/modify it. It is simply just not good enough to get by and teach as a sound curriculum is important for all future schools and members that will join our franchise.

3. Low Initial Enrollment Rate.

It may not be worthwhile and even dangerous to hire extra staff, buy extra equipment and procure unnecessary supplies needed for the smooth operation of the combined school. Especially, since we expect a low initial rate of enrollment. It may be better to utilize what we

have rather than to go out on a limb.

4. Staffing Considerations.

It is easier and cheaper to find staff to fill positions in a kindergarten (lower aged level school) and teach its required curriculum than in an elementary school (higher aged level school). Generally, by training and developing a lower aged school staff, we can promote those most capable and qualified to the next higher aged level school when that school is ready to be opened, thus reducing the strain on filling the new positions and beginning anew at another school. It is also easier for our staff to develop and modify a lower aged level school's curriculum. There are many transferrable benefits and fundamental skills that are more easily learned from developing a lower aged level curriculum first, which can be applied to a higher aged level curriculum later.

5. Self-Sustaining.

By growing in this fashion our kindergarten students will become our elementary school students. Our elementary school students will become our middle school students, and so on... This decreases the student recruitment pressure faced by a newly opened school.

6. Market Exists.

Taiwanese parents require daycare services and place a high level of importance on early childhood education, especially with regards to learning languages. Taiwanese beliefs coincide with research that supports language acquisition at an early age in terms of speed and fluidity.

7. Developed Tastes

In addition, a first time parent will not have defined and sophisticated tastes with regards to the education market. A kindergarten usually represents the first school that a parent will be associated with. Parents that have a child already in the system will have developed preferences and prejudices. It will be easier to recruit and appease these parents and then keep them in our franchise.

8. Relocating Staff.

We intend to fill new and empty positions through a staff relocation program. We will want to use existing people from an old school to set up a new school and to train the new people there. By building a solidly qualified staff at one school first, we can then target specific people and groom them for relocation purposes. Key personnel can be moved around based on their qualifications or potential. They can be used at a higher level school where positions are harder to fill, at a new school that needs an experienced person or at an existing school that is struggling. Key employees can be enticed by perks, benefits, or promotions. This is especially applicable in Taiwan due to a wage stagnation issue and limited opportunities for promotion in the industry.

2.2.2. AGGRESSIVE GROWTH MODEL:

While an organic growth model is the best and safest way for a business to develop it is too slow for our purposes as dictated by market conditions. Thus, Abraham Academic Academy has developed expansion plans that intertwine the safety of an organic model with the speed and efficiency of a more aggressive one. As Abraham Academic Academy develops we plan to further refine and improve upon our aggressive growth model techniques so as to minimize risk

and maximize growth. In time, as a strong and stable foundation establishes, we will be increasing our growth rate expectations and leaning towards our aggressive model.

The aggressive growth model is based on utilizing the existing infrastructure that does not have to be fully developed by Abraham Academic Academy. This option is primarily available to us because of the worldwide consolidation of the supplemental educational market that is currently underway. In this model, we would buy up bankrupt businesses, buy out underperforming businesses, or try to bring in to the Abrahamic fold existing businesses that are in operation and have the potential to do better.

The first strategy merely requires the usage of cash for the purchasing of potential schools to be exploited, whereas the merging of schools and the bringing of operational schools into the Abraham Academic Academy franchise will require more work. For this second situation, we use fear and exploit the facts and numbers that exist to reinforce our position, offer solutions to the problems they have and describe how joining will alleviate their pressures. It is through this market awareness and a modified franchise structure that we may entice members to join. Our model has both financial and regulatory benefits and exceptions for entrepreneurs with existing schools in operation depending on the years that a particular school has been in operation together with its potential for growth with our guidance.

2.3. BELIEFS

The belief system used at Abraham Academic Academy is built into our core through our programs and curricula and made blatantly apparent throughout our schools on walls and in classrooms. The instilling of our values and beliefs into our students and employees is a

fundamental goal that is progressive. We have matched specific values with the different stages of our students' development. Our beliefs begin with our vision and mission statements that reside in our value system.

2.3.1. VISION:

We believe that a higher education makes a crucial contribution towards a world-class knowledge society and we want to be that provider of a brighter future for our students. We want to help shape and develop the young promising minds of tomorrow through the instilment of our exceptional educational programs and curriculum.

We want to see our students functioning well both locally and internationally. Students who are grateful and happy with their educational choices that made them confident and ready for whatever tomorrow shall bring.

We want to provide our students' children with the same life-lasting multicultural experience that opened their parents' minds to explore understand and appreciate the beauty of the world with all its differences.

2.3.2. MISSION:

To provide real life opportunities by providing better educational opportunities. To create a world class curriculum that is both applicable and transferable to our students' future. To build a localized curriculum that exceeds a countries national standards so as to provide our students opportunities though their own excellence and to build an international K-12 language program

that opens the minds of our students and creates a well-rounded and worldly student that is ready to go wherever he or she desires.

We want to build a happy and copasetic company culture via a bridge between our cultures by teaching western and local philosophies that are positive and mutually respectful. Philosophies those are conducive to a fun, safe and stimulating environment where the children can explore the different ways to be educated through the different English and Chinese environments. Through these philosophies, nurturing and the provision of opportunities for advancement through our network of schools both local and abroad we want to attract, train and keep the best employees.

To build a network of company-wide resources those are invaluable to a consumer and indispensable to a successful school's operation, which will allow a school to focus on the customer and the education provided. To build schools that specialize in a specific localized trait that can be added to Abraham Academic Academy's repertoire and to have those schools reach out to the community, people and businesses, and harness or help create additional local resources and services necessary to make our schools an indispensable asset in our parents and students lives.

2.3.3. VALUES:

Abraham Academic Academy believes that education is more than just making the grade, which is why our value system begins with the values that are taught at home. Parents not only want their children to learn the academic material covered in a textbook, but to develop the social graces needed in today's society by mature and responsible adults. Abraham Academic Academy

then organizes its values according to a student's stage of development and into two tiers that focus on the important elements of an individual's success. The first tier focuses on the values that an individual needs to be successful, with the second tier focusing on those needed for their self-actualization.

2.3.4. HOLISTIC VALUES (FAMILY):

Family values, behavior, manners, and etiquette are central to the holistic values that Abraham Academic Academy deems important. We want to help the parents of our students in raising perfect little children by focusing on the respect of elders and the importance of family. Other important values deal with the expected behavior, manners and etiquette of people in society. Short situational lessons are used to teach students what to do and how to act in a variety of contexts both in and out of school.

2.3.5. VALUE SYSTEM (BY AGE: STAGE OF STUDENT DEVELOPMENT):

- Kindergarten: Foster nurturing, safe and guided environment.
- Elementary: Recognition of the importance of learning through fun, creativity and self-guided exploration.
- Middle school: Success through empowerment.
- High school: Leadership through ethics and competition.

2.3.6. INDIVIDUAL VALUES (INHERENT):

- Creativity & Multicultural
- Happiness & Peace of Mind
- Trust & Respect

- Safety & Risk
- Integrity & Honesty

2.3.7. SELF-ACTUALIZATION VALUES (DEVELOP):

- Intelligence & Competence
- Empowerment & Auto-Didacticism
- Leadership & Engagement
- Morals & Ethics
- Due Diligence & Critical Thinking

2.4. MANAGEMENT

2.4.1. JOHN VATOUGIOS:

CEO and Chief of the English Section, he is a Candidate for a Master in Education from Simon Fraser University in Vancouver and an IMBA Candidate at National Chengchi University in Taiwan, he has a Bachelor of Applied Physics from Simon Fraser University. John has more than 10 years of teaching experience, 6 of them in Taiwan. He is going to be in charge of the daily operations, the strategic planning for the curriculum, the training of foreign employment and general education in the English Section.

When the company grows beyond a point John Vatougiios is willing to step aside as CEO if it is in the company's best interest. However, he wants to be groomed; he wants to be placed on the board and still be part of the decision making process.

2.4.2. JENNY LAI:

CFO and Chief of the Chinese Section, she has a Bachelor of Business Administration from the National University of Singapore (NUS), a Bachelor of Education from the National Taiwan Normal University (ShiDa) and a Taiwanese teaching certificate. She has more than 20 years of teaching experience in Taiwan. She is going to be in charge of public relations, finance and accounting, training of local employment and education in the Chinese Section.

2.4.3. GENERAL STRATEGY:

It is our intention to recruit a management team from the professional pool that exists within a school's host country and employed at other schools. We will lure qualified managers away initially by providing them with the opportunity to become a future owner of a branch school and/or with the promise of a partial stake of ownership in Abraham Academic Academy.

3. MARKET ANALYSIS

3.1. SWOT ANALYSIS

3.1.1. STRENGTHS:



- Program options/flexibility.
- Schedule option/flexibility.
- Pricing option/flexibility.
- Original source of structured information (curriculum, methodology, resources).
- Superior curriculum (local = national standard, international = K-12).
- Superior teaching practices, methodology, and access to educational resources.
- Western education expertise (curriculum, management, experience, contacts): John Vatougios.
- Taiwanese education expertise (curriculum, management, experience, contacts): Jenny Lai.
- Business Sense: Local know-how (public relations, government loop holes, low cost structure).
- Business Sense: Marketing strength and local grassroots knowledge and know-how.
- Access to western teachers (local and international recruiting agency).
- Public Relations Sense: Consumer appeal (in touch with consumer needs) (extra-curricular activities/events/programs, extended hours of service and private services).
- Competitively price compared with other foreign language schools.
- Knowledge and Experience with the workings multiple branch school system.
- Knowledge and Experience with acquiring/turning around/selling off bankrupt businesses.
- Willingness/experience working with small businesses and entrepreneurs.

- Cost effective history.
- Not dependent on curriculum providers (externally developed curriculum packages can be costly and cheap curriculum can cause inconsistencies/mismatching problems).
- Direct contact with customers (target market and end users): company run schools provide downstream reliable information to our franchising office in order to refine and adjust our offerings.
- Ability to add and diversify brand (can encompass anything educational related).
- Act globally think local strategy: our business model allows for short term local adaptation with the long term standardizing expectations.

3.1.2. WEAKNESSES:

- No brand exposure/recognition, no established school reputation.
- No franchising experience, chain experience.
- No Size/Market Share: starting from scratch.
- No team: Must develop team and culture.
- Competitive experience (have not competed against a chain directly).
- The customized K-12 curriculum is not tested.
- Sub scale: Lacking of economies of scale (higher costs).
- Unfocussed: Initially scope too large (efforts vs. results; undertaking schools, curriculum, franchise, network).
- Need to develop some core principles (we're good at schools and curriculum only).
- No blue ocean, no un-replicable defining trait.

3.1.3. OPPORTUNITIES:

- Mature market, stable prices (no price wars).
- Market contraction/consolidation (our model is for this era; to build empire through fear mongering; partnerships for a better tomorrow).
- Customer loyalty/relationships: every customer has the potential to grow with us for 15 years (PK-12).
- Cultural beliefs (Taiwanese parents to educate their young from birth, foreign language acquisition is important).
- Reasonable prices/lower investment costs (many good buys and finds in Taiwan: many bankrupt business, liquidated items, 2nd hand markets: good quality toys, books, playground, and educational material).
- Market Segment: Our primary competition will be American style schools; this is our high-end product and specialty.
- Ability to grow/add/diversify B2B (upstream: franchise resource and service network) and/or B2C (downstream: company owned schools).
- Most schools don't have a standardized special trait (Our K-12 customized curriculum, or localized specific school specialty).
- No international players competing in the market; no international company selling an international product (specialty).
- Mature market with established high margins.
- National policies favor educational development (low restrictions/enforcement, high freedom).
- Nation has an oversupply of domestic teachers (much greater than demand in most urban areas).

- Abundant supply of foreign teachers (Taiwan is becoming a hotspot for travelers and Taiwan's most liberal foreign employment policies apply to teachers and low-cost labor).
- Playing catch-up (clear and decisive; up we can see the market impartially and learn from mistakes).
- Professional/expert K-12 educational people could endorse the curriculum (through university connections).
- Exposure through key partner network.
- Starting with kindergarten gives room to play and improve.
- Transferable skills to other emerging markets (success in Taiwan's developed market will help with China and Vietnam expansion).
- Stable costs: stable inflation, low costs of materials, labor.
- Economic recovery: expected increased family expenditure on education.

3.1.4. THREATS:

- Established market with established competitors (both chain and sole-proprietor).
- Financially backed competition starting to focus on specific aspects/markets (compared to us: spread thin and beginning).
- Red ocean competition (have to beat competitors; chains can afford to go head to head; price wars).
- High switching costs: Not easy to attract/steal students from other schools.
- Late mover disadvantage (the age of the Chain School has already begun).
- Market growth: stagnant demand and low population growth (high kindergarten registration rate and low birth rate in Taiwan) means the only way to increase revenues is by gaining market share.

- Our school is a new concept in the market and there is the risk of misunderstanding and lack of marketability.
- High foreign employment turnover rate (hard to keep foreign English teachers).
- Hard to provide foreign teachers to employ schools in non-urban areas.
- Might be deemed an Outsider (not on home turf: favoritism, political and social ties, national pride).
- Highly regulated and difficult foreign visa and arc policies/regulations.
- Cheap new entrants may emerge: competitor underpricing through lower costs of a specific niche market.
- Fast growth model dependent on entrepreneurial willingness/support.
- Consumers finicky/judgmental.
- Espionage/copycat: competition primarily followers and consider cost first (brand development new concept).

3.2. PEST ANALYSIS

3.2.1. POLITICAL FACTORS:

Taiwan:

- If the Modern Era of Taiwan begins with Martial Law under control of Sino-centric hegemonic government from 1949 to 1987, then modern day Taiwan begins in 1987 with its democratization, pluralism and liberalization initiatives.
- Taiwan is a third wave democracy that is 30 years strong.
- Taiwan is considered to be a highly regulated, protected, and closed country with respects to protecting industries from international competition.
- Taiwan is undergoing a liberalization process, partly in favor of WTO admittance

- Employment laws: in favor of employers.
- Politically stable.
- Tax policy:
 - A) Corporate tax rate; low in Asia, a decrease from 25% to 17%.
 - B) Optional tonnage tax system (as of 2011), enterprises can choose to use the regular tax system or the new tonnage tax system.
 - C) Personal income tax varies between 5% and 40%, in general (most people) tax is between 15% and 20%.
 - D) VAT tax is 5%.
 - E) Securities transaction tax is 0.3%, 0.1% on shares issued by companies and corporate and financial bonds respectively.
- Trade restrictions and tariffs: simple structure (due to WTO standards for entry). Taiwan offers reciprocal tariff rates. No countries are embargoed (Taiwan historically follows the lead of others), but imports from China are under restriction.
- Trade restrictions and tariffs: Taiwan used to impose many trade barriers and restrictive laws to protect its local economy, but has since (liberalized) reduced or removed a significant number of trade barriers due to international pressure.
- Protection of intellectual property and piracy: significant improvement (expected to meet WTO standards).
- Minimum import/export controls, minor inspection and declaration fees.
- Government policy historically backs local industry growth with potential. Good example is the government support of the technology industry.

Pro: Government development and methodology of venture capital in

Taiwan, science and technology parks, investment tax incentives.

Con: Government revision of investment policies and government

politically-based economic policies (China).

- Government intervention: occurs. It does take place in the private sector. Either in doing/forming businesses or preventing businesses from taking action and not always for the best interests of the nation/people (either their own or business interests).
- Freedom of speech: moderate. It is allowed, but forms of censorship exist/imposed.
- Transparency: medium-low (good for Asia, falls short of western standards).
- Political scandals/corruption charges: medium-low (good for Asia, falls short of western standards).

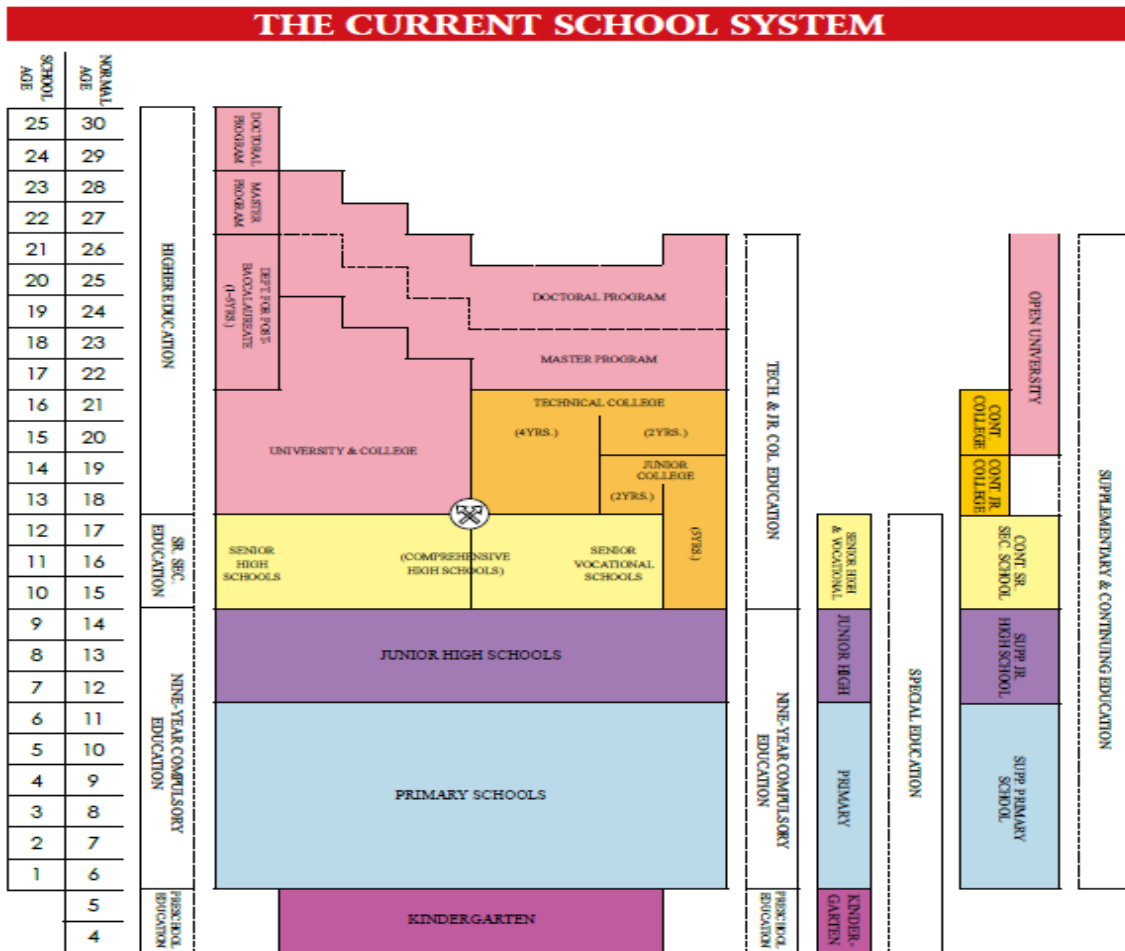
Education:

- Education has always been an enormous political and social concern for Taiwan; the political landscape of Taiwan changed the strategic importance of education from being restricted and government operated to a free system that embraced both public and private equity.
- Political-educational strategic importance was deemed necessary to remove Japanese and Mainland influences and create a society based on National and western international sentiments for the security of Taiwan.
- Previous education system (prior to 1987) was based on the Chinese 1922 educational system (adopted), but it focused on Taiwanese nationalism with strong China-orientation. It also included western efficiency, logic and capitalism ideals.
- The first major educational reform movement began in 1960 and was based on western educational ideals (Theory of human capital, theory of modernization and competency-based education).

- Taiwan's second educational movement in the 1990s and 2000s tried to prioritize reasoning over mere facts, create a market mechanism (funding and privatization), reduce the emphasis on central control and standardized testing.
- Two chief components of change in this second educational movement were the "Education Basic Law Act" and "Nine-year Integrated Curricula", which made education compulsory in Taiwan, is from 6 to 15 years old (9 years), and is expected extension to 18 years old by 2014. It also focused on kindergarten and Preschool education, from 2 to 6 years is not considered compulsory in Taiwan.

• Figure 1: Taiwan Current Education System

Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)



- Table 1 : Summary of Education at All Levels in the Current School System

Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

SUMMARY OF EDUCATION AT ALL LEVELS						
SY 2011-2012						
Unit:Person						
	No. of Schools (school)	No. of Teachers	No. of Classes (class)	No. of Students	No. of Graduates in 2010	No. of Students Per 1,000 Population
Total	8,100	271,480	155,820	4,860,034	1,213,643	209.26
Kindergarten	3,195	14,918	9,335	189,792	...	8.17
Primary School	2,659	98,528	58,008	1,457,004	271,625	62.73
Jr. High School	742	51,188	27,645	873,220	316,904	37.60
Sr. High School	336	36,407	10,119	401,958	128,967	17.31
Sr. Voca. School	155	16,976	8,847	366,449	109,837	15.78
Jr. College	15	1,691	2,356	101,300	20,463	4.36
Uni. & College	150	48,662	32,251	1,250,925	292,758	53.86
Special Edu. Sch.	27	1,829	640	7,014	2,038	0.30
Supp. & Cont. Sch.	819	1,204	6,286	197,384	67,694	8.50
Open University	2	77	333	14,988	3,357	0.65

- Of extreme political importance to language and cram schools in this second educational movement were the measures taken for promoting "educational internationalization", which brought about the importance of language acquisition through the inclusion of English courses in primary schools and the "schemes of basic competency tests" that promoted competition for high school and university admittance.
- A side effect of the government's "educational internationalization" efforts that helps language and cram schools is the ability to attract foreigners needed to fill teacher positions. This was done by making Taiwan more attractive to foreign students and exchange students through instituting systems of transfer of credits between universities,

creating inter-university and international programs, enhancing budget for inviting foreign visiting scholars and assisting students to study abroad, etc.

- Table 2: The Increase of Overseas Students in Taiwan
Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

OVERSEAS STUDENTS IN R.O.C.							Unit:Person
Year / School Year	2006	2007	2008	2009	2010	2011	
Total	26,488	30,150	33,065	39,042	44,776	55,463	
Subtotal of International Students	24,511	27,738	30,067	34,285	37,177	40,843	
Studying for a Degree	3,935	5,259	6,258	7,764	8,801	10,059	
Overseas Compatriot Students	10,320	10,861	11,426	12,840	13,562	14,045	
International Exchange	1,121	1,441	1,732	2,069	2,259	2,259	
Studying Mandarin Chinese	9,135	10,177	10,651	11,612	12,555	14,480	
Subtotal of Overseas Chinese Students	1,977	2,412	2,998	4,757	7,599	14,620	
Mainland China Students (Studying for a degree)	-	-	-	-	-	928	
Mainland China Students (to take short-term courses or attend meeting)	448	823	1,321	2,888	5,316	11,227	
Short-term Courses	1,245	1,146	1,258	1,307	1,604	1,604	
Overseas Compatriot Youth Technical Training Classes	284	443	419	562	679	861	

- A recent “Early Education and Care Act” passed in 2011 that took effect in 2012 called for a loosening of regulations in the field of early education and childhood as described by the 1981 "Preschool Education Act". The following are the main changes in the Act:

- Table 3: Impact of the ECEC Act:

Source: Child Care Friendly Policies and Integration of ECEC in Taiwan - International Journal of Child Care and Education Policy 2011, Vol.5, No.2, 1-19

	Contents	Before integration	After ECEC Act comes into force
Kindergarten	Age of children	4 to 5-year-old	2 to 5-year-old
	Auspices	MOE, The Department of Elementary Education	
	Professional	teacher	Teacher, Caregiver, assistant caregiver;
	Staffing	2 teachers/each class	Should have at least one teacher in each 5-year-old group. Assistant caregivers should not exceed 1/3 of the total professionals employed.
	Child-teacher ratio	1:15	1:15 for 3 to 5-year-olds 1:8 for 2-year-olds
	Maxim.group size	30	30 for 3 to 5-year-olds 16 for 2-year-olds
Nursery center	Age of children	2 to 5-year-old	2 to 5-year-olds
	Auspices	MOI Child Welfare Bureau	MOE, The Department Elementary Education
	Professional	Caregiver/assistant caregiver	Teacher, Caregiver, assistant caregiver
	Staffing		Should have at least one teacher in each 5-year-old group (should meet this requirement, from the date of ECEC Act enforcement for five years). Assistant caregivers should not exceed 1/3 of the total professionals employed.
	Child-caregiver ratio	1:15 for 3 to 5-year-old; 1:12 for 2-year-old	1:15 for 3 to 5-year-olds 1:8 for 2-year-olds
	Maxim.group size		30 for 3 to 5-year-olds, 16 for 2-year-olds

Table 4: Number of Students Per Teacher At All Levels
 Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

NUMBER OF STUDENTS PER TEACHER AT ALL LEVELS										
Unit: Person										
School Year	Total	Kinder-garten	Primary School	Jr. High School	Sr. High School	Sr. Voca. School	University	College	Junior College	Special Edu. Sch.
1976-77	29.90	32.66	36.04	25.94	23.16	22.70	11.42	16.22	20.00	6.65
1981-82	27.25	26.10	31.79	22.97	22.99	22.50	13.53	11.92	20.79	5.24
1991-92	24.22	15.83	27.20	21.23	22.29	21.28	14.82	11.38	19.35	3.72
2001-02	19.71	12.44	18.60	15.67	19.41	19.18	19.60	20.17	20.56	3.58
2005-06	19.29	10.27	18.02	16.02	19.46	18.81	20.11	18.98	18.92	3.72
2006-07	19.30	10.60	17.86	15.70	19.29	18.41	19.93	18.63	21.01	3.79
2007-08	19.03	11.02	17.31	15.23	19.11	18.70	20.25	18.55	22.73	3.84
2008-09	18.76	10.69	16.74	15.08	18.91	19.01	20.47	18.81	23.65	3.96
2009-10	18.49	10.77	16.07	14.90	18.73	19.08	21.03	19.35	26.13	4.11
2010-11	18.18	12.57	15.26	14.31	18.58	18.69	21.25	19.81	26.74	3.91
2011-12	17.90	12.72	14.79	13.74	18.53	18.29	21.52	21.10	27.69	3.83

- Education is now western orientated (no political or religious affiliations) with free market principals and competition to promote quality assurance (under government guidance). The aim is to conform to international standards to make exchange (personnel and intellectual) easier. Government no longer appoints (all chief) educational positions (left to councils and governing bodies), teaching is now a profession and freedom exists for curriculum development and implementation within the framework.
- One side-effect of privatizing education (seen in Taiwan) is that the entrepreneurial spirit often chooses money and the bottom line over doing the right thing. Education is a pure subject and can be poisoned by business sense.

3.2.2. ECONOMIC FACTORS:

Taiwan:

- Taiwan is characterized as a newly industrialized economy. Its outlook is stable and has a double A credit (domestic and foreign) rating with Standard & Poor's.
- Taiwan operates with a substantial trade surplus and is the 4th largest foreign reserve holder.
- Taiwan GDP: \$470 Billion in 2012 (PPP: \$890 Billion in 2012) with 3.59% expected growth for 2013.
- Taiwan Informal Economy \$61.6 Billion USD, 19.6% GNP (in 2000)
- Economic breakup by sector in GDP is: tertiary (69.2%), secondary (29.2%), and primary (1.6%).
- Taiwan suffers from a lack of diplomatic relations with its trading partners (and the rest of the world).
- The NTD dollar floats; it is not peg to the U.S dollar (market value).
- Exchange rate determined by the market, except in times of excess volatility and disorderly moments then it is artificially controlled by the government (Taiwan is sensitive to exchange rate due to reliance on import/export).
- Inflation is low; 1.93% in 2012 and is expected to drop to 1.37% in 2013. The Consumer Price Index (CPI) in early 2013 has averaged 2.05% with core inflation growing 1.25%. The rise mainly affects food and clothing products and is expected to be low due to falling international commodity prices and the 2012 fuel and electricity and price hikes.
- Low interest rates and loose monetary environment; Taiwan's financial sector is fragmented. Low interest rates with TAIBOR around 0.9%. A good indicator of cheap funding available for businesses.

- Taiwan utilities are artificially low; subsidized by the government.
- Taiwan's unemployment rate is low; in 2012 was around 4.18%, which is down and decreasing from 2009 peak of more than 6%.
- Customer Purchasing Power is considered low.
- Taiwan is primarily an export orientated economy with the key industry being machinery and electronic equipment (60.1% exports, 51.5% imports).
- Taiwan's economy has shifted from labor-intensive industries to knowledge-based and capital-intensive industries.
- Table 5: General Demographic Information

Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

GENERAL INFORMATION									
	Total Population (million)				Life Expectancy (year)		GDP (US\$ billion)	GDP per capita (US\$)	Literacy rate among citizens aged 15 and above(%)
	Population Structure (%)			Male	Female				
	0-14	15-64	65-						
1980	17.9	32.1	63.6	4.3	69.6	74.6	42.2	2,385	87.7
1990	20.4	27.1	66.7	6.2	71.3	76.8	164.7	8,124	92.4
1995	21.4	23.8	68.6	7.6	71.9	77.7	274.7	12,918	94.0
2000	22.3	21.1	70.3	8.6	73.8	79.6	326.2	14,704	95.6
2005	22.8	18.7	71.6	9.7	74.5	80.8	364.8	16,051	97.3
2008	23.0	17.0	72.6	10.4	75.6	81.9	400.1	17,399	97.8
2009	23.1	16.3	73.0	10.6	76.0	82.3	377.5	16,359	97.9
2010	23.2	15.6	73.6	10.7	76.1	82.6	430.1	18,588	98.0
2011	23.2	15.1	74.0	10.9	466.5	20,122	98.2

Figure 2: Taiwan's Exports and Imports by Key Industry:

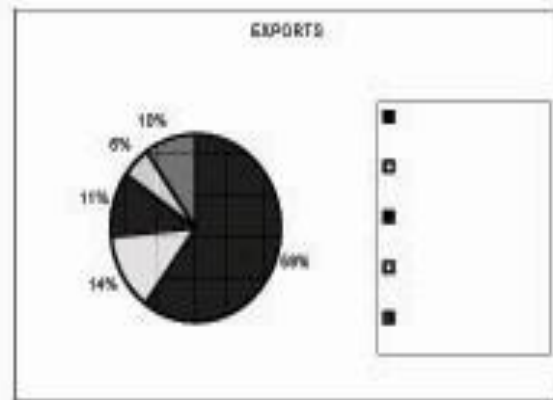
Source: Shay & Company – Doing Business in Taiwan 2010, Demographic and statistics report pg. 16

Key Industries

Exports

Industry	%
Machinery and Electronic Equipment	60.1
Basic Metals and Articles	13.6
Textile	10.9
Plastics and Rubber	5.8
Other	9.6

Source: Board of Foreign Trade

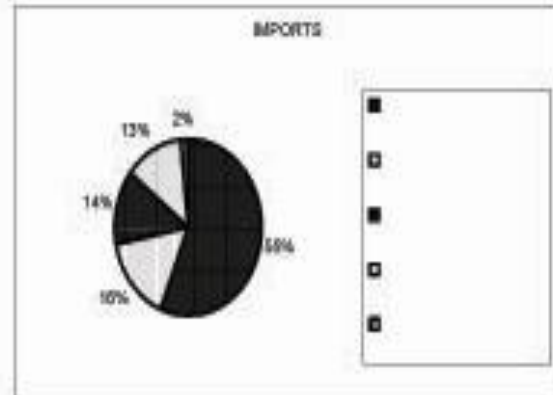


Other 8.4

Source: Board of Foreign Trade

Imports

Industry	%
Machinery and Electronic Equipment	51.5
Minerals and Crude Oil	14.4
Basic Metals and Articles	12.5
Chemicals and Organic Chemicals	11.8
Textile Products	1.4



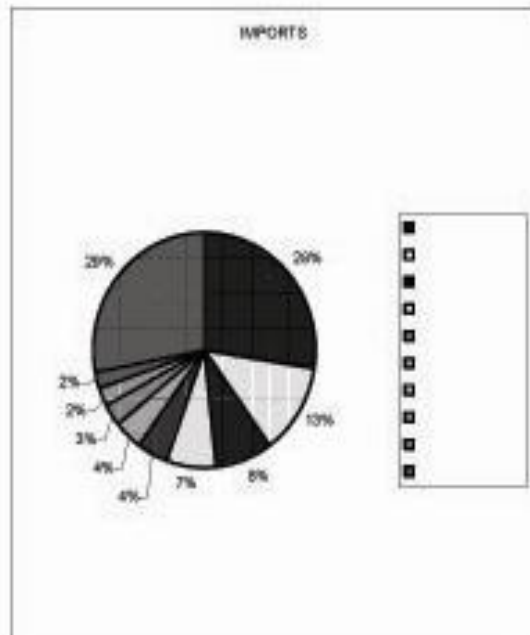
- Investment opportunities in Taiwan, prime industries for potential investment are:
 - Semi-Conductors
 - Opto-Electronics
 - Precision Machinery and Instrumentation
 - Metals
 - Computers and Communication Equipment
 - Electrical Products
 - Aviation and Automotive
 - Biomedical and Pharmaceuticals

- Figure 3: Taiwan's Major Import and Export Trading Partners:

Source: Shay & Company – Doing Business in Taiwan 2010, Demographic and statistics report pg. 14

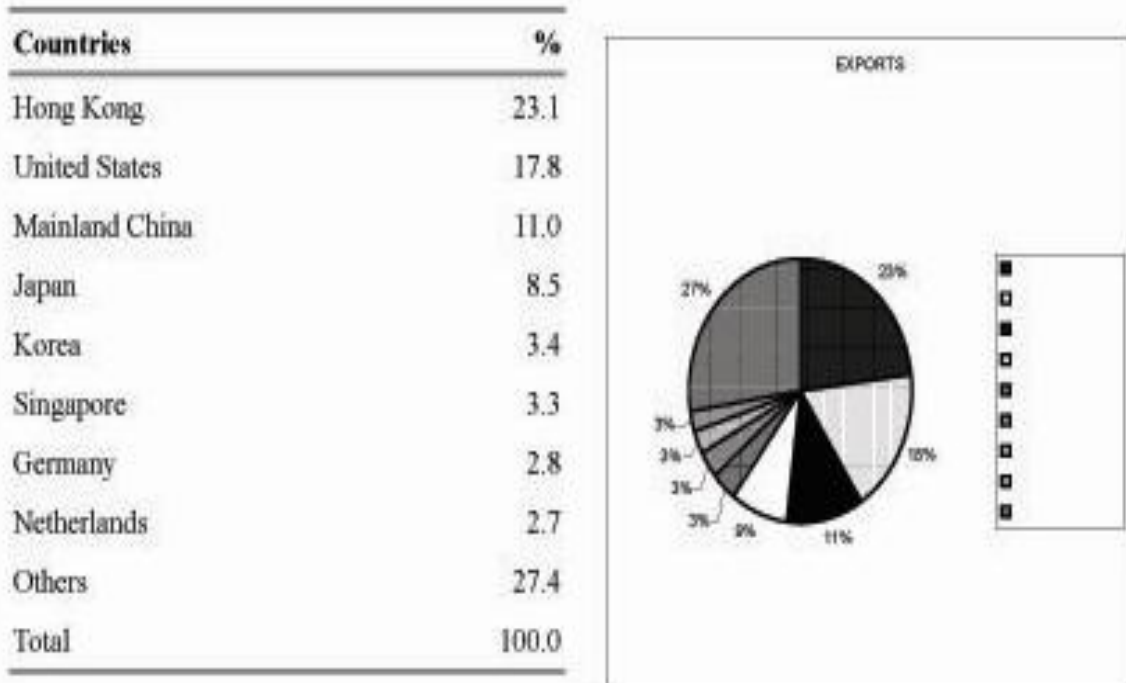
Imports

Countries	%
Japan	27.4
United States	12.6
Mainland China	8.4
Korea	7.2
Germany	4.4
Malaysia	4.1
Singapore	3.1
Australia	2.4
Thailand	2.4
Others	28.0
Total	100.0



- Figure 4: Taiwan's Major Export and Export Trading Partners:

Exports



- Of Taiwan's top 26 companies of wealth, size and interest only 2 local industries are represented (not included in the primary import/export industry list above): Financial and Telecommunication.

- Table 6: The top 26 Companies in Taiwan's According to Wealth, Size and Interest:

1	Hon Hai Precision Inc	10	Formosa Chems & Fibre	19	Accer
2	Taiwan Semiconductor	11	Formosa Plastics	20	Far Eastern Textile
3	AU Optronics	12	Mega Financial Holding	21	Uni-President
4	Formosa Petrochemical	13	Fubon Financial	22	Tatung
5	NanYa Plastic	14	United Microelectronics	23	Delta Electronics
6	Cathay Financial	15	Quanta Computer	24	Far EastOne Telecom
7	Chunghwa Telecom	16	Chi Mei Optoelectronics	25	Lite-On Technology
8	China Steel	17	Media Tek	26	Inventec
9	Asustek Computer	18	China trust Financial		

- The past decade has seen a hollowing out of Taiwan's manufacturing industries both by foreign direct investments and local enterprises on the move to China. This has changed the economic landscape of the country; slowed Taiwan's movement up the value added ladder stagnating economic areas in order to compete.
- Taiwan's size of 20 million is too small to be self-supportive in the global economy (compared to Indonesia and South Korea). Explaining the lack of MNC and primarily SME nature of the island attributing the hollowing out.
- OVERALL: Taiwan's economic situation has been stable in the recent years (GDP growth of 10.72% in 2010, 4.04% in 2011, and 3.85 in 2012 and forecasted growth of 3.59% in

2013). However, affected by the unstable situation in Europe and the United States and the negative data about the Chinese prospects.

Education:

- The government fully endorses educational reform and backs its commitment through funding.
- Education expenditure: 5.84% of GDP (2011), which is roughly \$802 billion NTD (\$27 billion USD).
- Recent increases in national education expenditure by 1% from 21.5% to 22.5% in 2013.
- Expenses in consumer education spending may decrease during the same period.
- Education is a highly regulatory industry in all nations (international standardization), Education in Taiwan used to be a security risk and government controlled.
- Taiwan is attempting to introduce western modernized education to Taiwan in steps through reforms.
- Taiwan is losing restrictions and regulations making it easier for school run businesses.
- Taiwan's introduction of free market principles (like the US) puts the onus on school to perform well or suffer financial losses.
- Both public and private schools/institutions exist in Taiwan with a private sector supplementing the national curriculum.

- Table 7: Ratio of Educational Expenditure to GDP
Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

RATIO OF EDUCATIONAL EXPENDITURE TO GDP							
Fiscal Year	Educational Expenditure (US\$million)			GDP(US\$ million)	% to GDP		
	Total	Public Sector	Private Sector		Average	Public	Private
1970-71	281	227	54	6,213	4.52	3.65	0.87
1980-81	2,055	1,671	384	46,430	4.43	3.60	0.83
1990-91	11,052	9,088	1,964	171,668	6.43	5.29	1.14
2001	17,464	12,997	4,467	293,712	5.95	4.42	1.52
2005	21,251	15,643	5,608	364,832	5.82	4.29	1.54
2006	21,586	15,887	5,699	376,375	5.74	4.22	1.51
2007	21,644	16,052	5,592	393,134	5.51	4.08	1.42
2008	23,169	16,941	6,228	400,132	5.79	4.23	1.56
2009	23,921	17,986	5,934	377,529	6.34	4.76	1.57
2010	24,587	18,449	6,138	430,149	5.72	4.29	1.43
2011	27,226	20,648	6,579	466,483	5.84	4.43	1.41

- Breakup of National Expenditure is public: 75.84%, private: 24.16%.
- Breakdown of National Expenditure by sector:
 - A) Preschool Education 3.44%
 - B) Primary School Education 26.52%
 - C) Junior High School 14.61%
 - D) Senior High School (normal) 10.60%
 - E) Senior High School (vocational) 5.45%
 - F) Higher Education (colleges) 0.77%
 - G) Higher Education (universities) 37.93%

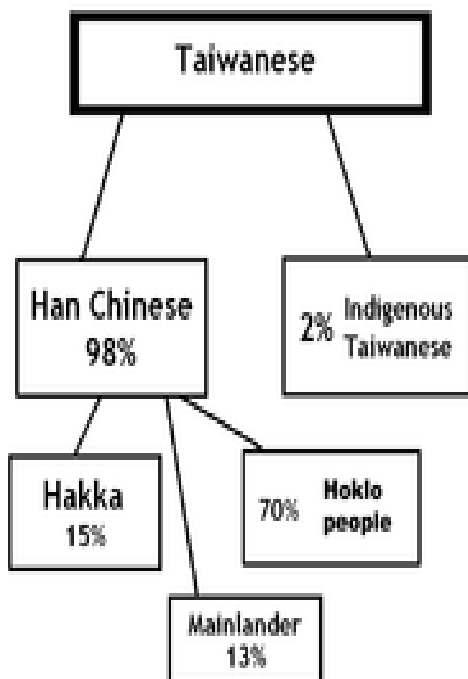
H) Other Institutions 0.69%

- Low and decreasing unemployment figures are good for the education industry considering that the labor force participation has been increasing; 58.12% in January 2012. This data may indicate a growing number of families with both parent working and a need to send the children to kindergarten.
- The past decade's hollowing out is good for education as a decrease in labor jobs means increase in education/training needs to fill positions for the capital intensive technology and knowledge based job remaining.
- Foreign interests are now shifting to China. A concern that Taiwan needs to attract foreigners, else schools may have to increase pay for foreign teachers (NEST), which will drive up local (NNEST) wages.
- Stagnant incomes have plagued the economy, but are beneficial for local businesses.
- All political parties (including the blue KMT and green DPP) support economic/business interests. They are primarily responsible for pushing down the wages. Some unpopular legislation is the Student Employment Act that pushed wages down for new graduates to around \$20,000 NT; the use of cheap low cost labor that stops the wages from increasing; the use of salary to avoid overtime pay; the use of student labor (work experience/internship) below minimum wage levels.

3.2.3. SOCIOCULTURAL FACTORS:

Taiwan:

- Figure 5: Population Demographics
Source: from the Ministry of the Interior



- Taiwan is divided into 15 states under federal jurisdiction.
- Taiwan has 14 officially recognized tribes in Taiwan. Although, aboriginal populations are small and shrinking and the languages are gradually becoming extinct due the process of acculturation.
- Homogenous population: 98% Han Chinese.
- Religious orientation: 93% of the religious population follows a mixture of Buddhism, Taoism, and Confucianism.
- Cultural aspects: traditional but moving towards western/modern ideals.
- Customer needs: mainly practical (from a collectivist traditional upbringing), but becoming self-indulgent (from individualistic hedonistic western influences).
- Consumer behavior: Consumers are knowledgeable, but price sensitive. Often not willing to forgo the extra cash unless to satisfy a higher self-actualization/esteem need or sophisticated taste. Saving not spending mentality.

- Health consciousness: grounded in traditional Chinese medicine and sense, but exposed to western medicine and influence.
- Population growth rate: negative.
- Career attitudes: pessimistic.
- Emphasis on safety: medium to high.

Education:

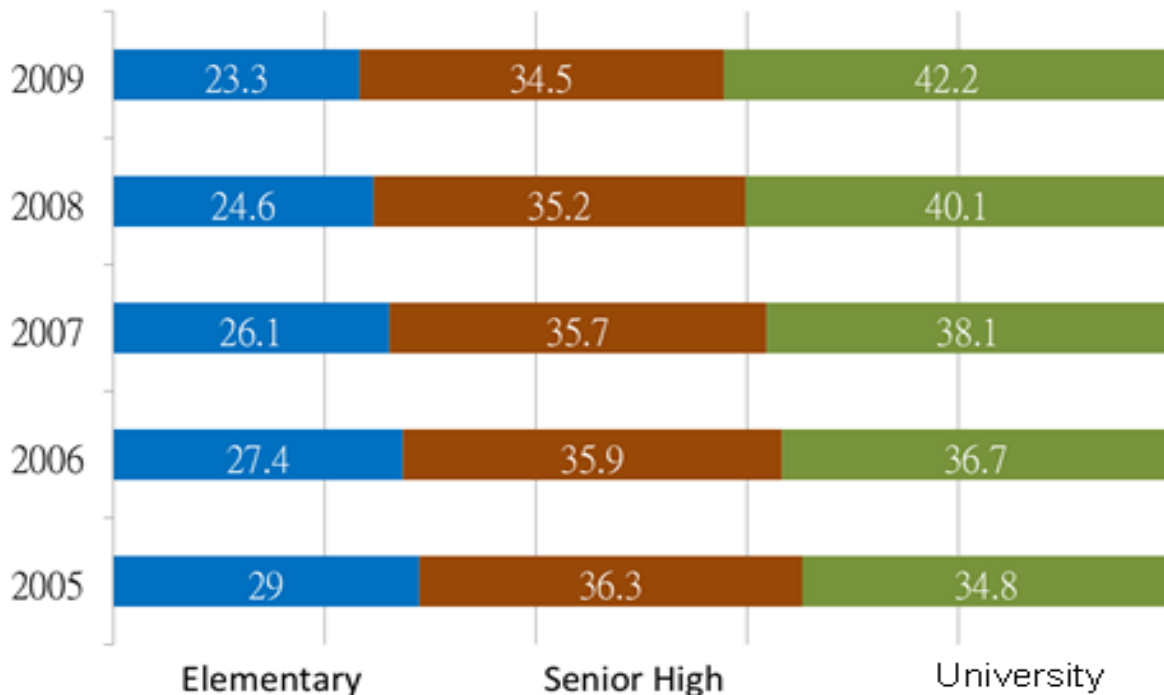
- Work, family, and education rank top of Taiwan's cultural values.
- There is a trust imbalance between parents and their children's schools relating to an overall perception of quality; what schools say they provide and what they really provide.
- Customers rely on the experience and brand name of the school.
- Foreign students enrolled in a program represent a social marker of the quality of education provided by the school.
- The importance put on education and the increases in higher-education in society is reflected in the numbers: 94.7% of junior high school graduates continue on with education and 66.6% are admitted from high school into a college/university. There is a definite trend seen in the distribution of students and in the shift towards higher education.
- Very small foreign resident population: 3.3% of the foreign residents in Taiwan come from western countries (less than 15,000; less than 1% of total population) the rest from other Asian countries. Many of which are western nationalized Taiwanese; Taiwanese holding a foreign passport. With focus switching to China this number will decrease and it will become harder to find foreign English teachers.

- Figure 6: Foreign Residents in Taiwan
Source: National Immigration Agency, Ministry of the Interior

Foreign residents in Taiwan

Nationality / Origin	Total	
1 Indonesia	148,737	34.6%
2 Vietnam	86,317	20.1%
3 Philippines	74,483	17.3%
4 Thailand	68,618	15.9%
5 Japan	11,087	2.5%
6 United States	10,383	2.4%
7 Malaysia	9,735	2.2%
8 South Korea	3,428	0.8%
9 Canada	2,410	0.6%
10 India	1,538	0.4%
11 United Kingdom	1,388	0.3%
12 Singapore	1,091	0.3%
- Other	11,157	2.6%
Total	430,372	100.0%

- Table 8: Distribution of Students in Taiwan
Source: 2011-2012 Education in Taiwan Report - Ministry of Education (MOE)



- Figure 7: Education Trend in Taiwan – Highest Level of Education Obtained by a Student. Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

Distribution of students

Sector	Education	Years of study	Typical Age range	Students	Distribution
Pre-school	Kindergarten	(2 years)	4 - 6 years old	224,220	4.2%
Compulsory	Elementary	6 years	6 - 12 years old	1,831,913	34.7%
	Junior High	3 years	12 - 15 years old	951,236	18%
Senior Secondary	Senior High	3 years	15 - 18 years old	420,608	8%
	Senior Vocation	3 years	15 - 18 years old	331,604	6.3%
Higher Education	Junior College	2 - 5 years	15 - 20 years old	37,068	0.7%
	University & College	4 - 7 years (up to 13 years)	18 - 25 years old (up to 31 years old)	1,259,490	23.8%
Other	Special School	up to 14 years	4 - 18 years old	6,361	0.1%
	Supplementary School	n/a	n/a	200,573	3.8%
	Open University	n/a	n/a	20,782	0.4%
Total				5,283,855	100%

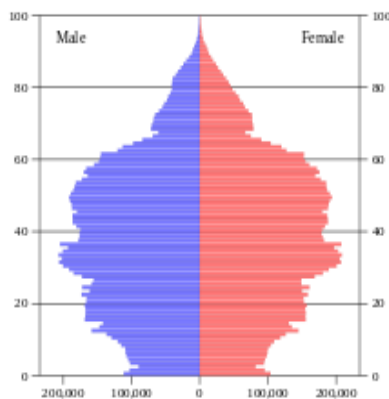
- Table 9: A View of Distribution by Gross Enrollment Rate
Source: 2011-2012 Education in Taiwan Report – Ministry of Education (MOE)

GROSS ENROLLMENT RATE AND NET ENROLLMENT RATIO BY LEVEL OF EDUCATION											Unit:%
School Year	Total		1st Level (Primary)		2nd Level				3rd Level (Tertiary)		
	Gross	Net	Gross	Net	Junior		Senior		Gross	Net	
					Gross	Net	Gross	Net			
1976-77	69.61	67.57	100.65	97.54	90.21	77.33	56.54	43.17	15.40	9.97	
1981-82	71.95	69.52	101.11	97.59	97.71	84.41	68.03	52.58	16.71	11.47	
1991-92	82.41	78.74	100.99	98.70	100.23	91.70	90.28	72.93	32.37	20.98	
2001-02	89.07	82.29	99.66	98.19	99.25	93.53	99.66	88.21	62.96	42.51	
2005-06	94.73	87.71	100.34	98.46	99.85	96.51	96.01	88.53	82.02	57.42	
2006-07	95.33	88.55	99.54	97.77	99.48	96.65	98.79	91.31	83.58	59.83	
2007-08	96.05	89.26	100.82	97.79	99.13	96.86	98.23	90.72	85.31	61.41	
2008-09	95.52	89.70	100.70	97.74	99.36	96.83	99.11	91.65	83.18	63.76	
2009-10	95.25	89.93	101.40	98.01	98.84	97.47	99.12	92.35	82.17	64.98	
2010-11	95.60	90.45	99.68	97.97	101.80	97.45	98.89	92.73	83.77	67.27	
2011-12	95.45	90.56	100.37	97.87	101.02	97.52	99.11	93.24	83.37	68.27	

- Taiwan's shift from a collective to an individualistic society is affecting the education industry (teaching methodology; from passive to active learning).
- Theft and vandalism is still frowned upon (not as common as in western culture), good for business owners.
- Language acquisition and ability is largely associated with status in Taiwan. Speaking English associated with international opportunity and work promotion.

- Advanced training is not done on the job; career advancement is procured through educational certification and training begins (to bring each other in line) once certification is acquired.
- Education is sought after for career advancement/better future; however, a cultural characteristic of Taiwanese parents is the concern for and the dedication towards (time and money) their children's education. A parent might forgo self-advancement in favor for their children's future (obligation/responsibility); Strong beliefs in early childhood education, continuing education and lifelong learning.
- Taiwan's birth rate of 1.01 is one of the lowest in the world. A trend that will threaten the educational market size and company growth. A maturing population as seen with the definite shift in the age range of the population.
- Figure 8: Population Pyramid for Taiwan (November 2012) with Census Data that Supports a Maturing Society with an Upward Shift in Age Range Trend.

Source: Population demographics - Ministry of the Interior



Age range	1980	census 1990	census 2000	2010
0-14 years	32.1%	26.9%	21.2%	15.65%
15-64 years	63.6%	67.0%	70.2%	73.61%
65 years and over	4.3%	6.1%	8.6%	10.74%

- A low birth rate can secure higher margins for businesses in the education industry through higher standards and better quality. Larger costs associated with supporting a family and raising children; cannot afford to provide quality care for all their children.

Fewer children in society allow for a larger percentage of children to go to school and to afford better schools.

- A partial increase in labor force participation can be attributed to women aged between 25 and 44, which represent around 76.5% in 2010. These dual income families explain the high percentage of preschool kids registered in kindergarten (93.77% in 2010).
- Table 10: Population Structure

Source: Child Care Friendly Policies and Integration of ECEC in Taiwan - International Journal of Child Care and Education Policy 2011, Vol.5, No.2, 1-19

Population, number of newborns, birth rate and labor force participation rate of women aged 25-44 with the years

Years	Total Population	AGE (0-2)	AGE (2-6)	AGE (6-12)	AGE (0-12)	0-12 by total %	N of newborns	Birth Rate	women in work
2010	23,162.1	352.2	820.5	1,538.8	2,978.9	12.9	167.3	1.01	76.51
2009	23,119.8	381.4	839.5	1,587.4	3,131.6	13.5	182.5	1.03	75.58
2008	23,037.0	393.0	860.8	1,682.8	3,259.0	14.1	187.6	1.05	74.83
2005	22,770.4	413.6	1,037.1	1,843.5	3,620.7	15.9	195.3	1.12	70.62
2000	22,276.7	575.2	1,238.9	1,937.0	4,092.8	18.4	292.7	1.68	64.52
1995	21,357.4	623.8	1,302.4	1,969.7	4,272.4	20.0	303.0	1.78	60.35
1990	20,401.3	639.6	1,318.5	2,364.1	4,724.1	23.1	324.0	1.81	55.43
1985	19,313.8	678.9	1,594.8	2,352.1	4,984.9	25.8	314.4	1.88	56.07
1980	17,866.0	785.7	1,577.5	2,222.1	4,971.0	27.8	375.5	2.52	41.62

Note. Population Unit; thousand, Women in work means labor force participation rate of aged 25-44

3.2.4. TECHNOLOGICAL FACTORS:

Taiwan:

- The electronics sector is Taiwan's most important industrial export.
- Capital and Technology-Intensive industries with Electronics and Information Technology account for 35% of the industrial structure.
- Taiwan is an indispensable partner in the world's global value chain for electronics.
- Taiwan is a very connected country with a good information and communication infrastructure supported by the government (E-Taiwan project) to improve industry competitiveness. The project focuses on 5 key areas: government, life, business, transport, and broadband.
- Government invests in and promotes industrial research and development through science and industrial parks (special economic zones).
- The primary factors that affect the digital divide are money and politics; both positive for technology in Taiwan.
- In terms of technological factors in Taiwan, businesses are in great condition to produce, sell, expand and demand.
- Taiwan has full access to all types of technology and does not suffer from any inability to provide any specific platform or service required by a company or individual.

Education:

- Technological factors: (low).
- Barriers to entry: (low, affordable; easy to enter).
- Outsourcing decisions: (low/none).

- Automation: (none, service industry).
- Technological incentives: (none).
- Rate of technological change: (low, everyday consumer electronic goods).
- R&D activity: franchise/publisher level (high), school level (low); curriculum only.
- Connecting and interacting with our audience is of outmost importance. We believe Abraham Academic Academy should be web ready. The brand and schools should advertise and promote online and utilize Social Networks. This may provide a way to add additional services for the business, while being beneficial for the families.
- The technology investment and requirements for the head-office will be significantly greater (high end/cost). Some initial investments will include: IT and ERP systems, accounting software, cloud capacity, web pages, Internet platforms/capability). Here it will be important to carefully select the best quality/price provider.
- For an individual branch school technology will be low end and play a small role. Technology investment and requirements are basic such as: a/c, fans, computers, TVs, CD and DVD systems.

3.3. POTTER 5 FORCES

3.3.1. BARGAINING POWER OF SUPPLIERS (NONE):

There are numerous suppliers of a variety of products (toys, books, desks, cabinets, etc.) and services (cleaning, maintenance, food, etc.) within the education industry, which are fragmented across the industry. These suppliers sell generic products in a highly competitive market and are subject to fair competitive market price. So the bargaining power of these suppliers is considered to be low.

As schools primarily serve as an intermediary between the knowledge (our textbooks) available and the students (our customers), Curriculum packages or specialized text books are vital to a schools operation, specific to our industry and can be subject to high premiums. However, it is the existent proliferation of education material in our markets that makes for a large substitution effect. This together with our involvement in curriculum development makes the bargaining powers of these suppliers extremely low.

3.3.2. BARGAINING POWER OF CUSTOMERS (MEDIUM- HIGH):

There are several factors that affect the bargaining power of our customers. In this mature industry, customers have become more aware and more experienced with handling educational providers. They know they have more control over the performance price value being offered.

First, this can be seen with the large number of language and cram schools that are both specific and general in nature and the numerous alternative educational and monitory formats available. Second, there has been a general rising of educational standards at both public and private schools and a convergence between them with respect to similar program offerings. The first 2 reinforce a belief that our customers possess a medium-high range of bargaining powers. However, it is due to the subtle and indifferent nature of education with respect to a student's ability (the impact of an education on a student: nature/ability, talent/skill, effort/developmental time and the complicated understanding of what a good education means/entails, the inability to discern good from bad curriculum elements) that makes it difficult for a customer to properly differentiate. Therefore, lowering the effective nature of a customer's bargaining power.

Overall, it is the availability of a cheap, standardized public education system as compared to the relatively high cost of a private education that makes the bargaining power of customers relatively strong. Parents willing to forego this substantial cost for an education are willing to invest time and choose carefully. These parents are more affluent, caring and tend to spoil and overprotect their children, which makes the selection of a good school for their children one of their most important family decisions. So parents take care in selecting their child's educational provider. Parents acquire as much as information they can, like from visiting various facilities and interviewing the owners, to asking for recommendations from relatives and friends. Parents also put a lot of pressure on the various schools attended by their children to ensure their investment is protected. So, we would consider the customer to have a relatively high bargaining power.

3.3.3. THREAT OF NEW ENTRANTS (LOW):

Official barriers of entry into the market are the regulatory licenses, permits and the ability to conform to and comply with governmental regulations (like: safety regulation and ECEC Act). These barriers are not considered difficult to overcome, which makes the threat of new entrants high.

Physically speaking, a school platform is common, easily duplicable, its format understood and already accepted by the masses. In addition, our segment is broad, so niche markets could easily develop. Based on this, the threat of new entrants is also high.

However, the market in Taiwan is developed and mature and user preferences have put an increasingly larger financial burden on the schools straining their resources. Therefore it would

be the ability of a new school to raise the money necessary to adapt the facilities to a child friendly environment that is suitable to their users' high standards and varied tastes. Schools are now becoming bigger, fatter, larger and costlier in their facility and amenity offerings. A trend that we believe will continue in the future, at least until the local schools can meet the standards achieved by their western counterparts. This makes the threat of new entrants medium to low.

The market is considered saturated in urban areas with more development expected in rural areas. However, it is expected that as educational importance increases, the larger urban players will fill the need. These larger players are consolidating the urban market and are expected to take over school development in the rural areas. It is expected that these urban schools will quickly displace most of the smaller, local, rural schools. This will result in the production of larger, better schools, but with a reduction in the total number of schools. This makes the threat of new entrants medium to low.

However, it is the difficulty of a customer to differentiate the quality of education offered by a school that has raised the need for high quality reputable players. This clear need fits nicely with Taiwan's shift from grassroots (traditional, cultural, and word of mouth) to modern day conventional marketing. Taiwan has entered the Chain School Era. School development is expected to be facilitated by either large chain school branches or very large players that can compensate for the chain school effect. The industry will become healthier with fewer Educational agencies providing services, but with an overall greater market value. This makes the threat of new entrants low. Thus, based on the mentioned prerequisites, we consider that the barriers of entry are high and so the threats of new entrants are low.

3.3.4. THREAT OF SUBSTITUTES (LOW):

Outside of our industry and segments, there are many alternative educational formats and learning platforms available. In addition, there are many alternative ways to have a child cared for or supervised.

Options other than sending a child to a kindergarten or an afterschool language/cram school program can range from stay at home parents, grandparents or family members; to the hiring of a maid, nanny or private tutor to come to your home; to the sending of a child to a local community center, work or government assisted program that takes care of children; to the enrollment of a child into a specialized program (scouts, swimming clubs, public library or community center activities); to having a child study at home alone. So the number of substitute alternatives is high.

However, each one of the options mentioned has its own advantages and disadvantages (convenience, safety, trust, etc.). In addition, the performance vs. price of these alternatives has already been taken into account through the subjection of the existing language/cram schools to fair competitive market price in a mature industry. So, we would consider the overall threat of substitutes at this point as being low and the possible creation of new alternative substitutes as also being low.

In addition to those reasons stated above, the low value given to the threat of substitutes is primarily contingent on 3 factors: the current importance placed on education and language acquisition; the competitive nature exhibited during the national junior and senior high school placement (final) examinations in grades 9 and 12; and the lack of good quality post-secondary

programs. Moreover, Abraham Academic Academy believes that this behavior will not drastically change in the foreseeable future.

3.3.5. COMPETITIVE RIVALRY WITHIN INDUSTRY (HIGH):

The number of Taiwanese kindergarten schools, afterschool language schools and afterschool cram schools in the industry for 2012 includes around 6,611 different kindergartens, 128 Language schools and 597 cram schools respectively as indicated in Table 11 below. Some of them are grouped as franchises; but we still can consider that the market is quite fragmented with no dominate players.

Furthermore, Table 11 points out the observation that since 2000 the number of kindergartens and classes in schools has not grown and that the number of students has actually decreased by around 25%. Likewise, it indicates that the cram school market reached a peak and has been consolidating since 2005-2006.

Table 11: Number of Kindergarten, Language and Cram Schools in Taiwan

Source: Child Care Friendly Policies and Integration of ECEC in Taiwan - International Journal of Child Care and Education Policy 2011,

Vol.5, No.2, 1-19

Years	<i>Numbers of kindergarten, class, and children enrolled</i>			<i>Numbers of busibun</i>			
	Kinder	Classes	Children	National Curriculum	Language	Polysci	Recreation
2012	6,611	N/A	459,653	597	128	13	115
2011	3,195	9,335	189,792	606	162	6	154
2010	3,283	9,492	183,901	802	219	18	199
2009	3,154	9,602	182,049	740	239	23	178
2008	3,195	9,820	185,668	877	307	5	190
2007	3,282	10,173	191,773	947	329	6	209
2006	3,329	10,282	201,815	955	384	8	208
2005	3,351	10,713	224,219	881	413	2	201
2004	3,252	10,229	237,155	713	402	10	191
2003	3,306	10,417	240,926	628	370	2	135
2002	3,275	10,233	241,180	523	393	2	122
2001	3,234	10,144	246,303	443	338	3	131
2000	3,150	10,034	243,090	366	321	3	148
1997	2,777	8,747	230,781	241	120	2	93
1995	2,581	8,645	240,368	124	75	2	57
1990	2,505	8,112	237,285	33	30	0	26

In addition, Table 11 shows the impact of the Early Education and Care Act (ECEC Act of Table 3) and illustrates both the competitiveness of the industry and the entrepreneurial ability to avoid regulations. The number of registered schools jumped from 3,195 to 6,611 overnight. Considering the mature and saturated state of the cram and language school market, together with

the threat of consolidation and my knowledge of the industry, I can infer that these newly registered schools are indeed just that; not new, just newly re-registered. Prior to the new ECEC Act these schools were indeed in operation, however, their businesses registered incorrectly to avoid detection by the previous Preschool Education Act. Furthermore, one can assume that some businesses either are not aware of the regulation change or have not re-registered yet. So, this data will indeed change, most likely increasing in the next few years. However, it is safe to say that this data is more representative of the actual kindergarten industry.

Table 11 also catches a portion of the many differentiated businesses that cater to special niche markets (music, dance, athletics, math, speed reading and other specific programs). These businesses promise a significant improvement in either performance or price and indicate a possible future trend. Abraham Academic Academy believes that a change in mind set is starting to occur within the younger generation. These parents are starting to believe that there is more to school than marks. These parents are allowing their children to attend a more varied range of schools that include more specific, recreational, costumed tailored and non-traditional program offerings than are offered in a typical language and cram school. Therefore, we can conclude that the market is highly competitive in Taiwan and will become more fragmented with time.



4. MARKETING PLAN

Abraham Academic Academy takes its marketing seriously and wants to create a true impression in our customers' mind of who we are and what product incorporation will do for their lives. We plan to cut through the ambient "noise" and establish a moment of real contact with our intended recipients through the following 8-steps in which we clearly define all aspects of our brand.

4.1. POSITIONING BY PRODUCT USER

4.1.1. GENERAL CUSTOMER DEMOGRAPHIC POSITIONING:

Abraham Academic Academy tries to demographically position themselves according to both their target market and end user. The demographic positioning will slightly vary depending on the type of school and market location, but will always be rooted in being an institution that delivers educational services. Abraham Academic Academy defines its end users as the students who attend school with the target market being the financial providers of the services rendered.

In the case of our language school segments the kindergarten, elementary, and middle schools are positioned to meet parental needs and expectations with the junior and senior high schools positioning shifted to incorporate the adolescent needs, desires and expectations of our students.

We believe it is important to begin positioning ourselves according to student beliefs by junior high. The reason for this lies in the argument that with age comes awareness and independence. So maturing students will have:

- More influence over their parents decisions regarding their futures.
- More knowledge of the schools available and their offerings due to their direct exposure to academic communities.
- Developed preferences through social interactions with peers.
- More access to free time to resolve issues of interest.

In both cases, Abraham Academic Academy is aiming towards families who have disposable income available. These people are middle to high income recipients or belong to a family that has the financial means of supporting their children. We believe that potential customers have come to realize the importance of education and see it as an investment in their children's future. This investment is not a joke and not to be taken lightly, which is why we believe that being an institution (rather than a school or a business) we can render services that will allow their investment to be realized.

4.1.1.1. Target Market Positioning (Parents and Financial Providers):

Primary demographic

Older (30-45) career oriented males & females, who are married with children. High education, high social class, middle to high income.

Reason: Firstly, these parents represent the image that we want to portray to the public; the caliber of people that a good education creates. Secondly, these parents will most likely have their children enrolled in private and public school programs geared towards an international education that includes a heavy emphasis on English. A large portion of these parents will also most likely supplement this education with after school classes or private tutoring.

Secondary Demographic

Younger parents (20-30) and older parents (30-45) with access to a family support network. Medium-High education, social class and income.

Reason: A large portion of this segment is doing well and wants the same or better for their children. Some individuals in this segment had the opportunity and did not acquiesce to their rightful standing, are struggling to get there, or wished they had more of an opportunity to become that person identified in our primary demographic.

This broader demographic will account for a large portion of our customers. We want to sell the image of our primary demographic to them. We want to be the institution to meet their needs and bridge any perceived gaps. The belief is to appeal to them through their own aspirations or their responsibility for their children.

Tertiary Demographic

Older parents and Grandparents (45+). Varying education and social status, but financially secure.

This demographic is a mixed bag with older parents and grandparents having a different take on life and a unique perspective. Three commonalities that we choose to focus on are that older people tend to be more conservative in nature; with those who invest in a child's education tending to spoil/overprotective those children wanting the best for them; and the ability to live young again and remember an old lifestyle that does not offend the transition they have made as contributing members to society.

4.1.1.2. End User Positioning (Junior and Senior High School Students):

Primary Demographic

Students between (12-18) that represent the middle or top of their classes. These students tend to enjoy school and the education process. They are willing to work hard and want to succeed to satisfy their own purposes or their parents' aspirations.

Positioning to this group implies achievement and success of the individual. These students are at the top of the class and like being there. We want these students to feel at home at our school and to know that they can excel at our school as well. Taiwanese students within this segment want to be grown up (not kids) and look up to the older generation and see this as a viable way to spend their time and money with long term lifestyle interests fulfilled.

Secondary Demographic

Students (12-18) that represent the bottom and middle of their classes. These students are in school because they have to be. They work as hard as need be to satisfy some external pressure put on them. They are not convinced and have not bought into the entire school dream, but neither have they fully rejected it. They understand it is important and will continue on until they are old enough or other options have presented themselves.

This group requires coaxing and cajoling when it comes to getting them to buy into success and academic achievement thing. Positioning to this group implies more of a social aspect, enjoyment of school through friends met there. This can be done through participation in classes, projects, events and other forms of teamwork.

The purchasing motivation for all of these groups is not a product that can be shown to a friend like a CD or mobile phone. Nor is it a cheap night out with friends for a dinner or concert performance, but a lifestyle that appeals to a person's higher hierarchy of needs: involvement, belongingness, esteem and self-actualization. Our view is that Taiwanese people are willing to forego money for a good quality educational product that incorporates these high value lifestyle incentives.

4.1.2. GENERAL FRANCHISEE DEMOGRAPHIC POSITIONING:

Our general franchisee demographic positioning depends on the 'whom' we want to partner up with and open a school. In our model, we are trying to appeal to both the entrepreneur who loves money and the ideal teacher who loves academia.

For the ideal teacher our plan is long term, organic and home grown; through recruitment practices we aim to pick out candidates with potential, then through training bestow in them the confidence and ability required to run a school the Abrahamic way, and at last offer a potential teacher a scheme that they can work towards that will allow them to set themselves up in a school of their own.

For the entrepreneur, our plans are complex due to the difficulty in appealing to their needs. Accordingly, the majority of our franchisee positioning efforts, as described below, are spent on the multi-faceted nature of an entrepreneur. Abraham Academic Academy tries to encourage entrepreneur buy in through concepts of degree of involvement and conformity and views on an entrepreneur in the education industry.

4.1.2.1 INVOLVEMENT AND CONFORMITY:

When it comes to our franchisees, we believe that we are partners first and that we must agree to work together towards the basic business goals as outlined in our business model. Our business model believes in entrepreneurial spirit and we want to capitalize on it as much as we can. We at Abraham Academic Academy believe that our franchisees should have a great deal of autonomy with the daily operations of their school. The majority of the time spent with a franchisee will be at the beginning of our relationship in aligning our interests and visions. Once a school has been up and running smoothly for a period of time then our relationship becomes one of support through our network, connections and resources more than mere guidance. Behind the scenes, Abraham Academic Academy will always be working with a franchisee and their curriculum. Abraham Academic Academy will continue throughout our relationship to work together with a franchisee to ensure great customer service and customer relations. All franchisees are told that we are a regulation lite franchise as compared to other franchises, the level and degree of regulations we impose on franchisees depends on the ability of a franchisee to maintain and uphold our brand image. Any actions taken by the franchise are not intended to be forms of punishment, but deemed necessary to realign a franchisee or bring them back up to standards, so as not to tarnish the image of other franchisees who are working hard. The levels of involvement we propose should be expected for the protection of all parties involved (franchise, franchisee and customer), because in order to be a chain and in order for a person to join one comes with the notion that there must be a degree of involvement and conformity.

The degree of conformity that we believe in is moderate. For comparison sake, in terms of the large chains we are not a McDonalds. We are not trying to implement a fully standardized model, but rather a Kentucky Fried Chicken that is ready and willing to adapt to local tastes and

standards. Taking the comparison one step further, we even allow for a variety of branch types and variations between them, like with the Japanese restaurant chain named Sky Lark. Sky Lark restaurants have a unique and differentiated look, taste and feel to them. Different Sky Lark locations can physically look very different from one another and can taste very different through the availability of location specific menu items. For example, restaurants can take on looks ranging from a New York bistro to a California Lounge and their menus can have both corporate and private elements to it. The two types of menu elements consist of a primary selection that represents a standard selection of items that is available at all Sky Lark locations and are to be supplied by head-office and a secondary selection that can be introduced by a franchisee owner and supplemented through their own local connections. These aspects can significantly change an individual restaurant's overall character, feel and atmosphere, which is established and agreed upon through the franchise and franchisee relationship.

An important aspect of our business model is that we are not only selling an education, as much as we are a lifestyle and mindset. Therefore, there must be a kind of atmosphere and feel to a school, which is something that the school must be able to provide in addition to the educational services. To ensure that our franchisees understand this notion, Abraham Academic Academy will in every country set up a flagship school and invite prospective franchisees in to see and allow them to determine for themselves if this is something that they want to join and be a part of. The process commences with the potential franchisee's willing acknowledgement that "yes, I like what I see and I am willing to work hard to maintain this image". This is an important and necessary step in the conformity process and must be acknowledged before the process can continue. Then, we begin to learn about their expectations and make sure that they understand ours before we explain the level of commitment required by the particular school they inspected.

Next, we determine how their expectations fit in with our minimum expectations for that country and region and we begin to lay out a plan based on their finances in order to establish a roadmap of how to bring our expectations into mutual alignment. Lastly, we make sure that the potential franchisee understands the importance of the brand, image and reputation and explain the ways we will provide support and the times we will intervene. For example, the schedule of periodic review that all schools are subject to and the minor and major infrastructure reviews every 5th and 10th year of operation to ensure that specific school locations are up to our expectations of the areas local standards and competitive environment. It is at this time that the steps are completed and an arrangement has been made that allows for full disclosure. Full disclosure grants a franchisee full access to our school and resources. Followed by, the commencement of their training, and any of their key personnel that they intend to bring on board, at our flagship school.

4.1.2.2 THE ENTREPRENEUR AND THE INDUSTRY:

Who we are is who we are looking for as a franchisee and partner. We at Abraham Academic Academy are entrepreneurs and we want to work with other entrepreneurs like us. We believe that we can make a difference in the world through a business venture and realize the benefits that come with working as a member of a big team. We want to work with others who believe they can contribute to society in the same fashion and want to focus on providing their customers with the best possible service available. People who work with us realize that they can focus on that goal, because the many other aspects of a business that distract or preoccupy entrepreneurs are covered by Abraham Academic Academy's network and services. Our franchisees realize that with our support they never have to go at anything alone or be distracted and lose sight of their primary goal--the customer.

At Abraham Academic Academy, we look at our entrepreneurs as a combination of risk aversion, self-confidence and specific understanding of the industry. An entrepreneur must acknowledge or believe that they can make a difference in their life or society through the establishment of a business. And they must believe that the field of education is right for them or that potential exists in the industry for them to tap.

We at Abraham Academic Academy believe an entrepreneur is a rare breed and for the pool of people who qualify to be in this special and elite circle there are less than handful of characteristics that separate us. These few points of view that we differ on lead an entrepreneur to choose amongst the 3 basic ways of conducting business: To do it alone and open an independently owned and operated private school under your own name. Join us, join Abraham Academic Academy franchise chain, or join our competition. It is through this logic that we explain to a potential franchisee and partner our views of why it makes sense to become one of us.

In terms of the industry, we at Abraham Academic Academy realize that the industry is big and mature and that the prominent educational players are big and are only going to become bigger. So, a company needs any advantage it can get. Therefore, in order to survive in this industry we need a wealth of resources at our disposal in order to effectively compete and stay ahead of the competition and we need to work together in order to achieve that goal. When Abraham Academic Academy looks at Taiwan market, one can still see an ocean of independent entrepreneurs, but that ocean is volatile and red. The facts are readily available and tell us that the total number of schools in Taiwan has not appreciated since 2002 and that the franchises have been expanding their businesses by approximately 20% a year. This means that one independently private run school closes for everyone a franchise opens. The franchises have been

replacing these small schools one by one and will continue to do so at the same rate until only a few strong independently private run schools are left. This only reinforces that business is business and that this is a Dog Eat Dog World, despite the higher educational tones we preach about.

Another way that Abraham Academic Academy views the industry is through the government's educational development plan. The government of Taiwan was very successful in promoting education in Taiwan and ushering in a new "education comes first" era for its people. However, with the market entering stage three of its development only a very few will survive on their own. Stage three marks the birth of the dominate player and market consolidation, which can be readily seen in today's market place. Stage three represents a period of superior educational delivery systems, instructional formats and business ingenuity. The day of mom and pop opening a school for a quick buck has come to pass and requires knowhow, professional guidance or support in at least one of these areas. The government of Taiwan has every intention to compete with the west in both scale and scope in the Education industry. This means that the only way to go is up and in order to survive one must be on the side that is transitioning. We believe that if it is not ones intention to be big, to grow, to struggle and compete with these ideals then they should not open a school on their own. They should join a team that does.

So in short, here are the 3 things we believe:

- If a person wants to do it alone, they need to already have their foot in the door and be grounded in the industry, otherwise they will lose the game before they finish playing catch up. At this stage of the game with these current market conditions the risks are high, because the transition time is short which makes the learning curve very steep.

- We believe it is better to play it safe and it is time to start choosing sides. The industry is already in a state of transition and has a few big players, but these players are not infallible and there is no monopoly yet. There are no McDonalds or Coca Cola's in the supplemental education industry yet, which means the ones that are around can still be challenged. When we look at the other players, we believe it is important to look at their business models together with their current business state to determine their true value. We believe in the Abrahamic model and are continually studying theirs. Our model, in its current business state, has more value than any of the larger chains. Our model is newer and based on their successes. There is nothing that they have that we don't have in terms of systems, connections and design, but there are many things that they have overlooked.
- If you look at the entire education industry as a whole, the direction of change should be apparent by looking at what people want by what they ask for; education has always been about the names, places and reputations of the schools that people attend. However, this is no longer a requisite for the choice of a university or high school as these preferences are filtering down to the supplementary educational levels that provide their candidates. So, to be a language or cram school provider in this era an entrepreneur must be willing to adjust to these preferences, if they want to continue in this industry.

4.2. POSITIONING BY COMPETITOR

To position ourselves by our competition we considered the perspectives of our potential customers and fellow employees working in the industry. Through their points of view we could better determine the reasons behind where we should be placed in contrast to our competition and how that could be achieved. This information also proved valuable in determining where we

should not position ourselves. Similarly, the information collected proved vital in identifying both successful and unsuccessful elements of our competitors, which we used to better define ourselves by tailoring our offerings and exploring both local to Taiwan and international concepts.

- Customers:

To understand our customers' points of view we went on line and joined the numerous websites, blogs, post, forums, and chat room conversations that are dedicated to parents who want to know more about the quality of education and points of contention encountered at various institutions.

- Working Professionals:

To better understand the professionals who work in the education industry, Abraham Academic Academy distributed 500 in depth questionnaires. Abraham Academic Academy utilized its connections in the industry and targeted the institutions that our education associates work at and are familiar with. There were both English and Chinese questionnaires distributed in order to access both the foreign and Chinese teachers take on the education industry in Taiwan. Questions focused on the key players, curriculum, management, programs, services, parents, students, aspirations, pet peeves, salary, and opportunities.

4.2.1. UNDERSTANDING THE COMPETITION:

The following represents a basic breakdown of the supplementary education industry in Taiwan with some competitive information:

1) Schools Types:

- Large Cram and Language School Chains (Private)
- Small Chains and Reputable (One-Off) Cram and Language Schools (Private)
- Mom & Pop Variety Cram and Language Schools (Private)
- Local Public Schools (that provide supplementary after-school programs in addition to the National Curriculum)
- Local Private Schools (that provide supplementary after-school programs in addition to the National Curriculum)
- International Private Schools (that provide supplementary after-school programs in addition to the National Curriculum)

2) Additional School Offerings

- Local or International Curriculum
- Commercially Purchased or Internally Developed Curriculum
- Type of Accreditation
- Overseas Connections
- Student & Consultation Services
- Native English Speaking Teachers (NEST)
- Student Teacher Ratio

3) Programs Types:

- Cram schools
- Language schools
- Montessori

- Childcare (activity based skill development)
- Daycare (fun)
- Artistic development and enrichment schools
- Mental development (speed reading and calculations)
- Physical Development classes (P.E, Martial Arts)
- Recreational
- Music
- Dance
- Math

4) Our Primary Competition (viable threat): Cram and Language Chain Schools

- HESS (begin w/kids)
- Kojen (begin w/adult)

5) Largest problem with these schools

- Consistency (price, physical environment, teaching quality)
- Positive and happy atmosphere
- Image association (Hess = kids, Kojen = adult)
- Safety
- Additional fees
- Timing (open, closed, after hours service pick up/drop off children)
- Nonprofessional management
- Inexperienced teachers

4.2.2. ADDITIONAL COMPETITIVE KNOWLEDGE:

Some additional knowledge acquired during our competitive positioning process was:

1. The majority of Abraham's competition is in schools with language services
2. The small niche for specific curriculum schools is small and it is unlikely that a specific curriculum school will crossover or expand into a generalized curriculum:
 - The schools who commit to a specific type of curriculum are just that specific. They are artists, dancers, and mathematicians and tend to want to place themselves far away from a general curriculum. A niche school provides an opportunity to pursue their passion for a career.
 - Specific curriculum customers are few due to specific tastes/needs
 - The teachers hired specialize in that one subject area. It would be too hard for them to work for us and they would demand too much for their skills than we would be willing to pay.
 - It is easier to convince customers that a school can teach dance, rather than being a dance school that teaches math or English.
3. The small niche segment has the potential to grow (gaining public acceptance) and will further fragment the industry.
4. A cram school's performance is easily judged compared to a language school's (comparability to national curriculum and grades).
5. It is easier to be a language school that expands into cram school services (vice versa not held as true). Language schools offer cram services is normal, but cram schools that offer language services are not considered to be as good.
6. A larger market space for cram schools. Appealing to a cram school curriculum is a

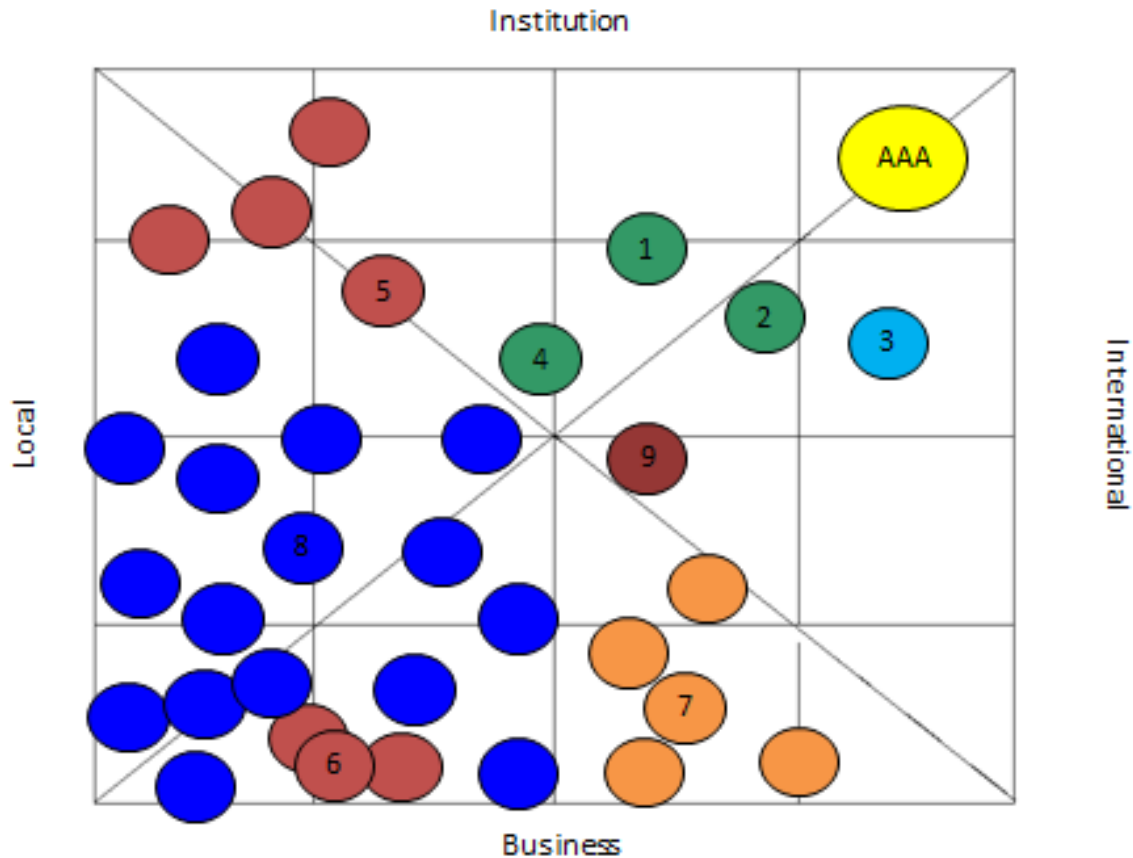
must outside of English language courses because language acquisition is considered a luxury and held secondary to a student's performance in regular school.

7. Customers strongly identify with the international (western) look and feel of a language school.
8. The cram school segment is a lot larger than the language segment.
9. Most cram school providers are not known by name, services are not considered special. When asked to identify a cram school it was to harder to elicit a name and those mentioned were inconsistent as compared to language schools.
10. The Language segment is very diverse (fragmented) allowing for a position within.
11. The language segment is a faster growing segment. The cram school segment is already contracting and consolidating.
12. It's hard to change your positioning once an image is established.
13. A public school's supplemental offering is considered to be low-level
14. Those who attend a private school generally subscribe to supplemental educational services.
15. Those who attend an international school will only attend supplemental schools tailored to their international school or to a large chain school.

4.2.3. COMPETITIVE PRODUCT SPACE:

Figure 9 below was created in relation to the information gathered. This figure maps out Abraham Academic Academy's competitive product space based on understanding the competition and competitive environment.

Figure 9: Abraham Academic Academy Competitive Product Space



From the mapping of our competitive space we have learned the following:

1. Kojen: Chain school, all ages, well known. It is considered very international and institution like due to its all-around versatility with ages and programs. However there is something with its management style, conduction of classes and public visibility that makes it seem more local in feel than Hess.
2. Hess: Chain school, it caters to all ages but associated with children, thought of as very international. It is its association to kids (like the other schools in 4 below) that hinder the

institution feel. The international feeling is an all-around feeling from décor, to teaching style, ambiance, presence of foreign teachers and variety of programs and their own specialized curriculum.

3. Geos, Global Village, etc.: The only international schools in Taiwan are from Japan and there are a few Japanese chains to choose from. These have a different feel, appeal and seem different than their local counterparts. They seem more international due to the variety of languages provided (mainly Japanese), and their use of cultural antics that heightens their foreign nature (association to Japan). They also seem quite institutional due to their qualifications, standards and certifications.
4. Kid Castle, Giraffe etc.: These are chain schools, generally focusing on kindergarten and elementary age students. These schools are usually positioned in the middle. They are not considered international, local, institution or business like. They are thought of as just a fun and enjoyable place that caters to kids. Overall they tend to have a positioning more to the institution and international side than the others due to the lessons and feel.
5. Niche Cram Schools (才藝班,文理班): There are a few famous and popular specialty schools that cater to specific subjects. These ones teach and broaden a student's horizons with respect to their specific subjects, which makes the student feel that the school is more like an institution than a business. There is no international association with these schools and they tend to feel quite local.
6. Niche Cram Schools (才藝班,文理班): There are a few famous and popular specialty schools that cater to specific subjects. But unlike their counterparts above, these ones only focus on passing the test. They focus on short cuts, strategies and things to look for that will yield desirable results. These ones are thought of as cut throat business, providing a service to get the job done. There is no international association with these schools and they tend to

feel quite local.

7. Cram Schools that cater to All-American Schools (Taipei American School, Dominican Republic School, KangChiao): These schools are thought of as international not because of their feel, but their association to the public/private school they supplement. These schools are not thought of as primarily teaching, but getting their students to make the score. These schools specialize in acquiring inside information from their schools to give their students an upper hand and advantage over others. Thus they have a very practical and business orientated feel to them.
8. The majority of Cram Schools (chain or sole-proprietor), and small language schools: Almost all of these cram and language schools have a local feel and teaching style to them. They cram schools mainly cater to passing the test and not on effective learning which is why they are thought of more as a business than an institution. The same applies to the majority of the non-chain language schools. People feel that it works (they teach and I do English), but are not convinced that the level or quality is high (chinglish). Generally people feel it works and gets the job done without any higher aspirations. This is why it is very local and business like.
9. Language School Chains (Elite, David's, and Franklin's): There are a few chains schools that have gone through a facelift and seem very international and institution like. They have seemed to follow the Japanese language schools lead and even offer other languages too (mainly Japanese). These schools look and feel more international, feature a variety of foreign teachers, programs and classes at a variety of times and locations. Their student and international services have quite broad scope along with their overall standards, qualifications and certifications. However they are very rooted in local culture and behavior and business focused which tones down their overall positioning to where it is.

AAA: Where we Abraham Academic Academy wants to be

- A. For a school to be considered international it must have language classes;
- B. Schools that do not offer language classes general don't even bother to present themselves in an international capacity and have quite a local feel to them;
- C. Association to International feel: Clean; bright; professional; spacious; teaching styles; white foreign teacher (for English), native speaking teachers (for other languages); not just book orientated; more events and interaction; learn about culture, history, holidays and popular culture;
- D. Teaching styles TYPE I; passive or active; pass the test or know the material, one way to solve the problem or any way; drill, memorization and repetition or variety;
- E. Teaching style TYPE II; traditional or modern; teacher boss, no questions, do as told, harsh/strict disciplinary measures.
- F. Association to Institution feel: standardized, transferable, applicable, certified, qualified nature. Very organized, transparent, not money orientated;
- G. Association to Business TYPE I; feel and atmosphere; to the point, not care about feelings, not personal.
- H. Association to Business TYPE II; Cheap in nature, concerned about money over students, cutting corners, not transparent, not trusted.

4.3 POSITIONING BY PRODUCT ATTRIBUTES AND BENEFITS

The positioning of ourselves by product attribute and benefits is done through the use of the attribute branding concept. This concept allows us to identify our attributes on different dimensions and to visualize our product offerings through the mapping of these important

elements. The resulting 3D visualization allows us to better define our product space; it allows us to make it more complete by exposing gaps and redundancies and pointing out specific elements that should be change.

4.3.1. ATTRIBUTE BRANDING CONCEPT:

A) Concept:

- Brand:** Who we are.
- Brand Width:** It is the extension of the brand outside its original product category.
- Brand Length:** It is the brand's franchise in terms of appeal.
- Brand Depth:** It is the brand's ability to create consumer loyalty by offering variants in each element in the brand length.
- Brand Weight:** It is the influence of the brand in its category or market.

B) Interpretation:

- Brand:** Image/Idea Education/Business Type
- Brand Width A:** Curriculum
- Brand Width B:** Levels/Ages
- Brand Length:** Programs
- Brand Depth:** Program Elements
- Brand Weight:** Good At (Specialty)

C) Application:

- Brand:** Abraham Academic Academy (institution, education specialists, collaboration of schools).
- Brand Width A:** National Curriculum, Foreign Language Curriculum, Education Consulting, Overseas Network.
- Brand Width B:** Kindergarten, Elementary, Middle School, Junior and Senior High School.
- Brand Length:** Daycare/Childcare, Bilingual, Chinese Only, English Only Programs, Intersession Camps.
- Brand Depth:** Schedule flexibility and variety, curriculum flexibility and variety, competitions, performances and shows, community and day events, field trip outings, consumer merchandise and memorabilia, pricing options, modern technology and communication (traditional communication through merit charts and email and social media).
- Brand Weight:** The number of schools, access to western pedagogical educational specialists, curriculum, network.

Note: The majority of our differentiated items that are discussed in our business model in section 5 were created through the use of this attribute branding concept. For example, the extension of our services to include Chinese and Daycare services, our pricing model, scheduling flexibility and ideas for granting franchisee freedoms and apportioning franchisee regulatory control.

4.3.2. ADDITIONAL ATTRIBUTES & BENEFITS:

Beyond the use of this notion for explicit derivation of elements to cover the variables and dimensions described above. The process generated ideas related to the offerings and created some additional attributes and benefits:

1. General Attributes and features of the school:

- Inter-school collaborations between same and different age groups to create a larger than life environment and sense of belonging (global village).
- Community events.
- Different schools have different offerings to provide variety.
- Monthly electronic newsletter (cultural, world, folk and educational event awareness).
- A student wall: Spirit of artistic personality (diversity) with Educational overtones.

2. Products (merchandise):

- One international set that reflects an institution, one local set that reflect student interests.
- Optional cool case and packaging (for gift purposes), environmental and reduced packaging options.
- Promotional inclusions.
- School use items constructed to convey cultural awareness.

3. Products (curriculum):

- Exterior design will conform to institute image (except the front cover will partially encapsulate student preferences).
- Inside design will conform to students tastes.

- Back of books will have extra work for students to do on their own time if they choose.

4. General Attributes and features made for the schools to use:

This involves the business antics and tricks that we will incorporate into the school's core such as: slogans, tag-lines, trademarks, and brand characters. These will try to represent those one-off characteristics that set us apart from the rest. Some Examples are:

- Trademark: Abraham Lincoln Penny/coins (the longest running coin type in U.S. history and amongst the longest running coin types ever in world coinage history).
- Tagline: It just makes sense (cents).
- Slogan: In-Progress.
- Jingle: In-Progress.
- Song/Anthem: In-Progress.
- Brand characters: There will be 2 sets of characters. One set will represent the elders through some national icons (the main one being Abraham Lincoln). The other set will be a group of students that our students will be able to identify with (style, look, personality; the strong one, beautiful one, smart one, clumsy one). The elder characters will be stable and relatively unchanging over the years and can reflect parental and academic interests, but the students' brand characters will grow with the students as they progress through the years aging and developing as they do.

These characters will behave like a where's Waldo, but ours will be a where to Waldo that also tells you where to go and what is going on. These characters will appear occasionally in

different places in different formats either boldly or subtly. They will appear in the curriculum, part of our advertisement schemes, and have their own little segments like on our web pages. These characters will be developed into mascots and will have the capability to interact with people. The point is to give these characters a purpose for people to identify with. These characters are designed to add value to the brand by increasing customer buy-in through customer appeal, relativity, and attractiveness.

4.4. POSITIONING BY CULTURAL SYMBOLS

Abraham Academic Academy believes that it should be positioned and aligned with cultural symbols and by cultural symbol we mean anything that symbolizes a group. Our basic group will consist one of five following types: local, foreign, western, international and specific. Within these groups we extend the definition to encompass significant and recognized things and sets of things that range from the abstract to the concrete like decor, colors, artifacts, and stories to memorials, landmarks, people, animals, items, and food. Academically speaking, the purpose of this is to provide a basic framework of the world for our students for identification purposes. Additionally, this simplified reference system aids foreign teachers by facilitating the teaching of concepts faster and easier. However, the following focuses on the marketing advantages gained through embracing these notions.

We believe that this marketing approach will truly resonate with each of our segments. As a foreign, western, rooted company positioned as an institution we want to pull symbolism from a walk of life that reinforces the image we are selling. This symbolism can be positively accepted by our host nation, because our western way of life, in terms of standards of living and educational standards, is held in high regard and considered to be superior in many ways.

Therefore, we want to use western cultural symbols that reinforce these elements of our schools and their practices. Consequently, by coming to our school our customers are in essence coming closer to the attainment of these beliefs. To position our company this way requires a 3 part process: internationalization, bridge, and localization. This process in essence is creating a bridge that brings these worlds together in a way to balance our image respectably in the minds of our customers.

4.4.1. INTERNATIONALIZATION (INTERNATIONAL GROUND/USAGE):

First and foremost, we are a foreign institution, an international institution that has come here from abroad. Our institution has schools operating under it based on these systems and those international schools are grounded in our ideals. Therefore, the symbolism that we bring must adhere to a foreign, western archetype. The international symbols chosen will be rooted in North American culture; however will include a strong international sentiment through Canadian, Australian, British, and European inclusions. For example, focusing on the North American culture, the school background and backdrop (things not utilized by students) should be decorated according to certain colors and motifs:

For example, colors and motifs to be used that are based on our origins and roots.

Colors & Motifs:

- National/Flag: Red, White and Blue
- Affluent/Educated: Copper, Oak, Mahogany
- Nature/Humble: Brown, Green

Some American namesake items will be chosen to be used by the children in specific everyday formats. For example, naming the children's classes or specific classrooms.

Bilingual Class Names: (Money)

- Penny
- Nickel
- Dime
- Quarter
- Four-Bits
- Dollar

English-Only Class Names: (American Presidents)

- Theodore "Teddy" Roosevelt
- Abraham Lincoln
- Thomas Jefferson
- George Washington
- Benjamin Franklin
- John Adams

Some exemplar rooms around the school could be named:

- | | |
|----------------------------|-------------------------------------|
| ● The office | The White House |
| ● The lunchroom | The Ice Cream Parlor or Mc Donald's |
| ● The sleeping room | Camp Nap-Nap |
| ● The dance or music rooms | Broadway or Hollywood |
| ● The science room. | NASA HQ (headquarters) |

Some mascots are important for using in the curriculum (worksheets and text books), which then can be used in a retail capacity (stationary goods, notebooks, uniforms, stuffed animals).

Mascots:

- Bald Eagle
- Beaver
- Raccoon
- Moose
- Deer
- Buffalo/ Bison
- Red Wolf
- Goose
- Turkey
- Trout
- Salmon

There will also be a social aspect to our cultural inclusion; A focus on some everyday common things and ideals.

American Landmarks, Trademarks and Food:

- Statue of Liberty
- Mount Rushmore
- Hollywood
- White House
- Yellowstone Park
- NASCAR

- Burgers
- Hot Dogs
- Fries and Poutine
- Steak and Ribs
- Hostess Cakes
- I-HOP, Applebee's, Denny's and 7-11
- Costco and Wall-Mart
- Football and American Idol

Ideals and Expressions:

- The First Amendment
- Freedom of Speech
- The Right to Bear Arms
- Constitution
- The Great Outdoors & Mother Nature
- Plead the Fifth
- Uncle Sam

4.4.2. BRIDGE (MIDDLE GROUND/UNDERSTANDING):

A key to the success of this symbolism technique will depend on our ability to minimize any negative effects by having our schools act as a bridge between our two worlds. This will be done by exposing the relationship between the strong western and international elements chosen and the local environment.

A first problem arises due to us not being positioned as a local school. Precautions must be made to ensure that we do not seem too distant from and unapproachable by our customers. Improper use of our strong foreign symbolism risks alienating our customers. So, if the symbolism chosen reflects the school as a foreign institution, we want to ensure that host country inhabitants understand that we have brought the best from our western culture in hopes of building a better host nation (Taiwan) through the development of Abraham Academic Academy students. A second problem to watch out for and overcome is that we do not want to come across the wrong way--snobbish and arrogant. To facilitate our success with symbolic positioning Abraham Academic Academy will specifically apply the symbolism in 3 ways to aid in our embrace of our school's local and national environment:

- To focus on highlighting symbolic similarities (not differences) and avoid conflicts of interest between our cultures, segments and classes.
- To place the symbolism in the back drop of the school. To let our customers take what they want, not being too obtrusive so as offend customers by forcing our ideals down their throats.
- To forge positive and strong foreign-local relationships. To have the customers see the positive relationships and ideals that we choose to emphasize: employment practices, cooperation between local and foreign teachers and community involvement.

Abraham Academic Academy believes that crossing the cultural divide is more than the bricks and mortar of language, but pragmatic understanding. Most schools focus on the vocabulary and grammar without context. This aspect is not understood or embraced by many

other schools. Through this specific application, we try to appeal to those who have picked up on the symbolism; know, like and recognize these details; have these expectations of a western school; or are looking to embrace certain aspects of foreign culture.

4.4.3. LOCALIZATION (LOCAL GROUND/USAGE):

The other side of the bridge must be rooted in the host country's local symbols and symbolisms. This will ensure Abraham Academic Academy's genuine admiration for the people and their country. These symbols will be chosen in one of two ways: physical intrigue or in-depth meaning:

- Cultural symbolism chosen that intrigues or mystifies people: Ideas for physical symbols to use should be ones that are rare, unique, beautiful, or resonate with the host nation's people or can serve as conversation pieces.
- Cultural symbolism chosen regarding its specific meaning: Good wholesome symbols should represent family, people or country. Good mental symbols chosen should facilitate national pride, diverse artistic expression, intellectual or educational enlightenment. Good ESL symbols should represent a student's struggle with foreign language acquisition. Good ESL symbols should represent culturally complex phenomenon, change, adaption or acculturation.

Since the first schools will be founded in Taiwan let's use it as an example. Some examples of local Taiwanese cultural symbolism that can be used are as follows:

1. Cultural Formats taken from Taiwan's Heritage:

- 象形文字 (Xiang Xing Wen Zi) ancient character
- 成語 (Cheng Yu) 4-character idiom

- 春聯 (Chun Lian)
- 合書 or 合文 Chinese Ligature

2. Focus on the Map of Taiwan (the 15 states and special things about them like):

- Food
- Aboriginal Communities
- Landmarks and Attractions
- Historical Sites

3. Abstract Ideas:

- Superstitions
- Farmer's almanac (農民曆)
- Holidays
- Festivals
- Rituals

4. Concrete Ideas:

- People (Chaing Kai Shek 蔣中正, Sun Yi Shen 孫逸仙, Confucius 孔子, presidents, musicians, athletes Wang Jian Ming 王建民),
- Objects (sky lanterns 天燈, dragon boat 龍舟, red envelopes 紅包)

5. Ideas to Use for Names of Classes:

- The name of the Chinese Zodiac (十二生肖) character for the root year of the class (12 animals)

- Ho-Yi(后羿) Archer that shoots the 9 suns
- Qu-Yuan(屈原) from dragon boat festival
- Chang-Er(嫦娥) and the Jade Rabbit(玉兔) on the moon
- Niu-Lang(牛郎) & Zhi-Nu(織女) Chinese Valentine 7th month, 7th day, Magpie(喜鵲)
- New Year monster(年獸)

Complex Notion & Tacit Understanding:

The first thing that people ask after reading this section is, “Is this necessary?” There are 2 amusing antidotes that will be shared to explain its importance and tacit nature. First, the Simpsons sitcom phenomenon can be used to explain how these complicated devices can be used with school aged children. Local symbolism will be understood by local people. Parents can choose to elaborate on the things that they deem important, which will further enrich a child's education through familial participation. By the same token parents can choose to overlook any element based on their own system of value and appropriateness without harm or foul. For example, much of the content in Simpsons is directed towards the older adult audience, but presented in a way that is entertaining and oblivious to children. Parents only have to share what they want or know with their children. So regardless, cartoon or international symbolism, understood or not, people will seek out answers to questions that are interesting to them and take away from an experience what is satisfying. All we have to do is encase the symbolism in a package designed with amusing and lite-hearted overtones and then let the people decide what they want to learn from it.

Looking at these complicated devices from the vantage point of grammar development gives another perspective. The daily exposure of these elements to children will give them a tacit

understanding of many important cultural aspects that we never actually had to invest time in teaching, but through association will provide an intuitive and pragmatic cultural understanding of the language and the way we think. Most native language speakers are not aware of the grammar they use, or think about if they are using it correctly. Yet, this fact does not detract from the wealth of knowledge that the individual has amassed. The symbols and metaphors we choose to imprint on the children are an invaluable part of their international rearing.

4.5. POSITIONING BY USE OR APPLICATION

To position by use or application means to paint a picture and communicate the idea of what product incorporation will do for one's life. To do this will require the application of our consumer demographics (target and end-user profiles as described in section 4.1) in a 4 part scheme that is divided into 2 stages of importance. The primary stage features the product, the student and the school, whereas the secondary stage deals with the extension of this product to everyday life.

4.5.1. PRIMARY STAGE:

The strategy of the primary stage is to focus on the students and showcase their abilities. These images will be casted in the foreground. Here, we focus on portraying 3 aspects of a student:

- Success through their achievements.
- Mature and responsible lifestyle through their acts and gestures.
- Fun environment in class through their participation.

However, the school wants to take partial credit for this creation, for this extraordinary student. This can be done by attributing his/her creation to the special elements possessed by the school. But because God and family comes before school our 'school attributes' positioning tactics will placed in the background of the student abilities images. Here, the plan is to focus on 3 aspects of the school and how these elements relate to the student:

- Teachers
- Classes and programs
- Curriculum

4.5.2. SECONDARY STAGE:

This positioning deals with product extension; how the school affects the other aspects of a student's lives. This is done through parent and familial inclusion in the education process and lifestyle. The former will include or feature elements of parental participation and student gratitude for the opportunity of being enrolled. Examples of this positioning could be:

- A mom behind the stage with their children before they perform.
- A dad waiting at the finish line for their child to cross.
- Parents filming a graduating ceremony.
- A student makes a speech that includes family sentiments.
- A child showing their family an award won or something made from school.
- Dad comes home from work and helps their daughter with her homework.

The latter, lifestyle, focuses not only on showing that a student who enrolls in our school will turn out to be a successful person, but as a consequence of their enrollment they will no doubtingly have a better life, more friends and richer family interactions. They will possess cool

and trendy objects that represent a life they seek and want to identify with. However, just as with our primary stage, these elements are secondary and must be placed amongst the backdrop, not being allowed to become a prominent feature. This portion of the position will focus on the esthetics of success like:

- Scenic backdrops
- Everyone dressed well
- Parents have a nice car
- Students have nice toys, phones, or computers
- A beautiful school

4.6. POSITIONING BY PRODUCT CLASS

Abraham Academic Academy wants to be the educational provider and supplement a child's public or private school education. We believe that this can be done through the positioning of our products by class. The Abraham Academic Academy brand is going to compete in scope and scale in providing products and services of high value caliber that are expected by the educational consumers in our target market and by our end users. This can be done through the employment of 3 overlapping ideas that work together.

Abraham Academic Academy Product Class is defined by:

- High Class (Quality and Value)
- Institution
- Curriculum (Practical and Visionary)

4.6.1. HIGH CLASS (QUALITY AND VALUE):

The high class nature of our product can be broken up into two elements. The quality of our curriculum as provided by a world class education institute and the value obtained through the actions of our business wing.

4.6.1.1. QUALITY (INSTITUTION WING):

The quality that we stand by is derived from our curriculum. It is an all-around top notch curriculum from its development to its deployment; from the scheduling of the classes to the length of times for each class, lesson and break; from how the subject matter is presented and delivered to how the subject matter develops over time by chapters, units and years.

The reason why we want to take this position is because we know that the curriculum is an element we can standardize and control. Unfortunately, we know that the education experienced will vary from school to school under the brand. Variability arises for a variety of reasons like quality of students in different areas, the accessibility of good teachers (especially foreign teachers), the application of Abraham Academic Academy ideals, or a management team's specific employment of sound educational theory. However varied a particular school might be we will be able to stand behind the quality of our curriculum. Taking this position is a kind of a damage control. First, we will be in a good position to deflect any negative publicity that occurs, being able to attribute any wrong doing to human error, bad practices, poor judgment, or a situation that can be remedied. Second, if necessary, Abraham Academic Academy can then intervene as an impartial 3rd member and on the behalf of our concerned consumer try to rectify any situation that happens at a specific school.

It is through the positioning of the brand as an institution that Abraham Academic Academy tries to protect its curriculum and ensure that it comes off as being high in quality. We do not want the brand to be identified as one of its branches. We do not want to be seen as a small school or as a private business that provides products and services. We want to be seen as an institution that knows how to educate people. We want Abraham Academic Academy to be known as an institution first, business second. However, problems arise, because Abraham Academic Academy works with its many schools in disseminating sound educational theory.

4.6.1.2. VALUE (BUSINESS WING):

The value of our product arises from the business wing of the brand. The business wing's primary concern is on the ways to lower costs. The business wing tries to develop ways to reduce spending and lower costs by focusing on what an individual school can do and on what can be done together, shared and pooled as a group. We tell customers that it is the deployment of our business model that allows us to reinvest in our curriculum without having to charge them more money. We tell customers that it is very difficult, to the point of being near impossible for a single school of limited resources to be able to create an extraordinary offering without being massive in size or having to raise their prices. But it is easy for 1,000 schools to share the cost of a single, but amazing curriculum.

This is how Abraham Academic Academy provides customers with greater value and why we stand by our vision of trying to lower the ever rising costs of an education. A quality education made affordable because of our business model; through the design of our schools and the utilization of our network. A network, through its size, that shares costs. It is the power of our numbers that generates value. Whereas it is the design of our schools and their programs that

helps an individual school lower costs and remain competitive.

4.6.2. INSTITUTION:

The second way that we are to position ourselves by class relates to the public's commonly held view on institutions and accounts for another reason why we want to be identified as an institution.

- First, institutions are known to specialize in something, they have the 'know how' to be able to do a particular thing exceptionally well.
- Second, institutions are known to be very large in size, a trait that impacts their ability through their access to resources. We want to push the 'Big Budgets & Deep Pockets' idea to reinforce our capability in producing the quality of our offering.

4.6.3. CURRICULUM (PRACTICAL AND VISIONARY):

The third way we position ourselves by class relates to the way we separate our curriculum. The educational position of our school in terms of our curriculum is that it is practical and visionary:

- Practical (Local Curriculum):

First, the help that a specific school provides in terms of the national curriculum will be tailored to the regional school that the majority of the students attend. Therefore coming to us will help your child get ahead in their everyday lives.

Second, each school is asked to develop a unique trait or offering that is exclusive to their school or to specialize in an aspect of their curriculum that will give them a distinction amongst the branches. Both tactics will add prestige to a school and the chain.

- Visionary (International Curriculum):

The language correspondence that we provide is grounded in a western education and geared towards going abroad. Therefore, coming to us will give your children a better chance of adjusting if they decide to go abroad. However, even if they do not go abroad and decide to stay local, the education received will be very beneficial in creating a well-rounded and worldly individual.

It is through our international curriculum that we differentiate ourselves from the competition and add a significant amount of value to our language program. When Abraham Academic Academy thinks of language acquisition we believe that a message should be taught with it rather than solely memorizing grammar and vocabulary and reusing second hand familiar knowledge and sentence patterns, which forms the basis of the lessons used in most language schools today. We believe that retention of knowledge occurs through practical usage and not just drills.

A student who learns a language through the use of standard ESL books on the market will find the transition to a western school difficult as they won't possess much of the knowledge already known and taken for granted by local students there. Academically, a student that makes the transition will be playing catch-up with too many variables. A student does not need to begin a new life, in a new environment, while speaking a foreign language and trying to make up for the general knowledge that he/she was not exposed to.

By tying language acquisition to the western K-12 curriculum a student not only learns the language but broadens their mind at the same time. Many aspects of a western K-12 curriculum

are not presented in a non-western country's national curriculum. We believe that this is a challenging and exciting way to learn another language and is why Abraham Academic Academy takes this position with language acquisition.

To put it another way:

- We want to attract a student who is tired of the traditional English acquisition model used here in Taiwan.
- We want to attract parents who see the value in what we say.

4.7. POSITIONING BY PRICE/QUALITY

The 3 main products and services that Abraham Academic Academy takes into consideration regarding the price/quality positioning of the brand are Abraham Academic Academy's official school curriculum, a specific branch school's programs, and the merchandise sold. Other products and services that are available are not discussed in detail here.

When positioning by price/quality we separate value into 2 categories based on control and point out ways to improve the control or price/quality ratio of our products and services in these areas so as to guarantee value.

Value = Quality / Price			
Product	Merchandise	Service	Quality of Branch Specific Education Received
Value	High	Value	Moderate - High
Price	Market Price	Price	Industry Set Price (Fixed)
Quality	Oversupply	Quality	Good
Strong Control		Varying Control	

This price/quality ratio is of utmost importance when dealing with a franchise chain due to the problem of regulatory enforcement and the entrepreneurial motives of a branch owner. Therefore, the first thing to discuss is the fact that schools do not have to conform 100% to Abraham Academic Academy outlook on education. We understand that there are many different ways that individuals can learn as well as subjects to study. In terms of conforming, our expectations are:

- A school must be willing to adopt one of class schedules we have developed that offers flexibility for the consumer. This implies the number of classes in a day, their length and breaks.
- A school must be willing to adopt a portion of our curriculum. A minimum number of classes according to their schedule (~60%) that conforms to the use of our specific text books.
- A school must offer some variety in programs, courses, lessons, or activities for our consumers to choose from.
- A school must be willing to offer and display official Abraham Academic Academy merchandise and not only their own, if they choose to create their own merchandising products.

- A school must be willing to provide their customers with a wide variety of service options, not limit their customers to only those that will benefit the branch owner specifically.

One way of handling this issue of control and price/quality is the development of satellite school. A school that is too specific or limited in its offerings, does not adopt a broad enough range of activities, or does not conform enough to the standards of our brand can be classified as a satellite school. A satellite school will not be positioned as a good or bad thing, but as a way to inform parents that the school offers specialized services not standard at most locations. Some positive aspects behind the satellite school designation are that satellite schools make it easier for entrepreneurs to join and commence operations faster, allow entrepreneurs to establish a base and outline a roadmap for growth, lower the threshold allowing for faster franchise growth, allow for the development of special niche schools, allow schools room to breathe and a chance to respond to the market, lower the initial risk associated with starting up a school due to the burden of high costs, lower the learning curve associated with starting a new venture.

4.7.1. ABRAHAM ACADEMIC ACADEMY SCHOOL'S CURRICULUM:

Abraham Academic Academy has high control over the development, usage and value of our curriculum. The value of the curriculum as described by the price/quality ratio will be high, because of our intention to overcompensate for the quality while providing it at an artificially low price. The curriculum plays an important role in our business model. It acts as a standardizing agent and an incentive for people to join our franchise chain. Our curriculum is one of the important resources that franchisees want to gain access to. For curriculum development to be a profitable revenue stream requires economies of scale, thus we expect large short term costs and losses that will decrease with time.

The curriculum is a product that we want to completely standardize within the franchise. A curriculum does not have to significantly differ in use or vary in quality from school to school. Curriculum selection by a franchisee is something that can be predicted and controlled in advance with a high degree of certainty unlike other aspects of a franchisee's value preferences. We plan to standardize the curriculum by:

- Developing a world class curriculum (textbooks, methodology, teaching aids, supplemental material). It is our intention is to create a curriculum that cannot be matched by the resources found at any single school.
- Making our curriculum the best affordable option for our franchisees to use. Our plan is to provide our curriculum to franchisees at a low price. Lower than any other curriculum packages available on the market of equal value.

For standardization to occur, head-office will undertake most of the effort in dealing with the curriculum, but a pay-for-performance scheme will give schools an incentive to work with our curriculum and to contribute to its development and world class standard. We believe that a school's hands on approach with our curriculum is vital to its development and assurance of quality. We at Abraham Academic Academy understand that the development of a world class curriculum will not be easy and by doing it at an affordable price makes it even harder, but it is through our curriculum that we in essence secure our franchisees commitment to using it while attracting new members into the chain. A franchisee that chooses another textbook or curriculum package over ours will be doing so based on price alone and will lose out on the value contained in and support provided for our curriculum.

Initially, we plan to devote a lot of resources to curriculum development due to its importance in our business model. We would like to develop and implement our curriculum as fast as possible, but we have incorporated a prioritization and control mechanism due to its expected cost. The curriculum development can be spread out over a larger time frame by varying the commitment; the speed of curriculum development can be adjusted or smaller projects undertaken at a time. This ability to vary curriculum commitment is important as we plan to incur losses with respect to its development in the short-run. Therefore, the curriculum costs and overall losses can be controlled as deemed necessary. Initially, we plan to share the costs and losses incurred with the profits available from other revenue streams. We are not concerned about these losses or costs as we see the business as a going-concern and realize that this is a onetime sunk cost that will be recouped in time; total costs and losses will decrease as the number of schools in the chain increases. There will be an ongoing cost associated with the curriculum's maintenance and upkeep over time, but that is expected to be small by comparison.

Once developed, we want to publish and distribute the material at a price that a school would prefer to use it rather than some other product. Just as with the curriculum development we expect larger publishing costs and losses until the number of schools increase. The printing costs will diminish as we acquire larger economies of scale. In the long-run we expect that curriculum development will become a profitable income stream for the company.

4.7.2. SPECIFIC BRANCH SCHOOL'S PROGRAM OFFERINGS:

Our franchisees will have a fair share of autonomy over the daily operations of their schools. An important portion of this autonomy resides in the particular school's choice of programs and program elements. The range of programs offered by a particular school (apart

from the basic curriculum core) chiefly resides outside of Abraham Academic Academy regulation and is considered to be low in control, whereas the elements used in a program are considered to have more (medium) control. There are 4 reasons why head-office chooses to relinquish control (low control) over to the franchisee and will only try to influence a franchisee's decision through support and guidance:

- Programs are offerings that are affected by supply and demand in which demand for specific products and services are affected by a region's geographic and demographic identity.
- Few schools will be large enough to offer all the programs offered by Abraham Academic Academy.
- We expect that some schools will want to offer programs not included in our curriculum core.
- A franchisee has direct contact with his audience and is more likely to know what his/her customers want. Head-office intervention may only hinder a school's performance, because it is expected that some programs will not do well in some locations.

Important tradeoff decisions have to be made in terms of the 2 ways that a program offering translates in to customer value (price/quality ratio); aspects of a program's quantity and quality that takes into account enrollment numbers and the local competition and other same chain school program offerings:

- Quantity: Program selection, times, availability, and extended hours of service.

First, customers like selection, so the more programs available means greater value to them. This larger selection also translates into value for the franchisee in terms of potential market share, but comes with larger incurred costs.

- Quality: How a school's programs are run both collectively and individually.

Second, a specific program's details greatly affect the overall price structure of a school, depending on how program costs can be allocated. Therefore a program's needs and requirements (basic, streamline, luxurious) can affect both a student's tuition and a school's overall competitive ability in the market place.

Abraham Academic Academy understands the financial burden associated with running a school and tries to be ready with the curriculum support needed and tries to help with the value ratio through guidance and support. This is the fundamental reason behind the satellite school designation. We want to provide a school with the opportunity to start-off with a lite offering with the intention of expanding once a customer base is established and to give our entrepreneurs the ability to respond to the customer base they acquire. In this chain school age many entrepreneurs may go belly up before they get their feet on the ground if they are not careful. When ready, we provide the necessary assistance and opportunity for our franchisee members to grow. A growth not only limited to program size and complexity, but with the opening of additional schools or the extension of a school's ages and levels.

Note: Some program quality requirements that will affect the school's cost structure will be: the type, size or nature (indoor/outdoor) of a facility; the amount and type of equipment needed for like sports, dance or playground programs; and the need for specific instructors for music, swimming, martial arts, or rollerblading programs. Some quantity requirements will come in the form of the number of classes and types of classes that a school offers, but also in the need to schedule classes that overlap and to replicate same class offerings.

4.7.3. MERCHANDISE SOLD:

Abraham Academic Academy separates this merchandise discussion into 3 sections: customer use, in-house use, and additional programs.

4.7.3.1. CUSTOMER USE:

When it comes to the merchandise sold in the chain, Abraham Academic Academy takes a different position than the one taken with the curriculum. Abraham Academic Academy believes in providing our customers with a wide selection of convenient and flexible options at an affordable price. Abraham Academic Academy will provide two standardized sets of collectables and memorabilia (uniforms, toys, stationary, notebooks, etc.) for all its customers and will encourage every franchisee to create their own products and product lines to offer their customers. However, to protect our customers and to ensure that our franchisees products are fairly priced, each franchise must display and offer the chain wide merchandise and products to their customers as well as their own. This way, our customers can comparatively shop and freely choose according to their tastes without fear — our caveat emptor guarantee.

The two product lines that head-office will supply will be one mid and one mid-high price range set of products. Schools can then create, if they wish, a lower end economical series, a higher end luxurious series, or a same price localized/customized series for their customers. Franchisees can use our network of connections to provide any products and services or they can use their own connections. The only stipulation is that designs have to be pre-approved and final items inspected to ensure Brand integrity. It is not our intention to discourage, control, or restrict our franchisees, but merely ensure brand integrity by limiting the dissemination of cheap, tacky and offensive products.

Here we embody entrepreneurial spirit and diversity amongst the schools. We want to think of our schools as part of a large network, where each school represents a division, chapter, or district. Schools can register for numbers and assign name to their numbers for the purposes of building comradery and school spirit. Abraham Academic Academy is going to host events that bring different schools together and others that encourage friendly competition between them. This will prove to be advantageous for Abraham Academic Academy because it will make parents and children feel like they are part of a greater community and keep franchisees honest and working hard through the spirit of competition.

4.7.3.2. IN-HOUSE USE:

The same process as described above goes for corporate and office materials like business cards, letterhead certificates, trophies, and forms. A franchisee can either buy these items through our network or can ask for the electronic blueprints to source out another provider.

Note: Companywide materials that customers have access to must conform to Abraham Academic Academy standards for authentication purposes, whereas in-house items that customers have no access to can be customized following the same approval mechanism as described above.

4.7.3.3. ADDITIONAL PROGRAMS:

Abraham Academic Academy is always trying to come up with ways to look good in the eyes of our community and consumers. We are always trying to come with ideas to bridge the gap between parents and schools and drive down the unnecessary dollars associated with the high costs of an education.

One program that we at Abraham Academic Academy like is the curriculum recycling program. We try and encourage our schools to offer their customers the buyback program (for non-damaged, non-personal items). On the surface, the purpose of this program is to aid parents with the financial costs associated with a top notch education by helping them save some money. The program offers us an opportunity to look good in the eyes of the community by caring for their needs. The real reason lies in the fact that parents are very resourceful. In this day and age with the internet, parents generally join groups and forums related to a child's education and find out about these services regardless if we provide them or not. Parents often reuse, trade and sell books to other parents in order to recoup their costs; those who do not want to pay full price will not and those who want to sell them will.

Our buy back policy for the repurchasing of non-damaged books/merchandise is to buy them back at 1/2 the current sticker price plus a re-shelving surcharge fee. Those second hand books/merchandise will then be resold at 3/4 the current sticker price. Thus, happy parents and happy school.

4.8. THE FOUR-P'S (PRODUCT, PLACE, PRICE, PROMOTION)

4.8.1. PRIMARY PRODUCT/SERVICE (EDUCATION):

Abraham Academic Academy's primary product is the education we provide; everything else is secondary and is used to reinforce the nature of our primary product. So in understanding what the customer wants from the product/service and what needs it must satisfy we begin looking at education provided.

4.8.1.1. EDUCATION (WANTS & NEEDS):

Our customers (financial providers) want assurances regarding their children's future. They want to know that opportunities will be derived from their investment into their children's future. Parents want to monitor the steps of their child's progress, be notified of developments, and watch their children develop into well behaved and mature adults. Parents want to be able to measure their children's ability and will by comparison to other children who attend other schools. Parents want to know that their children are happy and stimulated by the educational process and that the particular educational process is worth its weight (value) due to the number of alternative, private and low cost public schools, options.

The needs that our educational product/service must satisfy are purely psychological. Parents need to know that they can trust a school and that the school is open and honest with them. Parents need to believe that the school cares more about the education than the profits and that the school is doing well by their children. Parents need to know that their children are safe and secure. Parents need to have a voice in regards to their children's education and an outlet for that voice to be heard. Parents need to have direct contact with their children's school, to be able to see their children perform in an academic capacity, and to meet their instructors. Parents need to have discourse with teachers, administrators and other parents.

4.8.1.2. EDUCATION (PRODUCT PROBLEMS):

Besides monitoring progress, watching development, being notified with situational updates, and comparing children, the services rendered from a school are quite abstract, intangible and psychological in nature. The short-term indicators that a parent uses are

misleading and fraught with bias. Education is a long-term investment in which parents cannot tell the true extent or quality of a program until it is far too late for many reasons:

- Schools are black boxes in that children disappear by day into them and return home by night from them.
- Parents' preconceptions and perceptions of education differ from their children.
- Parents are caught in the middle of teachers and students who have different agendas.
- An education differs from person to person. It is based on what you put in, how you utilize it and what you expect to get out.
- Education does not accurately differentiate a student's natural ability, learning capability or speed of knowledge acquisition.
- Schools may be biased and self-serving. Protect themselves and own interests first.
- Schools may put money and business before the student and education.

It is because the parents pay for a service that they do not receive that makes gauging the service difficult. Likewise, Parents do not have access to the answers for all of their questions needed to discern the value of the education their children are receiving and realize that their children are not able to properly make that judgment accurately. Schools quite often know this and rely on psychological tactics to make up for the void of hard facts that parents seek. The degree of the psychological pandering generally increases with the cost of a school, as parents demand more from a school that charges high premiums when there are low cost substitutes elsewhere. Schools tend to appease parents by making the educational process seem more transparent and less mysterious by appealing to their needs as described by Maslow's hierarchy. This means that schools have to be aware and have to pay attention to even the unrelated factors and cues that parents use to distinguish the extent and quality of a program and must reemphasize

the important factors actually related to the quality of education that they cannot access or fully understand. For example:

- Curriculum usage. Most parents cannot distinguish the difference between any two books and cannot grasp the long term effects on learning from looking at its design. A school's curriculum is an important factor in deciding the quality of a school. The danger is that we can say what we want about the curriculum, so it is not something they use in their assessment.
- Being cheap. A parent can tell when a school lies about prices or cuts corners on cost. Just because the lunch a school serves kids is garbage or that their uniforms are overpriced for what you actually get doesn't mean that the quality of education received is low. A school must look for these cues and avoid similar shortcomings and pitfalls in order for a parent to fully trust the school's position on all matters of interest. Only when this threshold is crossed will students and parents become long-term customers.

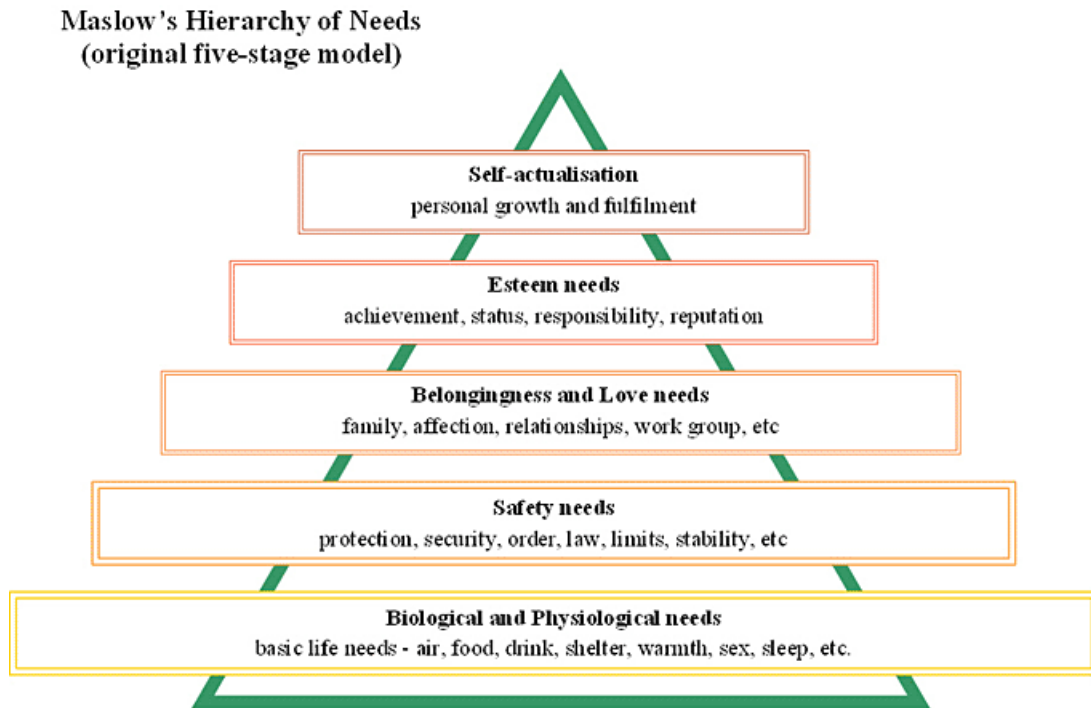
It is because of this complex relationship that a lot of effort must be put into the design of an educational product or service in terms of being able to explain the service and to psychologically satisfy a customer. A good starting point to do this begins with the derivation of a product/service against parental needs as described by Abraham Maslow:

- Lower Levels: A school that can only support a student's or parent's biological and physiological safety, and belongingness and love needs will have a hard time keeping students past some arbitrary trial or test period established by the parents. The lower needs are necessary for living, but are merely the foundation of an education. A parent will watch their child grow

and develop to a point and then realize that something (the higher levels) is missing. The old ones leave because the student's or parent's expect more from an education. This will be reflected in a disproportionate student population; there will be a few old students mixed in with a large range of newer students.

- Higher Levels: A school that can only support a student's or parent's esteem and self-actualization needs will have a harder time retaining newer students and have a higher student turnover rate. This is because the lower levels are the building blocks for the higher levels and without them something feels wrong. However, those students who clear the short-term hurdles will remain long-term customers. Because an investment in education is for a better and brighter future, which coincides with the hierarchy's higher levels. Maslow's lower level needs do not necessarily have to be a focus for a school, because these needs already exist and are naturally extended from a student's home life into their school life. However, Maslow's lower needs are the first thing experienced and understood by a new student and part of a parent's assessment.

Figure 10: Maslow's Hierarchy



4.8.1.3. EDUCATION (FEATURES TO MEET NEEDS/FIX PROBLEMS):

As discussed above, it is virtually impossible for a parent to determine the quality of education from the education itself. Therefore, a school must aid a parent in making a correct assessment about the quality of education being delivered. The educational features developed by a school that reinforce the quality of education being delivered reside in the school's systems that are in place for the parents to use and in the training of administrators and teachers to handle very demanding and disgruntled parents.

The hard tangible features provided by a school that relate to the quality of education, which parents look for are the open channels of communication and types of visual confirmation.

Some of these features that aid in a school's transparency and add grandeur to the status of a school are:

- The most common and traditional form is the daily merit chart that is sent home with the students every day. Merit charts convey a brief description of the daily events and homework. A merit chart gives parents a chance to ask or inform the school of something on their mind and address a student's immediate needs.
- A communication book is a weekly report that addresses a student's academic situation in a particular subject.
- Parents will be provided with email addresses and phone numbers of their school and head-office administrators, and their student's teachers.
- Parents will also be given access to a social media site (Facebook or Flickr) that will allow them to see their children engaging and performing at school and in class.
- The school will host events and shows that allow a parent to either join in and participate with their children or watch them perform.
- The school will hold open house days that allow a parent to walk around a school and talk with others.
- Children will take completed work home weekly to show their parents their progress through what they have learned or done.
- Children will earn points, certificates, awards, prizes, and earn badges for participation, outstanding achievements, or simply being an honorary class leader or helper.
- Children will show parents quizzes, tests, and marks relating to important milestones that demonstrates ability.
- Children's ability to use what they have learned outside of an academic context. Like talking to a foreigner or solving a new type of math problem.

4.8.1.4. SECONDARY PRODUCTS/SERVICES (OTHER):

Since a product or service is only as good as its weakest link, due care must be spent on all the accessories associated with the primary product. Parents look at these secondary products and services as an extension of the primary product.

Therefore presentation is everything. If we want our customers to believe in the quality that we preach, then the facade that covers and surrounds our structures are important. Our aesthetics and attention to detail are as important as the framework as they all work together in conveying the message of quality. Accordingly, at Abraham Academic Academy, we coordinate our looks, size, colors, and motifs to educationally prescribed notions of beauty. Since our price tag for education is big, then we will allow parents to see something big in its stead. Consequently, the notion of big must will be conveyed in our school's products and establishment. The pandering that we will do for our customers who are willing to pay the sticker price will be to ensure that our establishment focuses on an affluent and educated look, whereas the immediate items used by the students will focus on their desires of being playful and trendy.

To ensure that the right message is conveyed to our customers the process should be top down, spanning end to end of the school. A simplistic representation of this would be to start from the top with the school's signage and end at the bottom with the student's pencils, erasers, tables and chairs. The process should cover a school from the one end with the entrance where parents and students arrive to back end of the school that constitutes the classroom view and walls. Since a product is to be associated with its name, then what it is to be called is very important, and the meaning assigned to the name should permeate the product's being. The 3

words chosen for our name, Abraham Academic Academy, were chosen for a reason and with these things in mind:

- Abraham: Chosen to reflect/signify the intellectual and influential ability of a famous person.
- Academic: The focus of study, our curriculum and that higher education makes a crucial contribution towards a world-class knowledge society.
- Academy: The quality and level of the education being taught. The specialization in A particular field.

This is why throughout section 4 we have focused on these elements in the way that the Abraham Academic Academy product is branded: American way of life for the privileged few. A teaching methodology that will create a well-rounded student, prepare a student for the future and equip a student for a life abroad. However, it is here that we want to focus on the way a customer will use and experience our product, it is through these experiences where we can subtly interject our branding into our customers daily lives:

- Since students will come to school and learn in the classroom with their parents on occasion visiting, means that the facilities have to be cleaned, cared for, organized, indicative of a learning environment, aesthetically pleasing and characteristic of the brand. The facility should also portray student highlights and achievements.
- All front areas that will be passed upon, gone through or shown to by customers. Like the layout of the front office, service desk, demo or meeting rooms. Intentionally putting things out for show and hiding things that need not to have attention drawn to them.
- Since parents will primarily understand what is learnt through monitoring and effective utilization outside the classroom, means that we should put things in play to be monitored that

will ensure the results we seek and to ensure that anything that can leave the school with our name on it must be aesthetically pleasing and characteristic of the brand (This includes Branded merchandise like Uniforms, School bags, Lunch kits, Stationary, and Toys, as well as curriculum items like textbooks, notebooks and stationary goods).

- Administrators should be professional, teachers happy and nurturing since they represent the core of our product and the face of the company.

Note: Care must be made in distinguishing between what the parents see and what the children use as the children primarily use everything in a school. An improper assessment of the line we draw may make the school appear small to the parents.

Note: Due to our franchise's flexible infrastructure nature, this process should be done on a school by school basis and should be extremely thorough; the process should be mutually exclusive and completely exhaustive (MECE).

Note: This is not the place go over all the physical décor aspects of a school, but to indicate the importance of it and to point out some starting points. These are but a few of the higher level aspects that should be thought about when considering the facility, products and services that will be created and used.

4.8.2. PLACE:

4.8.2.1. GENERAL:

Product placement is important for the success of any product. For a school this comes down to location. First, it is important to understand where our buyers (middle-high income families) are going to look for our products and services. Then to place our product near complimentary products/services that add value to ours or in a position that will subtract value from a product/service substitute. The order of importance for the placement of an educational product depends on its uniqueness, quality, convenience, accessibility and safety. Since our product is a language/cram school and it is neither extraordinarily unique nor superior in quality when compared to other market substitutions available. Therefore, we begin our placement strategy by focusing primarily on our customers' convenience. This means that we have to bring our schools to our customers, because they most likely will neither come to us nor search us out. Abraham Academic Academy believes this can be best achieved by placing a school in a location on a route that coincides with a parent's or a student's habitual routines. The next important placement strategy involves our location being easily accessible and highly visible to our customers. A last concern would be a location chosen based on the care and safety for the children. This could be done by securing a place that has ample and convenient parking and/or room for drop off and pick up service.

4.8.2.2. EXAMPLES:

One important strategy involves school placement in, adjacent to or nearby major complexes of interest like R-T Mart, Carrefour, day/night markets and parks. Or to place schools around services that are important to children like neighborhood doctors, dentists, libraries and hairdressers. By doing this a school becomes more valuable and inelastic, because parents can:

- Develop habitual routines and practices that include the school in their route: Like picking up groceries, followed by Steven and then hitting the post office before going home.
- Develop a dependence on the school for assistance in extracurricular activities: Like with making a dental appointment for Susan and dropping her off down the street at the dentist's office for her parents because they are busy at work.

Another important school placement strategy involves locations near highly populated middle-high income residential communities or on a main commuting thorough-fare that takes advantage of parents leaving their community on their way to work, or vice versa:

- If on a commuting route a school must be located near or adjacent to daily services typically rendered by students and parents. For example, beside a 7-11, bakery, gas station, or breakfast shop. This way parents can kill two birds with one stone by dropping off their children and picking up a coffee or breakfast at the same time. This would represent heaven in a glass for a parent that just shaved 10 minutes off their commuting time while making it more bearable. However, this strategy would require you to consider the availability of parking, room for drop-off/ pick-up service, and if the establishments have eat-in, take-out or drive through services. A parent may come to inadvertently/subconsciously hate a school if they want the service that is within their reach, but it is too much of a hassle to get.
- For a residential area that serves as the starting point of a commute, school placement should take advantage of its layout. For example, many Taiwanese communities are developed with a minimal number of access points; only have a few roads coming in and going out. Schools should be placed at the bottom of the main access point either on or just before the junction with the main road. This way a highly visible school will benefit from the exposure of the daily

commuters passing by, who will in time make the time saving association and give your school a try.

- For high occupant commercial, business and work areas that serve as a parents final destination the location strategy is developed differently. In addition to the previously discussed points a school must consider the multi-directional flow of traffic, congestion points, and whether or not the majority of parents will be dropping of children by foot or car. A parent that drives will neither appreciate your school if it is on a heavily congested street that is backed up every day and adds time to their commute, nor will parents prefer a school located on a one-way street or small back alley that is difficult to navigate through, hard to find, or causes them to drive in circles. Good spots of interest for foot traffic will be the placement of a school near a major MRT station, bus loop or parking structure. A key point in deciding a high occupant work area school is that comfort is as important as convenience, if not more, but that inconvenience will cripple a school. A last option for a school location can be to suit/target a specific and large business that is out of the way or off the beaten path and to tailor the school's programs and times to those specific customers' needs. One danger in doing this is the school's dependency on that particular business. In this situation some all-important questions have to be asked like, does that business have the supply of students or the demand for a school to house them. Examples of this would be like hospitals, banking sector, technology parks, universities and schools.

A last viable option for a school's location deals with establishment of a language/cram school near the public and private schools that your students attend or will attend in the case of kindergartens. A major concern for parents involves the logistics of getting their children from

place to place. Schools located in the proximity of a school which offers these important services will ease parental concern.

4.8.3. PRICE:

4.8.3.1. PRICE STRATEGY:

Our pricing strategy is market oriented and based on packages that can be stripped down or built up, which allow consumers to get what they pay for. Abraham Academic Academy will match our major competitors programs and prices for our basic packages. However, prices will be marked-up through program differentiation and additional services allowing for development of more complete and intensive programs. The pricing section 6.4.1 in the financial section under revenue generation has more details on our pricing scheme.

Abraham Academic Academy realizes that the value of an educational product or service is highly subjective to a consumer. Pricing is considered to be delicate and fragile within the first few years of operation, because the perceived value is based on the image of the school and its reputation as much as the specific product and service itself. Therefore, extra attention should be paid to price consistency, monitoring and discounts.

4.8.3.2. PRICE CONSISTENCY:

The enforcement of a rigid price policy or school-wide pricing scheme for our schools would be unrealistic, especially since costs can significantly vary between schools and our schools pride themselves as being affordable. Abraham Academic Academy believes that significant interference by head-office on the matter of pricing would jeopardize the competitiveness of our franchisees. However, Abraham Academic Academy does intend on trying

to maintain a fairly consistent pricing policy in order to prohibit franchisee or consumer exploitation and to reduce price volatility that may offend consumers. Likewise, both of these can seriously hurt the brand's image with respect to our customers' perception of quality and their expectations from the school.

The major factors that determine a school's cost will be:

- Real estate value
- Student demographics (profile/background)
- Facilities and equipment
- Programs and amenities
- Staff

Another problem with a consistent pricing scheme is the sensitive nature of our customers. Our customers are more sensitive to the price of a program than to its specific details, but a small decrease in price will not gain us extra market share do to retaliation measures from our competitors. However, we do believe that a small increase in price will be indiscernible for an important portion of our customer segment and it is from this segment that we intend to extract value through the use of our program's flexibility, specific program offerings and add-ons. Abraham Academic Academy plans to match our competitors' prices to equivalent program offerings at bottom-end of the program spectrum, but plans to increase pricing through program differentiation at the top-end. Daycare Services and basic Chinese-Only classes represent the low end of the pricing strategy and will be fairly consistent throughout the chain; whereas the All-English and intensive programs can have pricing set according to their specific market and clientele needs.

On a final pricing note, Abraham Academic Academy realizes that the language/cram school industry is mature and there are established price points for products and services in this industry. Therefore, our schools and programs will be developed in relation to our competition in the same area and our litmus paper and gauge for pricing will be the other major chains in an area like Hess, Happy Marion, and Kojen. This way Abraham Academic Academy schools will remain competitive.

4.8.3.3. PRICE MONITORING:

The pricing scheme of a school will be primarily left up to the discretion of the owner or management team of that particular school once that school has completed its trial run--been up, running and profitable for period of 2-3 years. Initially, head-office will work together with a new school to construct their first pricing scheme. Head-office will then provide a school with a pricing shell, standards and guidelines to operate within as well as provide additional support as needed. Head-office will continue to work closely with a school during its first few years of operation to ensure fair and consistent pricing. The purpose of scrutinizing a new school is due to the variability that can exist in a new school's pricing scheme; quite often pricing abnormalities surface and raise parental concern that may tarnish brand image. Therefore, head-office has the right to investigate specific situations as deemed appropriate.

To control pricing, a school's curriculum is bound by contract. This limited control prevents serious price fluctuations. Many minor details (price change due to inflation or a change in program elements) can be changed at the discretion of the branch, whereas more major changes (price change due to offering new programs) need to be adjusted contractually through us. Contracts can be amended or renegotiated at any time.

4.8.3.4. PRICE DISCOUNT:

Abraham Academic Academy will offer both location specific and chain wide pricing discounts.

The chain wide discounts that we offer are:

- 30% discount to students who are citizens of another country or hold a different passport (promote multicultural environment, also citizen holding different passport represent affluence and status).
- 50% discount to foreigners from an English speaking nation (white, not ABC or other type of Chinese nationalized citizen)(we won't actually be teaching them as much as they would be promoting our program, fee charged represent daycare services rendered).
- 40% discount for an employee's child, 60% for every other child.
- 10% discount to immediate family members of an employee and 20% for every other member from that family (proof required) (the intention is to attract and retain qualified personal within the chain).
- We will also help parents with their tuition through a referral system. Parents will receive a 10% referral system discount. A parent will receive a 10% discount for every successfully referred student to our program. Parents will retain that discount for as long as that referred child remains in the system.
- 10% student discount. Students can earn 10% off their tuition for the month they participate in an Abraham Academic Academy sanctioned event.
- 5-10% academic discounts. There will be a few year-end prizes for some outstanding students in a particular school.

Franchisees are allowed to offer location specific discounts to trade customers, to community establishments, in trade for advertising or to any other market segments for any

reason they deem fit. Franchisees discounts can be greater than those offered by head-office, but not less than without securing proper authorization first. A franchisee that does not want to honor a specific company-wide discount needs to get proper authorization for the exclusion; primarily by explaining why.

4.8.4. PROMOTION:

Abraham Academic Academy plans to get a majority of our marketing messages across to our target market and end users through hands on public relations, and grassroots marketing. We divide our promotional budget 3 ways: national corporate-wide schemes, community schemes and localized ad targeting. On the national scale, our intentions focus on public relation and our intentions are to attend fairs, conventions, exhibitions and shows. In addition, we will host events and set up stands at opportune moments around the country. At the school level, we teach our franchisees the importance of establishing their school as a member of the community and the benefits that can be received when the school is perceived as a pillar in the eyes of community members. Here, we focus on a schools involvement with the complimentary and supplementary services available in their area. In addition to this word of mouth, grassroots approach we intend to get out and make other friends and key partners within the local community. We want to learn about the local businesses and the influential and special people that exist in our school's community. We then will want to select a few noteworthy ones that represent some kind of value or interest that we would be proud to be associated with and then approach them to see if they would like us to speak highly of and endorse them. The purpose of this is to begin an exchange of services; the promotion of one another through the spreading of awareness and love. As for the localized ad targeting, a portion of our budget is set aside and is used to motivate local schools to work together for advertising purposes. In this scheme, we try to foster strong franchisee relations

by partnering up local schools and working with them in hammering out a mutual advertising plan with mutual benefits. The idea is that corporate head-office will match each school's investment in their proposed marketing plan. In times when schools are not willing to work together, we will focus efforts on bettering relations. However, when relations are abundant and we do not have the funds to finance all the proposals, then we will turn it into a competition and reward those with the best ideas. As for the utilization of these three promotional avenues there are good, better and best times to promote educational products and launch ideas. The best time would coincide with a seasonality that exists in the industry. It is during the school holidays and semester breaks that students' and families' have time to breathe and are able to think about their next educational steps.

The majority of our promotional work will not be done through conventional media. We will not try to reach our audience through the press, on TV, or on the radio. However, we will try to attract some attention through marketing strategies. A good example of one is our "Make the World a Better Place" campaign program. Ideas will be generated based on relevant community, national or age specific interests and children will be taught to tackle these issues in ways possible by them. For example:

- Someone terminally sick in the hospital. Write them a greeting card and send them wishes.
- The Japan or Thailand natural disasters, mail the government wish card.
- Clean up local parks.
- Help old ladies across the street campaign.
- Stray dogs; send a letter to the local or municipal government asking what is to be done about the problem.
- Make a birthday cake and card for the oldest elder in our community.

- Expressing thanks to an old gentleman in our community who has done something for it.
- Fund raising for a cause. Athletic activity (like running or catching balls) for money.
- Donate funds to a charity in the name of a winner of a spelling bee contest.
- Blood Donation.

A lot of our promotional cues have been taken from McDonald's, focusing on their extensive advertising campaigns in the decades before they could afford to use mainstream public media. In actuality, McDonald's promotional campaigns are an excellent fit with a school's prerogative of how to appeal to kids through parents and parents through kids. In this era, McDonald's makes significant use of billboards, signage, event sponsoring (like sporting events ranging from Little League to the Olympic Games), and making coolers of orange drink with its logo on it available for local events of all kinds. This is why the majority of advertising will be done on billboards, signage, flyers, pamphlets and posters and by using direct marketing mail shot and on the Internet. Furthermore, we will make use of the Social Networks (Flickr, Facebook mainly) to promote our school and activities and interact with our consumers. Abraham Academic Academy will also be sponsoring and hosting local and national events and will try to make our schools a focal point in the community. In a specific school's community for example, we will keep Saturdays available to serve as an open house in order to showcase our school to potential customers. These open house days will allow us to show consumers our programs and activities, while letting them interact with parents. An open house day allows those curious to acquire more information about the greatness of our schools and services. On occasion, during these days we will organize events and have themes for our patrons to participate in. Some weeks, community members can come down and join us in flying kites, racing bikes or coloring pictures in a contest.

Abraham Academic Academy will follow McDonald's lead in investing in different trademarked items like slogans, jingles, logos, mascots that are used in advertising. One method of promotion that we will employ, from time to time, will be to launch public interest and support by requesting their help and input on issues. In this situation we would ask the public to be creative and come up with something that we need like a slogan, logo, or new program offering. The best way to know how we sit with our customers is to ask them what they think about us through a reward system in which the best few entries are selected and are eligible for prizes. Many companies have now moved into this realm of public relations with great success (Doritos, Pepsi, coke, McDonald's). Cisco provides an excellent example of how to do this through their "search for the next big idea". Cisco launched an external innovation competition called the "I-Prize"; one of the many results was the spinning off of a billion dollar company based on a sensory-enabled smart-electricity grid submission. Sometimes it pays to ask what people think about issues.

5. BUSINESS MODEL/PLAN



5.1. GENERAL OVERVIEW

5.1.1. BACKGROUND:

The modern form of education has come to abide both national and global requisites causing the prerogative of a good 'recognized' education to be one of mobility; transference through standardization. It is not good enough to learn, but to be recognized via the process of learning. Therefore, Abraham Academic Academy uses an analogy of education as an industry as being a puzzle in order to imbue the notion of its elements as pieces with a dovetail fit.

If the institutionalization of education took a form, it would be that of a school, which the public sector has long since ratified as being correct in form. Private schools are now perceived as an extension of public education and abide by the models used in practice. Language and cram schools belong to a subset that operates within the public and private realms and supports their systems. Therefore, our business plans are based upon the widely used models and our success constrained by our fit to the systems we support. Ergo, it is our plan not to be different, to stand alone and revolutionize the industry. It is not our intention to change the game from a minuscule position within a subset, but to extract value through fitting better, providing services that are overlooked, bridging gaps in already existing services through a tailored schedule and curriculum. Our students will want to come to us because they are better off in the system, further along and aligned with, due to our efforts.

In terms of the traditional model, language and cram schools, like all schools, are middlemen. Language and cram schools essentially provide the interface between the materials

producers and the materials consumers. Researchers and educational specialists create the material; publishers sign the best, put it in print and distribute; schools then buy selected material according to their curriculum and schedule designs, which then gets taught to a class of students that they or their parents deem valuable.

It is this middleman aspect that explains why the traditional model involves a physical location--a school's value is dependent on its ability to assemble. A school assembles like people in need of skills and provides the difficult task of organizing what is needed in discernible tight little edible packages that are consumed by the end user. In some ways our core product--teaching a language in a classroom or supplementing a national curriculum with a teacher standing in front of a board--hasn't changed much in several generations. And it is because of a massively integrated global education system now being developed around this format within a slowly progressive redundant public system; even technological advances will find it hard to replace schools that conform to accrediting systems necessary for people's skills to be recognized. So, even if a newer and better system was developed the current infrastructure is so gigantic that any newer alternative would have to adapt itself to the current system, else risk being completely displaced. So, while there are challenges facing language and cram schools, we believe that language and cram schools that fit well with the system represent a safe and good investment. It is from these founding notions that our plans have matriculated so as to extract the value that we add in packets from our target market and end users through the tailoring our programs and offerings.

Note: Lastly Abraham Academic Academy believes that technological changes will impact the classroom and educational structure in the future, but that these changes will first take place

within higher levels of education due to maturity and care issues. Both institutions and the general public have already accepted the development of a variety of distant education and online courses at the university level and as changes proceed down through grades we will adapt our model as needed.

5.1.2. OVERVIEW:

Our business model will earn revenue as an investor in properties, a franchiser of schools, and an operator of schools. Our goal is to keep a low percentage of schools operated by us; approximately 15% of Abraham Academic Academy Schools will be owned and operated by Abraham Academic Academy directly, with the remainder being operated by others through a variety of franchise agreements and joint ventures.

The "investor in property" aspect of Abraham Academic Academy's business model differs from most other school chains and is done in part for the security of our franchisees. Abraham Academic Academy will help franchisees secure ideal locations for their schools and will at the very least help in the process of negotiating favorable leasing contracts to ensure the health and longevity of their school's operations and our business relationship. In situations that a franchisee would like to own the property that their school sits on, we will aid them in that process. However, if they do not, then Abraham Academic Academy reserves the right to purchase the property and assume the role of landlord. With that being said, in addition to ordinary franchise fees and marketing fees, which are calculated as a percentage of gross sales over an expected minimum fee, Abraham Academic Academy may also collect rent, which may also be calculated on the basis of sales. As a condition of many franchise agreements, which vary by contract, age, country, and location, the company may own or lease the properties on which

Abraham Academic Academy School franchises are located. In many cases, a franchisee will not own the location of its school.

As Abraham Academic Academy intends on entering the global market, we expect that in other countries the Abrahamic ideal model may differ than what is presented above. Abraham Academic Academy Schools may be operated by joint ventures of Abraham Academic Academy and other, local entities or governments. For example, the United Kingdom and Ireland are known to have different business franchising models than those employed in the U.S, in that fewer than 30% of establishments are franchised, with the majority under the ownership of the company.

As a matter of policy, Abraham Academic Academy will not make direct sales of merchandise or materials to franchisees, instead organizing the supply of merchandise and materials to schools through approved third party logistics operators. Many aspects of our business offerings will be automated and made available online. Abraham Academic Academy business model is designed to free up our head-office personnel for the purpose of growth and quality assurance, rather than maintaining daily operations.

As for training, Abraham Academic Academy will train its franchisees and others at designated company owned schools or at licensed franchise operators around the world. Abraham Academic Academy will also aid its franchises with the provision of trained personnel. Abraham Academic Academy will use its company run school to train employees for the purposes of sending them out to new and struggling schools and to franchise branches.

The Abrahamic business plan involves four parts. Our plans are to begin with the implementation of the flagship schools beginning with the kindergarten; then proceed with the development and fine tuning of the curriculum; meanwhile developing the Abraham Academic Academy franchise group, its network and offerings; and last involves the application of our expansion timetables.

For schools owned and operated by Abraham Academic Academy, our head-office will appoint a management team for that school and will work with them on deciding the curriculum, schedule and activities that are to be carried out by the school and administered by the teachers. Head-office will work with a school's management team to tailor appropriate programs and teachers will work with their schools in deciding lesson details. For schools not owned by the company, head-office will work with the franchisee in determining favorable elements for their school through the establishment of details as specified in the particulars of their franchising agreement. Head-office will continue to work with the franchisee in order to help facilitate the conditions as agreed upon. Head-office will follow-up and follow through with everything needed to ensure that a school becomes established, commences operations and is running smoothly with customers coming through the doors.

Once a school is in operation we turn to our customers. Our model prides itself on customer centricity. Abraham Academic Academy values entrepreneurial spirit and both acknowledges and grants our franchisees a fair share or autonomy in the daily operations of their school. The decentralized nature of our model, outside of structural elements and those bound by contract, increases with the amount of time that a school has been in operation together with its degree of success.

At the school level we are happy to offer our customers the option of flexibility when registering in our truly multicultural, Bilingual (Chinese and English) school. Parents can choose from a wide variety of different enrollment options for their children. Options begin with parents choosing the timing of their schedule. The time of day can be arranged, for example, parents can choose between full-day and half-day schedules (morning or afternoon). The time of the week can also be specified, for example, Monday, Wednesday, and Friday's (MWF) are language days, while Tuesday and Thursday's (TT) are Science and Art days. Then from timing we move to curriculum construction. At the low end, the school offers basic daycare services, which can be varied by adding activities, lessons, or Chinese and English classes. Finally, parents can choose their children's environment. Within the school, students can be exposed to an English-Only, Chinese-Only, or bilingual environment.

Now, to encourage parents to keep things simple, packages are offered at a discount. Parents have the choice to enroll in these pre-specified packages or to purchase basic packages and supplement/augment them with credits. For convenience sake, packages can also come all-inclusive. This is so parents can avoid the hassles and complications of having to provide any of the extras that are typically needed by their children by allowing the school to tend to their child's needs. Otherwise, packages can be stripped down for financially conscious and thrifty parents worrying about money. Here, the parent would pay for the specific extras (lunch, uniforms, stationary, toilet paper, etc.) they desire, or supply the extras from external sources.

Note: Other options can exist, but only at the discretion of the school and upon an agreement between the parents and a particular school. The general rule is to offer deeper discounts to pre-

specified packages and charge premiums for customization in order to properly motivate parents when tailoring their packages.

Note: Items in packages are 'as is' and cannot be swapped out for different items. Packages are priced accordingly.

This section concludes with a quick description of some of our programs and their notable elements:

- Full-Time All-English Language Program: The child will be registered in an intensive English-Only program. The English-Only speaking environment that this department maintains is advantageous for students in grasping a language; by thinking in English a student can master the language much sooner. The full day curriculum includes 6 full classes accompanied by both pre and post class activities and lessons. Children are exposed to both Native English Speaking Teachers (NEST) and Chinese English Teachers (CET). A child in this program will stay in school from 8:00am until around 4:00pm. Parents can arrange a specific time for pick-up/drop-off between the times of 3:30pm (the end of afternoon classes) and 7:00pm (school closes).
- Part-Time All-English Language Program: Just as the full-time program, however, the child will stay in school from 8:00am until around 12:00pm. This half day curriculum includes 3 full classes accompanied by both pre and post class activities and lessons. Parents can arrange a specific time for pick-up/drop-off either before lunch, after lunch, before nap time or after nap time. This time range is between 11:30am (the end of morning classes) and 2:00pm (the start of afternoon classes).

- Full-Time Bilingual Language Program: This is a less intensive full day program from 8:00am to 4:30pm with 6 full classes accompanied by both pre and post class activities and lessons. This program parallels the description given above with the exception that half of the lessons will focus on English as a second language (ESL) with the other half focusing on a traditional Chinese language and cultural curriculum. Due to the less intensive nature and mixed curriculum a child will be exposed to Native English Speaking Teachers (NEST), Non-Native English Speaking Teachers (NNEST), Chinese English Teachers (CET), and Chinese Teachers (CT).
- Part-Time Bilingual Language Program: Just as the full-time program above, however, the child will stay in school from 8:00am until around 12:00pm and can be picked up or dropped off at home according to parents' wishes. This half day curriculum includes 3 full classes accompanied by both pre and post class activities and lessons split between the 2 languages.
- Full-Time All-Chinese Language Program: The child will be registered in a traditional Chinese language and cultural curriculum. Children will be exposed to one main language through a Chinese teacher (CT) and will take the core classes participating in lessons and activities in that language from 8:00am to 4:30pm.
- Part-Time All-Chinese Language Program: Just as the full-time program above, however, the child will stay in school from 8:00am until around 12:00pm and can be picked up or dropped off at home according to parents' wishes. This half day curriculum maintains the 3 full classes accompanied by both pre and post class activities and lessons all in Chinese.

- Daycare Services: Students will participate in a variety of activities and be able to mingle with other children under guided supervision of Chinese teachers (CT) and caregivers. Parents can arrange for child pick-up and drop off at arranged times between 8:00am and 7:00pm.
- Upgradable Packages: Parents can pay for credits and upgrade specific program or package offerings to suit their needs.

Our classes (not daycare) will be divided into four levels in each of the departments:

- Freshman: For children less than 3 years old.
- Sophomore: For children between 3 and 4 years old.
- Junior: For children between 4 and 5 years old.
- Senior: For children between 5 and 6 years old.

Note: A Chinese speaking teacher will always be present to support a child's needs, but in our English-only environment speaking Chinese is discouraged as once speaking is accepted it hinders the learning process.

Note: Our schools recognize governmental regulation (see section 3.2.1. –Political Factors- above for more detail) and in order to comply will ensure that a native speaker of the language will always be present in the class for the safety of our students and that the number of students and teachers per class will be as follow the ECEC Act details as outlined in Table 3.

5.2. KEY PERFORMANCE INDICATORS

Abraham Academic Academy separates its key performance indicators into 3 separate categories: key activities, key resources and key partners.

5.2.1. KEY ACTIVITIES:

5.2.1.1. OVERVIEW:

Abraham Academic Academy believes that through the use of our infrastructure designs, employment practices, schedules and curriculum that a school will be able to utilize their resources to their maximum, thus lowering costs while providing the most to their customers. However, our core competency and key activity will be the development and dissemination of our curriculum. All our schools will have 24-7 access to Abraham Academic Academy cloud in the sky, tools and software applications, which will contain much vital information needed to operate a franchise. The majority of our offerings will be made available virtually, like our intensive curriculum library that supports all programs, classes, and activities sanctioned by Abraham Academic Academy.

It is our intention to foster a brotherhood amongst the schools, so as to promote the advance of our curriculum by working together in its development and support. At the heart of our company's culture is that we are powerful through numbers and that each school plays a key role in our overall success. The success of any one school is felt by and reaped by the rest. There is no one better than an individual on the front lines who works with the curriculum hands on and teaches it to the student population to help shape and influence its development. To encourage a pooling of resources, a pay-for-performance scheme has been implemented to ensure that

individuals will be compensated for any contributions made to the curriculum depending on the submitted idea's stage of development.

At Abraham Academic Academy there is more to the curriculum than just textbooks and worksheets. We are selling a lifestyle and part of the lifestyle we sell is this sense of brotherhood, a spirit of cooperation and a sense of belongingness to something greater than oneself. To encourage this, head-office will coordinate some semesterly activities, like with our "Make the World a Better Place" campaign program. The purpose of programs like this is to bring different schools together under the umbrella of a cause or a friendly competition in order to allow an interaction to take place between students from different schools in an academic setting.

Other activities revolve around our school's beliefs in cultivating leaders, like with our weekly best student awards and class leaders of the week. We also believe that education at any age should include appropriate measures for social development and to encourage that we have family value lessons, etiquette and manner lessons, luncheon with a teacher, and family involvement in a variety of activities like with our theater and sports days. Abraham Academic Academy also provides a full range of family activities the last Saturday morning of the month and with special semesterly Christmas and graduation performances put on by students.

Furthermore, in our schools we are planning to have monthly themes in every department that will serve to guide our classes and lessons in a structured and fun learning environment that arouses cultural awareness. Tied to these themes will be seasonal changes, holidays and festivals, the experiences encountered through outings and field trips, or topics relating to national and global cultural awareness that will help to instill some nationalistic pride.

5.2.1.2. WEEKLY SCHEDULE:

As mentioned before, we have standard weekly schedules for all levels (daycare or classes) and departments (Chinese and English) designed to give us the flexibility and wide range of options that we offer our customers. Our human resources will all be peripatetic in nature in order to get the best use out of them. Their degree of mobility will change depending on their designation. This peripatetic aspect is vital to the development of our weekly schedules.

First and foremost, we have our homeroom teachers that are classified as either a Chinese Teacher (CT) or a Chinese English Teacher (CET). These teachers will primarily stay with one class most of the time and will be chiefly responsible for the majority of the official paper work, bookkeeping, parent-teacher interactions and sense of discipline for their class. These teachers represent the foundation of our schools and the familiar face to students giving them the security and comfort they need.

Then we have the Native English Speaking Teachers (NEST) and Non-Native English Speaking Teachers (NNEST). These individuals are chiefly required to teach the core curriculum English classes for both the bilingual and English-Only departments. These teachers represent the backbone of the curriculum and provide the variety of expertise we boast about. Due to the turnover rate of foreign teachers teaching abroad some schools may depend more on the NNEST teachers. Also, we have turned this negative feature of a higher turnover rate in our business model by making it important to expose our student population to as many different foreign teachers as we can so that our students do not become accustomed to any one specific teacher or style. Abraham Academic Academy boasts that this method of teaching increases the exposure of

Taiwanese children to foreigners, which plays a vital role in our plans to make students be more at ease when encountering and communicating with a foreigner outside of the classroom.

Then we have the caregivers and assistant caregivers who will primarily aid and support the teachers. Depending on the foreign labor laws of the country, this portion of labor can be represented by them. For example, in Taiwan it is common to procure low-cost foreign labor for the purposes of cooking, cleaning, maintaining, fixing, chauffeuring and temporarily caring for children. It is also possible to procure foreign labor with proper documentation allowing them to fully care for children. Another portion of this labor force can be filled with intern placements looking for a work experience from a school (preferably in the field of education, nursing, caregiving, or a related field of study). Depending on the labor laws regarding the payment of student labor, this may be a viable option. In Taiwan both of these options are viable. The role of the caregivers and assistant caregivers is to aid in whatever way deemed fit by the school, office, or teachers they are assigned to.

Lastly, our administration and office personnel, whose role of handling our customer relations are very important. These people represent the face of the company as they are the first people seen by our customers and are primarily in charge of tending to their needs and concerns. Outside of customer service, these individuals are responsible for the set of day-to-day activities related to the school. For example, our office administration personnel act as a physical distribution and logistics center with everything in or out of the school passing through their hands. They are involved with financial planning, payroll, tuition collection, bill paying, records management, supervising staff, making requests, implementing department policies, handling cross departmental affairs and human resources within our organization. Office administration

personnel also handle all the short term and unexpected changes that occur in a school, like class or schedule changes, arranging for temporary or substitute employment, the short term filling in for positions, and dealing with the sick, hurt, injured and absentee. Lastly, our office personnel works together with our higher level managers by aiding them with the holding, organizing and hosting of a variety of meetings; the discussion of employee performance problems; and the hiring of new and firing of current employees.

It is at this point that we would like to introduce our Full Kindergarten standard weekly schedule that is used for all the Departments in Figure 11 below.

Figure 11: Full-Time Kindergarten Schedule (Generic):

ABRAHAM ACADEMIC ACADEMY					
FULL KINDERGARTEN SCHEDULE					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
8:00	School in Session (Start of the Day)				
8:00-8:30	Meet and Greet Children / Snack Time				
8:30-8:45	Interact and Play with NEST and NNEST Teacher				
8:45-9:00	Morning Exercise, Hand-EyeCoordination (Dance Steps)				
9:10-9:45	M1	T1	W1	TH1	F1
9:45-10:05	Break-Time (Play-yard/Playground/Activity)				
10:05-10:35	M2	T2	W2	TH2	F2
10:35-10:45	Break-Time (Play-yard/Playground/Activity)				
10:45-11:15	M3	T3	W3	TH3	F3
11:15-11:30	Daily Short Lessons Plan (Manners, Behavior, Culture, Events)				
11:30-12:00	Lunch-Time				
12:00-12:30	Activity or Nap-Time (Age Dependent)				
12:30-2:00	Nap-Time				
2:00-2:40	M4	T4	W4	TH4	F4
2:40-3:00	Break-Time (Play-yard/Playground/Activity)				
3:00-3:30	M5	T5	W5	TH5	F5
3:30-3:45	Break-Time (Play-yard/Playground/Activity)				
3:45-4:15	M6	T6	W6	TH6	F6
4:15-4:30	Daily Short Lessons Plan (Manners, Behavior, Culture, Events)				
4:30	End of Kindergarten Classes, School Dismissed (Snack-Time)				

This is the schedule for a full-time student, which includes the bulk of our kindergarten classes and will encompass the majority of our customers. However, it also contains our part-time student schedules. For illustrative purposes, two of our part time schedules (Morning & Afternoon) are highlighted below to show an important split in our schedule.

Figure 12: Part-Time Morning Kindergarten Schedule (Generic)

ABRAHAM ACADEMIC ACADEMY					
MORNING SCHEDULE					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
8:00	School in Session (Start of the Day)				
8:00-8:30	Meet and Greet Children / Snack Time				
8:30-8:45	Interact and Play with NEST and NNEST Teacher				
8:45-9:00	Morning Exercise, Hand-EyeCoordination (Dance Steps)				
9:10-9:45	M1	T1	W1	TH1	F1
9:45-10:05	Break-Time (Play-yard/Playground/Activity)				
10:05-10:35	M2	T2	W2	TH2	F2
10:35-10:45	Break-Time (Play-yard/Playground/Activity)				
10:45-11:15	M3	T3	W3	TH3	F3
11:15-11:30	Daily Short Lessons Plan (Manners, Behavior, Culture, Events)				
11:30-12:00	Lunch-Time (End of Morning Classes)				
12:00-12:30	Activity or Nap-Time (Age Dependent)				
12:30-2:00	Nap-Time				
2:00	Start Afternoon Classes				

Figure 13: Part-Time Afternoon Kindergarten Schedule (Generic):

ABRAHAM ACADEMIC ACADEMY					
AFTERNOON SCHEDULE					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
12:00	Afternoon Session Children Arrival Time				
12:00-2:00	Activity or Nap-Time (Age Dependent & Parental Preference)				
2:00-2:40	M4	T4	W4	TH4	F4
2:40-3:00	Break-Time (Play-yard/Playground/Activity)				
3:00-3:30	M5	T5	W5	TH5	F5
3:30-3:45	Break-Time (Play-yard/Playground/Activity)				
3:45-4:15	M6	T6	W6	TH6	F6
4:15-4:30	Daily Short Lessons Plan (Manners, Behavior, Culture, Events)				
4:30	Snack-Time (End of Afternoon Classes)				

From this we can see that the school opens at 8:00am and that formal classes begin at 9:00am until 4:30pm. The morning session is between 9:00am to 11:30am and the afternoon session is between 2:00pm to 4:30pm. However, the school will be officially closed at 6:30pm and this can be seen through the late-night evening kindergarten schedule below:

Figure 14: Late-Night Evening Kindergarten Schedule (Generic):

ABRAHAM ACADEMIC ACADEMY					
KINDERGARTEN SCHEDULE					
LATE-NIGHT EVENING SCHEDULE					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
430	Late-Night Schedule Start Time				
4:30-4:50	Supper-Time				
4:50-5:45	ACM1	ACT1	ACW1	ACTH1	ACF1
5:50-6:30	ACM2	ACT2	ACW2	ACTH2	ACF2
6:30	Official School Closing Time				
After 6:30	Private Tutoring and Daycare Services Only				

The reason for having this late night schedule, besides offering the parents a secondary option for afterhours childcare, is that we will be implementing the Elementary programs within the same Kindergarten facility and the Elementary programs will run until 6:30pm. Both programs in unison perfectly utilize the same facilities and in essence we will be extracting value at almost no cost for these extra kindergarten offerings. Before the elementary program is fully

developed and underway we will begin training new staff, developing the new curriculum, and offering the public partial elementary services. The future Elementary schedule will be as follows:

Figure 15: Future Elementary School Program Schedule (Generic):

ABRAHAM ACADEMIC ACADEMY					
FUTURE ELEMENTARY AFTERNOON SCHEDULE					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
12:00	Children Arrival Time				
12:00-1:00	Settle Down & Nap-Time				
1:00-2:00	Nap-Time				
2:00-3:30	HomeWork				
3:30-4:30	EM1	ET1	EW1	ETH1	EF1
4:30-4:50	Supper-Time				
4:50-5:45	EM2	ET2	EW2	ETH2	EF2
5:50-6:30	EM3	ET3	EW3	ETH3	EF3
6:30	End of Day School Dismissed				
After 6:30	Private Tutoring and Daycare Services Only				

From these generic weekly schedules we would like to highlight a few points. First, our schedules have two sets of three different classes per day; one set in the morning and one set in the afternoon. Second, the curriculum taught in the morning and afternoon sessions are designed to be rotated each semester. This way, children who only enroll in either the morning or afternoon session will in time be exposed to the entire curriculum, although at a slower rate. For example, a student who comes all day will have both conversation and phonics in a semester, say conversation in the morning and phonics in the afternoon, but a student who comes for only a half day will receive conversation one semester and phonics the next. Third, the textbooks are designed in pairs; so that a half day student will do books 1 & 3 or 2 & 4 and will be able to keep up with the rest of the children who attend the full day classes. The only exception will be that the full day students will get more practice and be exposed to additional books.

Also for the kindergarten late-night schedule, the after class (AC) classes are designed to be nonacademic in nature due to the full day of intense studies already put in by the children. They are intended to be game and physical activity orientated. For example, parents who want their children to learn specific games like chess, checkers or go can join a specific class or they can join a general board game class. Some classes will focus on thinking skills through engaging children with puzzles and problem style games like crosswords, searches or games that involve figuring out how to make a house by moving only 3 sticks. Some popular sport clubs or physical activity classes that may be formed could be soccer, baseball or rollerblading. Depending on the school, these classes can take the form of dancing, singing, creating art or playing musical instruments.

It is at this point that we would like to provide a few of our program schedules. For example, our English-Only, Bilingual, Chinese-Only, and Daycare program schedules. Following each schedule is a table that highlights some important information relating to the breakdown of the curriculum and schedule symmetry. Our first schedule is our English-Only schedule shown below in Figure 16.

Figure 16: English-Only Schedule Example:

ABRAHAM ACADEMIC ACADEMY					
English-Only Class Example					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
	Morning Session				
Block 1	Song and Chant w/ Musical Development	Thinking Skills	Writing & Coloring	Art	Assembly
Block 2	Conversation	Math	Conversation	Science	Conversation
Block 3	Reading	Geography & World View	Reading	PE	Reading
	Afternoon Session				
Block 4	Phonics	Writing & Coloring	Phonics	Thinking Skills	Phonics
Block 5	PE	Science	Vocabulary (Arts)	Math	Song and Chant w/ Musical Development
Block 6	Art	Vocabulary (Sciences)	Weekly Overview and Testing	Story Time (International Folk Tales & Famous Stories)	Dictionary (ABC Progression)

Figure 17: English-Only Schedule Example Details:

English-Only Class Example			
Subject	Times a Week	Schedule Symmetry	Symmetric Nature
Assembly	1	Conversation	Morning Only
Conversation	3	Reading	Morning Only
Reading	3	Phonics (w/ Dictionary)	Afternoon Only
Phonics	3	Vocabulary	Afternoon Only
Math	2	Geography & Story Time	Balance
Science	2	All Other Subjects	Balance
Thinking Skills	2	Assembly & Testing	Balance
PE	2		
Art	2		
Writing & Coloring	2		
Vocabulary	2		
Song and Chant	2		
Dictionary (ABC Progression)	1		
Geography & World View	1		
Story Time	1		
Weekly Overview and Testing	1		
Total	30		

Figure 18: Bilingual Schedule Example:

ABRAHAM ACADEMIC ACADEMY					
Bilingual Class Example					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
	Morning Session				
Block 1	Writing & Coloring ALTERNATE	Thinking Skills CHINESE	Song and Chant ENGLISH	Art CHINESE	Assembly ENGLISH
Block 2	Conversation ENGLISH	Math CHINESE	Conversation CHINESE	Science CHINESE	Conversation ENGLISH
Block 3	Reading ENGLISH	Geography & World View ENGLISH	Reading CHINESE	PE CHINESE	Reading ENGLISH
	Afternoon Session				
Block 4	Phonics ENGLISH	Writing & Coloring ALTERNATE	Phonics ENGLISH	Thinking Skills ENGLISH	Phonics CHINESE (BPMF)
Block 5	PE CHINESE	Science ENGLISH	Vocabulary (Arts) ALTERNATE	Math ENGLISH	Song and Chant CHINESE
Block 6	Art CHINESE	Vocabulary (Sciences) ALTERNATE	Phonics CHINESE (BPMF)	Story Time ALTERNATE	Weekly Overview and Testing

Figure 19: Bilingual Schedule Example Details:

Bilingual Class Example					
Subject	Times a Week	Schedule Symmetry	Symmetric Nature		
Assembly	1	Subject	Time of Day		
Conversation	3				
Reading	3	Conversation	Morning Only		
Phonics	4	Reading	Morning Only		
Math	2	Phonics	Afternoon Only		
Science	2	Vocabulary	Afternoon Only		
Thinking Skills	2	Geography & Story Time	Balance		
PE	2	All Other Subjects	Balance		
Art	2	Assembly & Testing	Balance		
Writing & Coloring	2	Language	Times a Week	Morning	Afternoon
Vocabulary	2				
Song and Chant	2	English	12	7	5
Geography & World View	1	Chinese	12	7	5
Story Time	1	Alternate	5	1	4
Weekly Overview and Testing	1	Testing	1		1
Total	30	Total	30	15	15

Figure 20: Chinese Schedule Example:

ABRAHAM ACADEMIC ACADEMY					
Chinese Class Example					
TEACHER: XXXXXXXXX		Year/Semester: 2013/2			
Time	Monday	Tuesday	Wednesday	Thursday	Friday
	Morning Session				
Block 1	Song and Chant w/ Musical Development	Thinking Skills	Writing & Coloring	Art	Assembly
Block 2	Conversation	Math	Conversation	Science	Role Play
Block 3	Writing & Coloring	Geography & World View	Reading	PE	Reading
	Afternoon Session				
Block 4	Phonics	Writing & Coloring	Phonics	Thinking Skills	Phonics
Block 5	PE	Science	Vocabulary (Arts)	Math	Song and Chant w/ Musical Development
Block 6	Art	Vocabulary (Sciences)	Weekly Overview and Testing	Story Time (International Folk Tales & Famous Stories)	Writing & Coloring

Figure 21: Chinese Schedule Example Details:

Chinese Class Example			
Subject	Times a Week	Schedule Symmetry	Symmetric Nature
Assembly	1	Conversation (w/ Role Play)	Morning Only
Conversation	2	Reading	Morning Only
Reading	2	Phonics (w/ Dictionary)	Afternoon Only
Phonics	3	Vocabulary	Afternoon Only
Math	2	Geography & Story Time	Balance
Science	2	All Other Subjects	Balance
Thinking Skills	2	Assembly & Testing	Balance
PE	2		
Art	2		
Writing & Coloring	4		
Vocabulary	2		
Song and Chant	2		
Role Play	1		
Geography & World View	1		
Story Time	1		
Weekly Overview and Testing	1		
Total	30		

Figure 22: Daycare Schedule Example Details:

ABRAHAM ACADEMIC ACADEMY					
Daycare Class Example					
TEACHER: XXXXXXXXX			Year/Semester: 2013/2		
Time	Monday	Tuesday	Wednesday	Thursday	Friday
	Morning Session				
Block 1	Play yard	Play Board Games	Watch Movie	Hopscotch	Play yard
Block 2	Bicycle	Play yard	Share Toys	Watch Movie	Share Toys
Block 3	Watch Movie	Share Toys	Play yard	Play yard	Play Board Games
	Afternoon Session				
Block 4	Share Toys	Play yard	Badminton	Play Board Games	Play yard
Block 5	Play Board Games	Watch Movie	Play Board Games	Share Toys	Bicycle
Block 6	Play yard	Soccer	Play yard	Play yard	Watch Movie

From these schedules and their tabular descriptions, one can see the specific semester focus for a student who will be enrolled in any full or part day schedule. Also portrayed is the schedules very symmetric design. It is this overall design that makes our scheduling so flexible and easy to use and ensures that every customer in any program will be getting their proper values worth; it does not matter which language program a person enrolls in, nor does it matter what time or portion of the week either. These schedule designs make it easy to supplement or augment any full- or part-times schedule regardless whether it is the daycare, the MWF Language Arts, the TTH Science, the morning or the afternoon programs. These schedules also take into account the long-term yearly cycle with subject matter rotation and half step incremental difficulty levels every semester. Also, these schedules take into account the age of the student and can be used to describe a sophomore, junior or senior year class. All that is required is to adjust each year's schedule by shifting one class. For example, if this was a schedule for a sophomore year class with Blocks 1, 2, 3 in the morning and Blocks 4, 5, 6 in the afternoon. Then a junior year will have Blocks 2, 3, 1 in the morning with Blocks 5, 6, 4 in the afternoon. A senior year will have Blocks 3, 1, 2 in the morning with Blocks 6, 4, 5 in the afternoon. In addition to taking into account the student's age, this shifting of the blocks was developed in order to drive down a school's expensive NEST labor costs. By rotating the schedule and allowing teachers to be peripatetic in nature, schools can hire fewer fulltime foreign teachers, while utilizing them in a very efficient manner.

Note: These schedules do not indicate a specific school's employment of them in terms of a class' designated teacher. A school's cost and parent's cost will be determined by how a school assigns teachers to their classes; the use of a NNEST over a NEST teacher or a CET over a NNEST teacher and so on. These choices will have serious cost and performance implications. In

thinking about this, one must also consider as well the number and proportion of classes that a specific teacher (like a NEST teacher) will teach over another teacher (like a NNEST). These details will be worked out on a location by location basis with details bound by contract. This is done to ensure the public's safety with respect to value as it is easy for schools to lie about their offerings and is quite often done by language schools. Abraham Academic Academy has the right to interfere on behalf of our customers in order to protect our image. We have specific standards set out for the different classes in the different language programs, but because of the variability that can exist amongst the demographics of different schools, it may be in a particular school's best interest to alter these ratios in order to remain competitive.

Note: Two of the more important standards for reference purposes will be: For the English-Only classes a minimum of 3 NEST taught classes a day with a NNEST teacher able to substitute at most 1 of the 3. For the Bilingual classes, half of the English classes must be taught by a NNEST or a NEST teacher and a NEST teacher must teach at least one class a day.

5.2.1.3. SPECIAL ACTIVITIES:

Some special activities that may differentiate our kindergarten from others are:

- **Best Student Awards:**

The school holds an assembly the first period of every Friday in honor of this week's best students. The period starts off with a little ceremony, a discussion of the importance of the award and the purpose for doing it. Children are then reminded of the rewards that come with working hard. The class then proceeds into a period full of physical activities and games for the children. A highlight for the children is the interaction with other

children from other grades and levels. At the end of the period certificates are given to a chosen student from each class and photos are taken for their scrap book.

- Class Leader:

Each week a student is chosen to be the class leader. That student not only is chosen to help their teacher, but to learn how to delegate tasks and choose others in helping.

- Competitions:

A variety of class, school, and franchise wide competitions will be held every semester. Student participation is voluntary and based on their availability of time. Competitions can vary from spelling bees and oral reading competitions to things like class cleanliness, or the number of mistakes made or simple acts of selflessness. The number and frequency of the competitions will generally vary by school with only one or two compulsory franchise wide competitions.

- Social Development:

Social development lessons focus on behavior, manners and etiquette that are appropriate for a child and future member of society. During this segment we also help parents instill family values, talk about family involvement in activities and reinforce the importance of one's family. Since the majority of parents that have students enrolled in our school

are hard vigil working people, we also talk about the roles of mommies and daddies in the work place and help students adjust to any absenteeism that may occur on unintentionally on their parent's behalf.

- Field Trips and Outings:

Field trips and outings represent one facet that makes school more real and practical for a growing child. Within our 26 week semester (approximately 6 months) we will have on average 4 field trips, that is one approximately every 6 weeks.

- Make the World a Better Place:

Make the world a better place is an Abraham Academic Academy original and features a set of campaigns initiated by head-office. Some examples of this campaign that will be employed by our schools were illustrated in the promotion section 4.8.4 of the marketing 4-P's. The franchise also encourages franchisees to continue on with and develop activities as they deem fit.

- Geography:

The geography segment of our curriculum features the "Exploration of New Cultures". Since we pride ourselves as being a foreign language school we consider multiculturalism to be one of our main values and we want to enhance it through our students' exposure to different cultures. The idea behind this class is to introduce students to fun and traditional activities (crafts, dance, music, sports,

etc.) from places all around the world. The curriculum will have monthly themes (Spanish, French, Middle-Eastern, Western, African, etc.) with weekly classes focusing on specific elements (under the monthly theme of the middle east we would include weekly topic knowledge that covers Egypt, Israel, Dubai, Saudi Arabia, belly dancing, the Muslim heritage and types of food and spices). The monthly themes will allow time for students to absorb the knowledge before rotating to a different cultural environment.

- Math:

Abraham Academic Academy wants to be known for embracing formats and techniques known to work. We want parents to know that we are capable of creating a curriculum, but out of the best interests for their children we will conform to best known practices. This will be the case with respect to the adoption of our math curriculum. When it comes to math there are already many predesigned popular programs already in existence. We at Abraham Academic Academy choose to conform to the use of the MPM program.

MPM is a self-learning system designed for K-6 grade students and is personalized for each student. MPM stands for Multi-Process-Model. Its design is based on multi-process and multi-model mathematics. MPM program uses manipulative tools to help students build a strong math foundation by focusing on the development of critical thinking, logical inference, problem solving, and independent study skills. The ideal age for new student is 5-8 years old. The program normally requires two sessions per week. This program is very popular

among Chinese communities as many instructors are Chinese. MPM was established since 1989 and more than 100,000 students and centers all over the world.

- Science:

Our science curriculum is composed of 52 lessons that is broken up over the two 26 week semesters and is repeated every year during the kindergarten program with each successive year reviewing and building on the knowledge from the previous year. We understand that science is a topic that is out of scope for children of this age. However, it is our purpose to instill a strong foundation with the repetitive nature of our program that will stick and carry with our students throughout the first few years of their public elementary school experience. Our primary focus is on the development of the right mentality and approach to studying science that is grounded in asking questions and making observations. Each lesson is constructed around a book to read as a story to the children and a worksheet to complete. Each lesson also has props for visualization purposes and a simple experiment to conduct. A sample of our Science schedule is attached below in Figure 23 at the end of this section for reference.

- Saturday with Family and Friends:

Saturday with Family and Friends comes from our belief that family and education should be always linked and that parents should be included in a child's education. With the Saturday with Family and Friends program our goals are: to provide a variety of fun activities where the parents can join in and enjoy some precious

time with their kids; to allow parents a place to mingle and interact; to facilitate a parent-child relationship that encompasses the school; to provide an informal way for children to communicate their weekly performance to their parents; and to allow parental concerns to be brought to the attention of the school. Saturday with Family and Friends consists of a half day schedule from 10am to 2pm, during which time 3 main activities will be conducted:

- Family Theater and Story Book Time: This activity consists of either teachers or students putting on a little show for an audience.
 - Family activities: Access to the play-yard, playground facilities with optional planned games that students and parents can drop-in and participate-in.
 - Lunch time: Informal lunch in order to advance parental relations and teacher-parents relations.
-
- Weekend Camp Services:

Several times a semester we will host a camping event for the children that will take place over the weekend. Children can come to school or to the designated location that the event will be held. Kids will be able to play and learn in an academic environment with their friends while developing important social skills that are crucial to a child's development. An assortment of games, activities or sightseeing will be scheduled to engage the children while reinforcing the learning process. However, Abraham Academic Academy is not only doing this with our students' best intentions in mind, but to provide the parents with a weekend off to

enjoy by themselves, to be free from the relentless parental concerns that take a toll on a family. Parents can remain care free and relaxed during this weekend as the children will be cared for in a controlled and supervised environment.

- Physical Education and Athletic Days:

A little hand-eye coordination with a sprinkle of physical activity and some good old-fashioned fresh air are the perfect ingredients for a little growing body. A little regiment of exercise is endorsed at all of our schools as seen with our P.E and extracurricular athletic days programs. Each school can choose from an assortment of athletic days to host, like a traditional sports day or a milk run. There will be some days for just the kids that will occur during the school week and some days for the whole family to participate in that will be held on the weekends. A sample of one of our P.E schedules is attached for reference below in Figure 24 at the end of this section.

Figure 23: The Science Curriculum Schedule for semester 1 and 2:

Science Curriculum (26 Week Cycle)			
	Topic	Book title	Description
1	Digestion	What Happens to a Hamburger	Teaching the digestion system by tracking the movement of a hamburger. Talks about the process of turning food into energy that your body can use.
2	Cycle of Water	Follow the Water From Brook to Ocean	Start with clouds and development of rain and track the rain's movement from the mountain top through the valleys and down to the ocean below. Then talk about the evaporation of water and it returns to the clouds where the cycle commences again.
3	Dermatology	Your Skin and Mine	The wonders of our skin. From the top of your head down to your feet, you are all wrapped up in skin. It protects your body from germs and dirt, but is sensitive and needs protection itself. The layers of our skin, hair, pores and follicles to the sweat and the pigment.
4	Archaeology	Archaeologists Dig for Cities	Join in on an archaeological dig and make some new discoveries about our past. Teach kids about the study of ancient civilizations and the things artifacts that we often find. We talk about fossilization, carbon dating and tree rings dating. We then take the children to the sandbox to go exploring for the past (teacher preplants and instructs the children on the specifics of some important artifacts to find).
5	Weather Systems (Fronts and Pressure)	What Will The Weather Be	Will it be hot or cold? Should we wear pants or shorts today? Weather prediction is hard and meteorologists try look for clues to unlock the weather mystery. Here we talk about how cold and warm weather fronts and changes in pressure affect the types of weather we experience.
6	Natural Disasters	The Crazy World We Live In	We must be careful and learn about the dangerous things that can happen to us, what we can do, how to spot dangers and who to call. Here we talk about the earthquakes, fires, floods, landslides, volcanoes and more. Talk about the Police, Fire, and ambulance people who protect us.
7	The 5 Senses of the Human Body	My Five Senses	Eyes to see, nose to smell, ears to listen, tongue to taste and skin to feel. The body is an amazing thing and we are going to talk about it and conduct experiments by blocking a sense and try to see if we can guess/acknowledge what some common everyday things are.
8	Animal Kingdom	A Nest Full of Eggs	Talk about the many types of birds in the world, some famous and popular western ones and some popular indigenous ones in the kindergartens local environment and country. Then, talk about parents, nests and that a baby bird is growing inside an egg. Slowly the bird develops until one day it cracks through the shell. Baby chicks then grow and learn take care of themselves. Soon they learn how to fly and by next year spring time they will be ready to build its own nest and have their own babies.
9	Earthquakes	Earthquakes	Everyday there are more than 1000 earthquakes on our planet. Most are small, but some are large and can create much damage. We talk about seismology, the Richter scale and the deadly ring of fire. We talk about what causes these quakes and talk about the genetic make up (layers) of the earth and the continental plates we sit on.
10	Animal Kingdom	Ducks Don't Get Wet	This is a two part lesson. One is teaching all about ducks. What they eat, where they habitat and migration. The second part is talking about how oil and water don't mix and oils are used to make plastics (coatings). At the end we demonstrate the beading process of oil and show the waterproofing properties of gloss paper vs. normal paper.
11	Dental Care	My Sweet Tooth	Personal Health and going to the dentist. Here we talk about teeth and gum care and teach about all the parts of the mouth and the things that dentist can do for you.
12	Botany	How a Seed Grows	A seed is a little plant that has not started to grow yet, but with the right combination water, sun and soil roots and shoots start to form. There are a lot of interesting facts like plants growing towards the sunlight, photosynthesis, chlorophyll pigments and the speed of growth. We will let the children grow and watch a variety of their own plants take shape.
13	Animal Kingdom	What's It Like To Be a Fish	The wonders of the ocean. The difference between fresh and salt water creatures. Fish are amazing in that they eat and breath under water. Each type of fish is different and unique in that their bodies are shaped differently for different purposes.

Figure 23 continued: The Science Curriculum Schedule for semester 1 and 2:

14	Space: Stars and Constellations	The Big Dipper	Here we talk about the stars and constellations and how people have always looked to the stars for guidance. He talk about Chinese and western astrology and some famous things found in space.
15	Microorganisms (bacteria and viruses)	Germs Make Me Sick	Germs are all around you, but they are too small for you to see. Here we enter the micro world and allow kids to play with magnifying glasses and microscopes. We will talk about the good and bad types of bacteria, how they can make us sick and how our body can fight them off to keep us healthy.
16	Animal Kingdom	From Tadpole To Frog	Amphibians; The life of a frog. Tadpoles are tiny fish that breath underwater though gills. As the Tadpole get older, it loses its fishy tail and gills and grows legs and develops lungs. The tadpole becomes a frog.
17	Environmental Protection	Be a Friend To Trees	Trees are nice. They are nice to look at and have around. They are also very useful to both animals and people, but most importantly we depend on them and could not live without them, they protect our soil and clean our air.
18	Volcanoes	Volcanoes	Eruption!!!! Falling rocks, ash, smoke, lava and magma are the elements found in every volcano and can be seen in some of the worlds most infamous ones.
19	Absorption (Cotton)	String Theory	Here we take an assortment of material and demonstrate the properties of absorption: how much or little and why. At the end we demonstrate color absorption (dying) through cotton strings and daisies. (show the chickens and fish found in the Philippines)
20	Surface Tension	Bubbles	We talk about surface tension by showing students the numerous ways to make bubbles and how we can make them stronger and weaker.
21	Magnetism	What Makes a Magnet	Magnetism is everywhere. Teach the children about the compass and that the earth is a huge compass. Teach them about the invisible lines everywhere and let them play and make lines with lead filings and magnets in preordained shapes to sow the laws of attraction and repulsion.
22	Environmental Protection	Recycling Counts	Teach children about the difference things that they can recycle and their properties. What things can and can you not recycle and what things can we do to make the world a better place. Talk about that we mean by the 3 R's (Recycle, Reuse, Reduce) and conservation.
23	Propulsion	Rocket Power	Talk about energy and energy's role in making things move. Show the various forms of propulsion used in todays vehicles. Then end the class with the creation of a straw rocket and then talk and demonstrate properties of propelling objects. Use a straw and various objects and shoot many things: big, small, dense, light, heavy and different shapes (like an ear swap or chopstick).
24	Human Uniqueness	Fingerprints	We are unique. Fingerprints are one of the human markers. First talk about our unique characteristics Finger prints and DNA and their role in police work. Then we make fingerprints and try to let the children guess who is who.
25	Acoustics	Sound (things that change the sound)	First we talk about how sound moves and travels and we listen to the sounds various different objects make and try to explain why they are different. A major focus will be the membrane of the material and the size and density of the object that strikes it. This will be done through the use of balloons of different sizes and the number of red and green beans inside. Children will shake balloons and guess which ones will be louder and explain why.
26	Buoyancy Properties	How Things Float	Does Matter matter? To understand why things that look the same don't behave the same we will talk about what is inside matter by talking about its density. Then talk about that when one object is in another media that its density decides if it will sink or float. Then we will demonstrate how things float in oil, water and other mysterious fluids (like salt water).

Figure 23 continued: The Science Curriculum Schedule for semester 1 and 2:

27	Space: Phenomenon's and Anomalies	Space: Going Beyond	We will start with the big bang and explain that the universe is continually expanding and talk about some of the crazy phenomenon's and anomalies that exists in the universe; black holes, quasars, red giants, white dwarfs, proton and neutron stars, pulsars, rings around planets, solar systems with multiple suns and more.
28	Basic Food Groups	The Food Groups	What do we eat. Fruit, Grains, vegetables, protein and dairy. We talk about the different properties of these groups; fats and oils (saturated and unsaturated), sugars (carbohydrates), calories vitamins and minerals that we consume everyday. Then we talk about serving sizes and the approximate amounts of each that we require to be fit and healthy.
29	Aerodynamic Properties	How Things Fly	The art of flying. First take the children through the discover of flight with the famous wright brothers and then talk about the other types of flying vehicles that exist and their special properties. Then we spend the last half of the class making planes that fly and parachutes that float.
30	Acoustics	Sound (echo and distortion)	We will talk about sound and its properties that are similar to matter. We will illustrate some echo and distortion effects and explain that sound works like a bouncing ball and let children understand reverb and distortion properties through a balls actions.
31	Health Care	Personal Health Going To The Doctor (The Human Body)	Does an apple a day keep the doctor away. We will talk about what students think are ways to keep health and explore some home remedies and cures for the common cold and preventative measures. Then we will talk about a variety of the important organs in the body and the special jobs they do. At last we will pay a visit do the doctor in a mock check up. We will go through the things that a doctor does and give the students a variety of tests (weight, vision, height, blood pressure, temperature, etc.)
32	Trees, Wood and Paper	The Amazing and Wonderful Things about Wood	We talk about the versatility and usages of wood and all the different form of wood and wood byproducts. At the end we show students the process of making paper by making some.
33	Our Blood	The Warriors in Our Veins	Deals with our circulatory system, the major components, the types of blood and our defense and auto immune system.
34	Animal Kingdom	Mammals and Reptiles	An important thing for a child to understand are the primary differences that exist between mammals and reptiles. In this lesson we will focus on the primary differences in these mammals.
35	Electricity	Electricity (Static)	Here we will teach kids about charges and that static charges build up and exhibit behavior that we can predict and they can understand. We will play a lot of static electricity games by using materials and generating charges and making things stick to walls and other objects. We will demonstrate the idea of charges attracting and repelling through the moving of small objects attached to a string.
36	Microbiology	Micro Organisms	Here we will investigate the small, small world through the eyes of a microscope. Many different specimens will be used to show students what is there that we really cant see everyday without help. We will talk focus our talk on some insects and go over there anatomy as well as learn about the microscope.
37	Thermal Dynamics	Heat	Keeping warm is important and we are going to talk about the three primary ways that heat works; pressure, reflection/transference, motion. We will experiment pressure through the usage of blankets. The more blankets the more pressure and the hotter it gets. Reflection/transference through the use of water bottles and metal and plastic containers. Motion through the use of energy like running. Finally we will talk about the differences between the motion of heat that heat travels from warm to cold and that heat rises and cold sinks.
38	The Food Chain	The Food Chain	Producers, Consumers and Decomposers. 1,2, 3, what are the different levels and ways we classify these things in our dog eat dog world. From predators to prey and the carnivores, omnivores and herbivores, they are. Children get to play with games and puzzles that illustrate our dynamic world.
39	Space: Our Solar System	Space Our Solar System	Our solar system constitutes the beginning of outer space for most children. We will talk about the objects commonly found in our solar system and the interesting things about our planets.

Figure 23 continued: The Science Curriculum Schedule for semester 1 and 2:

40	Matter	Properties of Matter (solid, liquid, gas)	How is it that we can skate on the water we drink and breathe it in at the same time. Here we will talk about the changes of physical state that matter can undergo.
41	Forensic Science	Can You Be a Private Eye?	With the popularity of CSI we will let the children be detectives and try to solve cases. We will play the game of clue to see if the children can solve who killed Scarlet in the dining room with a candle stick. Then we will talk about some cool and interesting things used in forensic science today to solve crimes and see who has the potential and wants to be in law enforcement when they grow up.
42	Gravity	Tricks with Gravity	We will talk about Newton and his discovery of gravity. Then we will talk about some of the interesting things about gravity; free fall, terminal velocity, rate of falling objects, weightlessness and centripetal gravity.
43	Chemistry	Reactions	We want to show children that things are not always what they appear and that there is more than meets the eyes. We want the children to understand the certain material have properties and that when two or more things come into contact that magic can happen. We will demonstrate exothermic (generate heat), endothermic (generate cold), reactions that change color, give off odor, create sparks, and more.
44	The Animal Kingdom	Amphibians	Wouldn't you like to swim with the fish and walk on land. It is like a mythological mermaid, part man part fish. In this segment we talk about the many kinds of amphibians that exist in our world and the special and defining characteristics about them.
45	Botany	Plants and Flowers	The anatomy of the plant. We will discuss, draw and paint our way through this lesson discussing the many interesting plants and their parts that exist in this world and indigenous to the kindergartens country.
46	Celestial Changes	The World Goes Round and Round and Round	Day and night and the seasons are important for a child's understanding of the world. Here we will talk about how the earth rotates and orbits the sun. Then we will talk about the effects that this causes like the night, day, four seasons and tidal changes.
47	Geology	Types of Rocks	Igneous, sedimentary, metamorphic represent the foundation of petrology. We will take the children on a rock tour as we illustrate the many different types of rock that exist. Then we will move on to talk about some precious and semi precious stones that people adore and highly value.
48	Optics	The Colors of the Rainbow	The colors of the rainbow and its properties that make them bend. To explain why rainbows are curved in this lesson we will focus on the natural light and its separation into colors as done through a prism. Then we will focus on using different filters and show the additive/subtractive properties of light by demonstrating a variety of polarization tricks.
49	Chemistry	Dissolving Matter	Here we will talk about homogenous and heterogeneous mixtures. We will introduce ideas related to solubility, solutes and solvents. We will also show children the amazing solution tricks like how things can precipitate and to create super saturated solutions that just consume more and more.
50	Mother Nature	Dangerous Types of Weather Systems	In this lesson we focus our talk on the power of mother nature and her destructive ability. We talk about the dangerous types of environments in the air, sea, and on land and the changes that occur in mother nature that bring on storms.
51	Animal Kingdom	I See You, But Do You See Me?	How different types of animal can see? Here we focus on animals that don't have eyes, nocturnal animals and animals that use sonar. Our eyes are a sense that we take for granted, we want our students to understand life without sight and to think what life would be like if we had other senses. Here we talk about blind people and the use of Brail and seeing eye dogs. Then we go through the animal kingdom and talk about other animals with special abilities.
52	Optics	Light(Bending, Bouncing and Reflecting)	Light is all around us. Light travels through the air in straight lines. If it didn't there wouldn't be any shadows. The only way we can see an object is if rays of light hit the object and it then reaches our eyes. This is why we can't see things in the dark. The objects are still there but there is no light to reveal them. The moon does not produce its own light. Moonlight is sunlight that has bounced off the moon! Then light hits a surface, some of it bounces off or is reflected. We will experiment with mirrors and special types of glass that highly refract light. Children will understand the ideas of transparency (transparent, translucent and opaque) and we will conduct 3 famous experiments. The rising coin, bending pencil, and bending a beam in the dark tricks.

Figure 24: The Physical Education Curriculum Schedule for semester 1 and 2:

Physical Education Curriculum (26 Week Cycle)			
	Skill(Keywords)	Title	Description
1	Running (Chase & Catch)	Father Counts the Household	Students stand in groups. Each group has a father. The teacher starts as the police officer. The police officer asks one father, "How many are in your house?" The number the father says stays in his house. The others try to run to other houses before the police officer can catch them. Once the students know how to play, they can be the police officer and change the fathers.
2	Kicking (Feet Work)	Soccer	Before playing a game of "free soccer", go over some rules and skills. Practice kicking, passing, shooting, and let everyone try to stop the ball as the goalie. With a large class, you can play three teams. Rotate one out for a short break while the others play.
3	Catching	Parachute	No jumping out of planes with this chute! Children hold the edge and make soft toys jump and fly. How many times in a row can the catch them? How high can they go? Discover cool parachute activities.
4	Hand Work (Towel)	Towel Dancing Exercise	Simple movements and exercises become new and exciting when you do them while holding a towel. It can be around your back, under your legs, even wrapped around your head! Some Activities: put towels in a pile have teams run to the pile and grab a towel then run to their teammate and tie the towel around them; place a folded towel on your head then have balancing races; have two students hold opposite ends of a towel and a third student place a ball on it the students have to work together to throw a ball high in the air and then bounce the ball multiple times; have students not use their hands but only a towel to get objects and transport them around and/or pass objects to other students in relay style races.
5	Obstacles	Obstacle Race	What race includes running, climbing, crawling, rolling, balancing, jumping and flying? An obstacle race, of course. Students do all those things and more to follow the path throughout the obstacle course.
6	Hand Work (Paper)	Hot off the Presses	Students can discover what can be carried on a newspaper. They will carry and pass a large ball, several small balls, and other funny objects. Students even cooperate by trying to carry it together. Students can use it as a broom to move objects or as a stick to hit them.
7	Foot Work	Harry Has Big Feet	"Harry the Monster" walks funny because he has big feet. The students walk funny, too. The walk with a big ball between their legs. The they try to pass the ball with their legs. How many walks are there? Try it with the ball high, at the knees and low at the feet. Have different races and passing games.
8	Hand Work, (Like Volleyball)	Keep on Shinning Harvest Moon	Is that big, bright circle in the sky the moon? Not in this game! You must keep the moon (a balloon) in the sky. Don't let it touch the earth. You can do it with the help of your team mates. Change the ball (different sizes and weights) and change the team number (2,3,4,5 etc.)
9	Traditional Folk Games (Holding Hands)	Polar Express	This is an updated version of "London Bridge is falling Down". There are two main differences. First, you can sing or play any music and when it stops, the train falls. Second, you meet Santa at the end. If you want also play London Bridge is falling Down, Duck-Duck-Goose, and Red Rover.
10	Throwing (Frisbee)	UFO Attack	Time to have fun with Frisbees. First the students need to learn how to hold and throw a flying disc - it's very different than throwing a ball. How far can you throw it? Can you throw it and hit a target?
11	Mimic (Follow the Leader)	Flag Semaphore	The teacher will use two flags. When the teacher holds the flags one way, it means for everyone do an action. When the teacher holds the flags in another way, the students do a different action. How many actions can the do? It is Simon Says using actions. Have actions for things like: run, hop, duck, crawl, walk backwards or sideways, stop, etc.
12	Handling (Hand Work, Maneuvering Big Ball)	Roll the Snowball	While we cannot bring the snow to the play yard, we can bring some big balls! Students have the chance to roll a ball on their own and in teams. They can practice going very fast. Can they roll down it down the slide? Look out!
13	Handwork (Teamwork)	I Eat Fruit	The big parachute comes out again! Students hold the parachute, but walk around it so only they move. When they hear a word, they repeat it and continue. When they hear a word that is NOT a fruit, they hide under the parachute. Geronimo! This is a large tarp like parachute that all students hold the edge and move it up and down. You can play 2x2, or 4x4 with the remainder holding and keeping up the parachute.

Figure 24 continued: The Physical Education Curriculum Schedule for semester 1 and 2:

14	Running	Turkey Race	Students are divided into a number of teams with three or four students on a team. They then run short, fast races (like a wild turkey getting away) - running, skipping, jumping, hopping, etc.
15	Handwork (Ball & Stick)	Field Hockey	Instead of hockey sticks and a puck, the students will use sticks or cardboard tubes and a ball. All students will not play all the time. Go over the rules and practice shooting, passing, and stopping the ball.
16	Handling (Hand Work, Maneuvering Big Ball)	I Am a Big Pumpkin	Once again we use the BIG balls. Students carry the big ball in front of them like they are a big pumpkin. Who can walk a square the fastest? What other tasks can they do with the pumpkin tummy? Have so much fun! Set up mazes and walking paths for them to navigate with the ball.
17	Foot Work	Three-Legged Race	Pairs of students have a leg bound to another so there are the 'legs' for two students. Do not tie with string, as this can hurt. Use thick rope, a sack, or wide cloth, they work best to hold and have fun! You can also use large potato or rice bags too.
18	Foot Work (Balance)	Balance Beam	Students roll under and over the balance beam. Then Walk across it. While it is only a few cm of the ground, it can be very scary for some students. It is OK for them to hold your hand to feel safe - remember, this is supposed to be fun!
19	Traditional Folk Game	Hide and Seek	This is a classic game played all over the world. Have a pair of students be the seekers so no one is all alone. They can find all their friends together!
20	Foot Work	Hopscotch	After drawing the squares for hopscotch on the ground in, show the students how to hop and jump through the numbered squares. Older kids can throw a block and pick it up on their way through.
21	Throwing	Air Attack!	Students make paper airplanes. They throw and chase them. Which plane can go the farthest; stays in the air the longest; travels straightest; etc. have them stand across and play pass.
22	Handling (Hand Work, Maneuvering Hula Hoops)	Hula Hoop Driving Class	This is follow the leader with a twist. Everyone is driving a car and the hula hoop is the steering wheel. Students 'drive' after the leader. Change leaders so everyone gets a chance to lead. Then try some hula hoop games. Practice rolling them, and flicking them so they return to you. Also have children hold hands and pass the hula hoop from one student to the next without letting go. You can use the hula-hoop as a skipping rope. you can have teams and stagger students with races that have students have to crawl through the hula hoops.
23	Throwing	Hit the 'Tiger'	Set up a row of stuffed animals. Students get chances to throw balls to hit the animals and knock them down. Practice throwing accurately.
24	Sorting	Ball Games	Have fun with a million little balls. Balls can be sorted by color. Which can gather the most balls in thirty seconds? Have fun playing with balls all class. Ball games can be had with carrying balls with large ladles or chopsticks or tongs to sort too.
25	Balance	Rope Path (designs can change)	Lay ropes out in odd and different patterns and designs. Students follow the rope. They will walk on the rope, hop on the rope, straddle the rope, etc.
26	Acting (Role Playing, Charades)	Guess Who I Am	The students take it in turn to mimic the walking style of an animal while the rest of the class has to guess. E.g. big, heavy, steps to mimic a dinosaur or hopping on all focus to mimic a frog. Try different things like cars, policemen, doctor, anything you can.

Figure 24 continued: The Physical Education Curriculum Schedule for semester 1 and 2:

27	Simple Assorted Exercises & Games	Exercise time	First introduce the different parts of the body to the students and teach them the vocabulary. Next introduce the two types of exercise.... Sit-ups and push-ups (waist upward). Have the students work in pairs to help . Then keep their partners feet on the ground and also count the number of reps. Talk about the parts of the body exercised. Then try jumping jacks, crunches, pull-ups, chin-ups tug a war, long jump, shot-put, etc.
28	Foot Work	As Fast As the Wind	Have the students use various forms of moving forwards (sprint, hop, jump, jog, feet together jump, etc.) to race over a short space. Who can be the fastest.
29	Decathlon (Simple Assorted Exercises & Games)	Training Course	Combine the previous three weeks of exercises to make a six stage race. First review the material then show the students the course. Part 1 - five push-ups. Part 2 - jog over a short distance. Part 3 - squat walk five steps. Part 4 - five sit-ups. Part 5 - sprint over a short distance. Part 6 - Giant strides over a short distance. All this times three or more!
30	Sport	Soccer Skills	Explain the basis rules of using a soccer ball and scoring a goal. Set up three cones for the students to dribble in and out of and then set up a goal to let the students practice shooting the ball.
31	Balance	Ropey Crawl	Lay a rope/some ropes on the floor and have the students follow it using various methods: hands and feet, crawl, etc. Later on change the shape and length of the rope. If they don't touch it when they are moving along with it then they are out. Later you can have the students race each other.
32	Sport	Basketball Skills	Explain the basic rules of using a basketball and scoring a basket. Practice bouncing the balls and then set up some baskets to let them practice throwing at.
33	Hand and Foot Work	Show Your Skills	Combine all the elements of soccer, baseball and basket ball to set up a three-stage course for the students to compete on.
34	Hand Work	Ping Pong Fun	Each team has a spoon and a ping pong ball which they must pass along their team the fastest to be the winner. Show the kids how to balance the ball properly. Try tongs and chop sticks and different sized spoons too.
35	Hand Work	Teddy Circles	The students sit in a circle and have to pass a bear or other stuffed toy in one direction. But each student must first complete a specific task like pass the bear around him/her own body once or twice or through their legs before passing it on. this can be done in races or add one more toys to the circle that also have to be passed by the same manner in the same direction. The student who ends up getting stuck with two toys at the same time is the loser!
36	Hand Work	Pass the Ball Through the Cave	Split the students into two teams and ask them to form a line. Each team has a ball in which they have to pass it backwards down the line through their legs. When the ball reaches the back of the line, that student must run to the front and do it again until each student has done it one time. The second game is the same but this time the ball is passed over their heads.
37	Hand Eye Coordination	Flying Paper Circle	The students make a big circle. The teacher throws a sheet of paper up in the middle and calls out a name. That student has to go inside the circle and try to catch the paper before it hits the ground. If it hits the ground, then either keep adding papers or rip the paper in half and continue playing with one of the pieces. This should keep happening until the paper is so small that it is impossible to catch.
38	Foot Work (Jumping)	Island Hopping	Split the students into two teams. Give each team two small mats. The first of each team must use the mats to cross an area and then get back to the other side. This can be a race or just for fun. The students have to stand on one mat and move the other then jump over to the next mat and repeat the process. If they touch the ground they drown and are out.
39	Foot Work	Family Members	Put four mats down; one in each corner of the area. The students all ask the teacher 'How many people are there in your family?' The teacher then answers 'There are --- people in my family.' The number given is the number of students allowed to stand on one mat. Any students left over will be out. Students have to run around and make sure they have a mat to stand on.

Figure 24 continued: The Physical Education Curriculum Schedule for semester 1 and 2:

40	Hopping	Rabbit Hop	Cover an area with small mats and then have the students hop (not all together) on the area like a rabbit. Teach them how to hop the most efficiently. Who can hop the furthest? Build on the hopping over objects idea and then try leap frog.
41	Throwing	Flying Carpets	Use a rope to mark out a line. Give the students a small mat and have them throw the mats. See who can throw the mats the furthest. Teach them different ways to throw the mats.
42	Teamwork	Who Is Faster than Me?	This is the classic three legged race. Pit the teams against each other or time them to see who is the fastest. If a team falls over, send them back to the start to try again. Here try 4, 5, 6 and 7 legged races. They have to learn to work together.
43	Target Practice	Rubber Band Fun	Split the class into two or three groups and give each group some rubber bands. Put a light container up somewhere and have the students aim their bands at it. Who can hit it first.
44	Traditional Folk Game	Doll, Doll, Goose	This is a slight twist on the classic duck, duck, goose game. Instead of just touching the person sitting down, give them a doll instead. Start the game off with the teacher as the first ghost to show the students how to play. Try the classic too if you wish.
45	Hand Work	Rollin 'n' Racin'	Split the students into two teams and put a cone in front of each team and one each at the far end of your play area. Give each team a tire and have the students play a relay rolling race. Later they can also try laying the tire flat and using their feet to move it. You might want to make the course shorter for this part of the activity.
46	Sport	Baseball Skills	Explain the basic rules of using a baseball, bat and running to a base. Set up a couple of bases to let the students practice running to and then let them try to hit the ball with the bat.
47	Foot Work	Rope Shuffle	Fold a rope in two and lay it out so that the two halves are parallel and together. The students have to shuffle along with the ropes without touching the ground. Later you can use two sets of ropes to make a race out of the activity.
48	Foot Work	Kangaroos and Mice	Lay two ropes down (parallel to each other) allowing between ten to fifteen cm between the two. The students must first walk in the space in the center without touching the ropes. Then they must put their feet outside the ropes and jump along with it like a kangaroo; again without touching the ropes. Turn it into a race once the students have learned to do it. Play different games by adjusting the distances and having kids shuffle and jump from side to side without touching the ropes and staying in the designated/allowable areas.
49	Body Maneuvering	Rope Challenge	Two teachers have hold the rope tight to make a line for the students to jump over (not too high). Next hold it at waist height and let the students practice doing a limbo dance. If you want put mats on one side and have students try to jump the higher distances.
50	Throwing (Dodge Ball)	Battle of the Balls	Put a rope down on the floor and split the students into two teams. Give each student a piece of scrap paper and an allocated distance from the rope. When the teacher says the word, the students must roll the paper into balls and quickly throw at the opposing team. The team with the most balls over the rope after a certain time is the winner.
51	Running	Cone Challenge	Use the cones to make two lines and have the students race by moving in and out of the cones in S shapes using various methods (e.g. walk, run, jump, hop, etc.). Use the cones to run relay races and line races (touch the first, go back, then touch the second, go back, etc.)
52	Foot Work	New Year Monster	Like musical chairs but with hula hoops. Throw down X-1 hula hoops for the X children playing. Scatter them around and not close to each other. Children start at the wall and when the teacher yells GO, the children have to occupy a hula hoop. Only one student per hula hoop or they are both out. the student not standing in a hula hoop gets eaten by the monster "teacher". Every time the teacher removes one hula hoop and yells go the students have to leave their current hula hoop for another and the process repeats.

5.2.2. KEY RESOURCES:

The key resources that are available to and ready for the school to employ at will as described by Abraham Academic Academy's business model are our premises; facilities and amenities; and personnel.

5.2.2.1. PREMISES:

The location of our flagship school will be in suburban Taipei. Initially, we are looking to rent, but eventually want to own the property. Therefore, with respect to leasing terms, we are looking for a minimum of a 6 year contract with an option to either renew or buy when the contract is up. The premise must have access to both indoor and outdoor areas/facilities. The total interior area of the premise has to be somewhere between 661 and 1,322 square-meters (between 200 and 400 pings) depending on lay out. The exterior area that is to be used as a playground (see note below) should be on the order of 661 square meters (200 pings). If the premise does not have an outdoor area, arrangements must be made to facilitate access to one that can use used.

Taipei proper has been ruled out as a candidate for our initial kindergarten location for many reasons. Some factors involve Taipei's high real-estate costs; a developed, saturated and mature language and cram school market; and facility constraints due to the overdeveloped and sprawling nature of the city. For these reasons suburban Taipei is more appealing, while providing access to many other important key resources chiefly available in Taipei. A future Taipei school is not out of the question, but will not be considered for the purposes of our initial investment.

Since an exact location has yet to be determined, three possible locations are listed for reference purposes in suburban Taipei that provide an ideal setting with both commercial and residential options in mind: Xindian near the QiZhang MRT station; NeiHu DaZhi district southwest of JianNan rd. MRT station and between the Miramar shopping mall and the BinJiang Elementary and High schools; or in BanQiao in the proximity of BanQiao city hall and FuZhong MRT stations. Due to the importance of choosing the right location we are open to suggestions and will consider other locations if the right opportunity comes along. The premise will be decided upon after careful consideration, taking into account the criteria established in place parameters section 4.8.2 of the marketing 4-P's.

Note: The nature of an outdoor playground is flexible. Not all schools will have an outdoor playground, but Abraham Academic Academy is selling an image as well as an education. This aspect of lifestyle is an important component of our positioning. Abraham Academic Academy has schemes available and will work with schools in trying to arrange for such facilities to exist. One such popular scheme is the occupation of the top floors of a building and the conversion of the rooftop into gymnasium or outdoor play area. Another is the occupation of a school next to a vacant lot or adjacent to a park. In this case, an investment in the lot or parks infrastructure can be arranged through a deal with the private citizens or community members involved. Perhaps, terms can be met regarding purchasing the rights to the park, naming the park after the school, or arranging for its maintenance and upkeep in exchange for access.

Note: Abraham Academic Academy policy ensures that a certain percentage of our schools, both in total and per region, will maintain an outdoor facility/playground for their students.

5.2.2.2. PREMISES LAYOUT (INFRASTRUCTURE BREAKDOWN):

The premises layout attempts to define our business' requirements through a description of its planned facilities and amenities. The premises layout facilitates this description of our school's general layout through the breaking down of its infrastructure into its constituent rooms. It is due to the inflexibility of changing the infrastructure of a school and the potential danger associated with relocating a school once it is established and doing business that these considerations are deemed vital for our success. Below are two descriptions. One is the description of a school that can handle a moderate to heavy capacity quite well, and after we compare that to a school that we believe can handle anything and is built for success.

Assuming that a school will operate under a moderate to heavy capacity, it would require the following rooms in order to function properly:

- 1 large common room to function primarily for daycare services.
- 8 classrooms for teaching. Four classrooms for the bilingual classes, four for the All English classes.
- 1 large multi-purpose common room. An assortment of classes will be held in this room depending on the schedule and time of day. Schedule: Chinese or English classes. Time: hold morning breakfast at arrival time, hold afternoon snack at departure time.
- 1 large theater/dance room. This room would also double as an activity room, music or art room, or a physical education and morning exercise room.
- 1 sleeping area for children's nap time.
- 1 outdoor/indoor playground area (fully equipped for fun).
- 2 or 3 large common Bathroom (public style) facilities depending on size and

number of receptacles (toilets/urinals). Also must provide separate teacher/student receptacles or private stalls within common bathroom and at least one facility must be equipped with a shower for emergencies.

- 1 kitchen and laundry facility.
- Main Office; Front desk and reception, office area, foreign teacher, director and meeting rooms or areas. Preferably separate rooms for each, but they can be situated in a large room that is partitioned off.
- Storage areas. Need storage for curriculum, playground/athletic equipment, kitchen/laundry facility, garbage, school paraphernalia and general merchandise, maintenance equipment, and general or miscellaneous things. Preferably separate rooms for each located adjacent to their counterparts or a few rooms that are large enough to encompass everything.

Assuming that a school is built for success and that it would be running at full capacity, the school would require the additional rooms in order to function properly:

- 4 classrooms for Chinese-Only students, rather than having to shuffle students around.
- 3 extra classrooms for spillover (exceeding the legal child handling limits). One for each department (daycare, bilingual, English only). These rooms can double as the storage required. Schools have high storage demands anyway that should not be overlooked. Streamlining a school and running it light can effect operations.
- Properly spread out, divide up, or separate the main office. If things pick up there will be too much traffic and clutter that can effect operations (provide room to breathe between the reception and front desk, office room, foreign teachers' room,

director's office, meeting room, and curriculum storage).

- Provide a demo room for parents viewing and more discrete discussions. Like parent-teacher talks, interviews, and screenings. It makes it unnecessary for parents to tour the school and facilities distracting students and revealing potentially damaging situations unnecessarily.

Note: Beyond this full capacity scenario, the only way to further expand the kindergarten's fixed infrastructure would be to relocate the head-office to another facility. However, doing so would free up more office and storage space at most.

5.2.2.3. FACILITIES AND AMENITIES STRUCTURE:

A room by room description of the school is given below. We have listed all the items, furniture, equipment and materials required for that room to become fully operational. Initially, when developing the school, we may be able to cut corners and do things in stages to save money. Many things can be done both behind the scenes and out in the open, where our customers can see, but done in such a way as to not draw attention, nor appear to be incomplete. However, for the sake of simplicity, in this section we have merely listed the things required to do the job well, without reference to these more affordable and expensive means. Neither do we discuss the range of flexibility in the amount of equipment actually required, nor the timetable used to purchase that equipment.

Classroom:

As we mentioned above (section 5.2.2.2 Premises Layout) we will have between 8 and 12 full-on classrooms in total. The detail of the investment per classroom is displayed below in Figure 25.

Figure 25: Classroom Furniture & Equipment Description:

Classroom					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Desk (Student)	Rectangular communal desks w/ rounded edges. Plywood w/ arborite laminate surface, rubber edging. Metal adjustable legs.	60x32x24	6	5
2	Chair (Student)	Hard Plastic chair with metal tubular frame (no arms, no padding)	12x12x24	16	5
3	Whiteboard (Large)	Large Whiteboard with shelf/tray for pens and erasers	96x48x1.5	2	5
4	Whiteboard (Small)	Small Whiteboard	24x32x1.5	1	5
5	Desk (Teacher)	Standard wood with drawers underneath nothing over/back	24x32x29	2	5
6	Chair (Teacher)	Stackable armless office chair, with steel frame and replaceable back and bottom padding (4 1/2 inch bottom cushion and 3 inch back support cushion)	23x26x35	2	5
7	Storage/Shelving	Cubbyholes for students to place school bags and belongings. Top used for storage, water bottle, and food storage/placement	Built to suit across a wall (minimum 18 units/ 6 across 3 high: 12x12x12 ea.)	1	8
8	Storage/Shelving	Standard wooden shelving units w/ 4 levels and capacity to place things on top	Built to suit across a wall (16x48x12 ea.)	1	8

Figure 25 continued: Classroom Furniture & Equipment Description:

Classroom					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
9	Cork Board (large)	Standard Large Cork Board for display purposes w/ cosmetic trim	96x48x1.5	1	8
10	Cork Board (small)	Standard Small Cork Board for display purposes w/ cosmetic trim	24x32x1.5	4	8
11	Fan	Ceiling and wall unit mounted fans	NA	4	3
12	Ac Unit	Standard Commercial office wall mounted unit	24x18x18	1	5
13	CD Player	Multi format CD player with mini amplification system and 4 speakers	NA	1	3
14	Telephone	Standard office multi-line telephone w/ intercom, hold, redial, call display and memory features	8x7x3	1	5
15	Clock	Standard	NA	1	5
16	Stationary	Basic Issue	NA	NA	NA
17	Teacher Stationary Storage Units/Devices	NA	NA	NA	NA
18	Garbage Cans	2 garbage cans and 1 general recycling bin	NA	3	8
19	Various Toys	NA	NA	NA	NA
20	Decoration	NA	NA	NA	NA

Main Office:

Because of the ambiguity in the facility we do not know if and how we will be dividing up this main front office area between the reception, guest waiting area, front desks, office area, teacher work stations, curriculum storage area, directors office and meeting rooms. Thus, we have assumed one big room with partitions and have listed the equipment needed for the kindergarten to function. For simplicity we have divided the office into front and back regions for the purposes of the tables below.

Main Office; Front of Office:

The front of the office includes: reception, guest/waiting area, front desks, office area, and teacher work stations. This is portrayed in Figure 26.

Main Office; Back of Office:

The back of the office includes: curriculum storage area, meeting area and the director's office. This is portrayed in Figure 27.

Figure 26: Front of Office Furniture & Equipment Description:

Front of Office					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Television	Any 29 to 32 inch TV for the purposes of displaying advertising and promotion like: Dynex 32" 720p 60Hz LCD HDTV	31x20x5	4	5
2	Xerox Machine	Xerox Machine	32x23x44	2	5
3	Computer	Desktop style computer; current IBM compatible model w/ full office suite like a HP Pavilion P6-2419 Desktop Computer (Intel Core i3-3220 / 1TB / 4GB RAM / Windows 8) HP Pavilion P6-2419 Desktop Computer (Intel Core i3-3220 / 1TB / 4GB RAM / Windows 8)	7x16x18	8	5
4	Printer (small)	A small cheap portable printer Like a Epson Expression Home Wireless All-In-One Inkjet Printer with Air Print (XP-200)	15x8x6	2	5
5	Printer (large)	A larger all inclusive printer Like a Canon image CLASS All-In-One Laser Printer With Fax (MF4770N)	17x11x10	2	5

Figure 26 continued: Front of Office Furniture & Equipment Description:

Front of Office					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
6	Telephone	Standard office multi-line telephone w/ intercom, hold, redial, call display and memory features	8x7x3	6	5
7	Intercom/Bell system	School wide intercom and bell system	20x10x8	1	8
8	Office Work Table	Standard large communal table with tubular frame and laminated metal table top finish	72x36x29	8	8
9	Filing Cabinet	Small 3-drawer mobile under table fit file pedestal filing cabinet. Aluminum/steel construction w/ 4 dual wheel casters.	16x20x26	8	8
10	Filing Cabinet	4-drawer lateral file w/ steel construction	39.75x23.5x54	4	8
11	Filing Cabinet	4-drawer legal vertical file w/ steel construction	18x26.5x54	8	8
12	Filing Storage	8-drawer card and multimedia storage cabinet w/ steel construction	15x28x54	2	8
13	Filing Storage	6-shelf open filing system, open face w/ steel construction	36x15x76	4	8

Figure 26 continued: Front of Office Furniture & Equipment Description:

Front of Office					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
14	Storage	7-shelf unit open face cabinet style shelf w/steel construction	36x15x76	8	8
15	Chair (Office)	Stackable armless office chair, with steel frame and replaceable back and bottom padding (4 1/2 inch bottom cushion and 3 inch back support cushion)	23x26x35	20	5
16	Reception Desk	Standard straight style reception desk w/ raised walls and customer counter area. Metal frame construction with laminate finish	72x29x42	2	8
17	Newspaper Rack	Adjustable 3-shelf literature rack. Metal frame and shelves.	33x15x42	2	5
18	Notice Boards	Standard size notice board, half white board half cork	32x23x2	8	5
19	Clock	NA	NA	2	NA
20	Garbage Cans	NA	NA	6	NA
21	Recycle Bin	NA	NA	2	8

Figure 27: Back of Office Furniture & Equipment Description:

Back of Office					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Television	Any 29 to 32 inch TV for the purposes of displaying advertising and promotion like: Dynex 32" 720p 60Hz LCD HDTV	31x20x5	2	5
2	Executive Office Computer	Desktop style computer; current IBM compatible model w/ full office suite like a HP Pavilion P6-2419 Desktop Computer (Intel Core i3-3220 / 1TB / 4GB RAM / Windows 8) HP Pavilion P6-2419 Desktop Computer (Intel Core i3-3220 / 1TB / 4GB RAM / Windows 8)	7x16x18	1	5
3	Executive Office Printer (large)	A larger all inclusive printer Like a Canon image CLASS All-In-One Laser Printer With Fax (MF4770N)	17x11x10	1	5
4	Conference Room Presentation Board	presentation style marker/bulletin board. It is a full whiteboard with two half bulletin boards on either end. All wood and wood laminate	192x48x3.5	1	5
5	Conference Room Podium	Standalone podium with elevated/slanted countertop	23x23x48	1	5

Figure 27 continued: Back of Office Furniture & Equipment Description:

Back of Office					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
6	Conference Table	Legacy 14 foot oval conference table w/ wood construction	168x52x29	1	8
7	Conference Chairs	High back leather executive arm chair. Fully adjustable with caster wheels	27x30x44	14	5
8	Executive Office Desk	Heritage hill executive U-Desk. All wood construction.	106x71x29.75	1	8
9	Executive Office Chair	High back leather executive arm chair. Fully adjustable with caster wheels	27x30x44	1	5
10	Executive Office Sofa	Wall street loveseat sofa easy care faux leather	54x29x30	2	5
11	Executive Office Wall Unit	Cornerstone classic cherry library wall unit w/ adjustable shelves and glass and wood doors. All wood construction	88x12x72	2	5
12	Executive Office Wall Unit	Elite wood door storage cabinet with locking doors	31x17x78	2	5
13	Executive Office Safe	Combination lock safe with back-up overriding key protection	36x16x12	1	8
14	Office Telephone	Standard office multi-line telephone w/ intercom, hold, redial, call display and memory features	8x7x3	2	5

Figure 27 continued: Back of Office Furniture & Equipment Description:

Back of Office					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
15	Notice Boards	Standard size notice board, half white board half cork	32x23x2	2	5
16	Clock	NA	NA	4	NA
17	Garbage Cans	NA	NA	3	NA
18	Executive Office Décor	NA	NA	NA	NA
19	Curriculum Storage Unit	7-shelve bulk storage wall unit metal construction	82x49x12	4	8
20	Curriculum Storage Unit	7-shelve bulk storage wall unit metal construction	82x49x26	4	8
21	Chest	Stackable wardrobe style chests with hinged lids, sturdy metal construction	32x32x32	8	8
22	Dolly	2-wheeled dolly for carrying/transporting heavy boxes	18x8x44	1	8

Playground:

Figure 28: Playground Furniture & Equipment Description:

Playground					
Reference	Item	Description	Dimensions (LxWxH) Meters	No. of products	Useful Life (Accounting)
1	Primary Playground Feature Set	Large themed play set like Kid castle, fort, tree style fort, pirate ship, animal or train like.	19.5x19.5x12	Choose 2 of 3	8
2	Secondary Playground Feature Set	Large outdoor playground equipment; Sliding, Climbing, Crawling apparatus: w/	11.5x11.5x4.6		8
3	Tertiary Playground Feature Set	Same as above themed or equipment based	5.5x4.5x4		8
4	Additional Cubby Houses, Yard-Rooms, Mazes, Obstacles	Large plastic houses. Single or double room w/ door, slide and terrace	80x60x62	1	8
5	Additional Cubby Houses, Yard-Rooms, Mazes, Obstacles	Medium plastic houses smaller in size and house only, single room no external slides of	60x40x62	1	8
6	Single Standalone Units	Ground equipment and obstacle. Blocks, bridges, tunnels to climb over and through.	3.5x3.5x1.9	Choose At Least 1	8
7	Single Standalone Units	Like swing set or slide	3x1x4		8
8	Single Standalone Units	Small merry-go-round	Diameter 1.0		8
9	Single Standalone Units	Medium merry-go-round	Diameter 1.75		8
10	Single Standalone Units	Sand box	Custom		8

Figure 28 continued: Playground Furniture & Equipment Description:

Playground					
11	Kid Play Furniture	Picnic Bench plastic construction	1.2x0.8x0.6	Choose At Least 5 Units	8
12	Kid Play Furniture	Bean Bag Couch cloth/fabric wrapped	Assorted Diameters and Heights		8
13	Kid Play Furniture	Hexagonal Foam Furniture vinyl wrapped	Assorted Shapes and Heights		8
14	Kid Play Furniture	Barber Shop Chair w/ foot rest, tray and barber accessories	0.8x0.75x0.6		8
15	Kid Play Furniture	Beauty Parlor table and chair makeup station	0.8x0.4x1.1		8
16	Kid Play Furniture	Work bench construction set w/ tools	0.6x0.4x0.75		8
17	Kid Play Furniture	Bakers Kitchen Set Oven and Stove w/ accessories	0.8x0.6x1.4		8
18	Kid Play Furniture	Sous-Chef Kitchen Set Oven and Stove w/ accessories	0.8x0.6x1.4		8

Figure 28 continued: Playground Furniture & Equipment Description:

Playground					
19	Single Unit	Swivel rider. Fun shaped object for one child (capacity) that spins round and round.	0.9x0.4x0.95	Choose a Few Different Items and at Least 5 of Each	8
20	Single Unit	Spring rider. Fun shaped object for one child (capacity) attached to a car coil spring for	0.9x0.4x0.95		8
21	Single Unit	Children rider, a bicycle w/ pedal or foot operation. For 1 child.	1.08x0.50x0.65		8
22	Single Unit	Children rider, a 2 door car w/ pedal or foot operation. For 1 child.	0.83 x 0.49 x 0.86		8
23	Single Unit	Small plastic teeter-totter for 2 individuals	1.1x0.50x0.43		8
24	Single Unit	Medium wood/plastic teeter-totter for 4 individuals	2.5x1.0x0.70		8
25	Single Unit	Large wood/plastic teeter-totter for 4 individuals	3.5x1.3x1.1		8
26	Single Unit	A wagon w/ handle	1.4x0.75x1		8

Kitchen:

Figure 29: Kitchen Furniture & Equipment Description:

Kitchen					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Stove Top	4 element stove top. Gas fitting	30x30x36	1	8
2	Stove Oven	30 inch free standing oven w/ large capacity cooking area and warming drawer	30x30x36		8
3	Microwave	Standard 1.9 cu.ft. countertop microwave	16x17x30	1	8
4	Rice Pot	Large commercial grade rice pot. Like a Da-Tong or Hamilton Beach- 60 Cup Commercial Rice Cooker/Warmer	17 inch diameter x 15 inch	2	8
5	Food Processor	Commercial grade multi-function food processor/juicer. Multi-blade cutting action.	10x13x16	1	5
6	Blender	Commercial grade blender. Multi speed w/ top crusher, mixer	9 inch diameter x 16 inch	1	5
7	Deep Fryer	Single unit fryer, stainless steel w/ easy grease release and grease trap. Variable heat 16 L capacity	23x18x33	1	8
8	Hot Plate/Steamer	Hot plate/steamer double boiler w/ lid. Holds two 13x10 trays and 4L water	32x14x10	2	8

Figure 29 continued: Kitchen Furniture & Equipment Description:

Kitchen					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
9	Flattop Grill/Char broiler	Dual function broiler, charcoal grill and flat top. Gas operated and bricks	32x32x33	1	8
10	Refrigerator	Standard standing single door refrigerator w/ adjustable shelving and door storage.	21x21x72	3	8
11	Deep Freezer	Heavy duty large Chest Freezer 14.8 cu. Ft w/ variable thermometer and adjustable shelving. Painted Textured Steel and indicator lights	30x48x35	1	8
12	Coffee Machine	Electric coffee machine. 1 brew plate w/ 2 hot plate. Standard 12 cup capacity	10x17x20	1	8
13	Kettle	Electric kettle. Standard 1.5 L capacity	9x5 oval x 10 inch	2	5
14	Toaster	Commercial grade 6 slice thick piece toaster unit w variable heat and time controls		3	5
15	Washer	Large load capacity industrial heavy duty washer w/ variable operation	25x25x35		8

Figure 29 continued: Kitchen Furniture & Equipment Description:

Kitchen					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
16	Dryer	Large load capacity industrial heavy duty dryer w/ variable operation	25x25x35		8
17	Cupboard	Metal standing cupboards with doors	46x86x22	2	8
18	Counter Top	Stainless steel counter top with shelving underneath. 18 Ga. 430 Stainless Steel.	96x24x33	1 (Custom Fit)	8
19	Work Tables	Stainless steel work table. 18 Ga. 430 Stainless Steel Commercial Prep Tables	24x24x33	2	8
20	Shelving	Commercial grade stainless steel standing adjustable shelving storage unit.	23x86x14	8	8
21	Wall Rack	Commercial grade wall mounted wall rack. Made from stainless steel with grid back for hanging	36x86x3 ea. unit	1	8
22	Wall Rack	Commercial grade wall mounted wall rack. Made from stainless steel with grid back for hanging	18x86x3 ea. unit	(Custom Fit)	8

Figure 29 continued: Kitchen Furniture & Equipment Description:

Kitchen					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
23	Hanging Pot Rack	Commercial grade hanging pot racks. 30 x 15 inches. Made from 18/10 stainless steel. Includes regular hooks and grid hooks.	30x15x5	3	8
24	Sink Basin	Commercial grade double sink basin. Stainless steel, deep dish with built in filter/trap	32x24x24 sink 32x24x33 unit	2	8
25	Drying Counter	Stainless still multilevel drying counter/ storage area. w/ elevated shelves for water run-off/drainage.	34x24x33		8
26	Garbage/Recycle Bins	Large square size stainless steel garbage/recycle bins	18x18x29	6	8
27	Trays	Large plastic commercial grade rectangular serving trays	13x10x1	20	5
28	Trays	Large stainless steel commercial grade rectangular serving trays	13x10x1	10	8
29	Trays	Large stainless steel commercial grade rectangular shallow pan trays	13x10x2.5	8	8
30	Trays	Large stainless steel commercial grade rectangular deep dish pan trays	13x10x4	8	8

Figure 29 continued: Kitchen Furniture & Equipment Description:

Kitchen					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
31	Pot Set	4 piece set. Large deep dish commercial (100, 80, 60, 40 Qt) stock pots. Steel	NA	1	8
32	Pot Set	10 piece standard cooking pot ware set	NA	1	5
33	Fry Pan Set	5 piece commercial grade steel pan ware set (14.5, 12.5, 10.5, 8.5, 7.5 inch)	NA	2	8
34	Sauce Pan Set	8 piece standard cooking sauce pan cookware set	NA	1	5
35	Sauce Pan Set	3 piece commercial grade steel sauce pan set (1.5, 3.5, 7 Qt). Steel	NA	1	8
36	Braizer	20 Qt commercial grade braizer	NA	1	8
37	Wok Set	3 piece commercial grade steel kitchen wok (30, 26, 22 inch). Steel	NA	1	8
38	Water Pitcher	Large standard cylindrical serving sized water pitchers. Plastic 32/64 oz. w/ tapered tips	NA	20	5
39	Water Pitcher	Large standard cylindrical serving sized water pitchers. Metal 32/64 oz. w/ tapered tips	NA	10	8
40	Can Opener	Large can (min 4L) commercial table mounted can opener	NA	1	5
41	Can Opener	Standard sized can opener	NA	4	NA

Figure 29 continued: Kitchen Furniture & Equipment Description:

Kitchen					
42	Spatulas	Large sized commercial grade. Metal w/ metal handle	NA	20	5
43	Tongs	Large sized commercial grade. Metal w/ metal handle	NA	20	5
44	Ladles	Large sized commercial grade. Metal w/ metal handle	NA	20	5
45	Serving Spoons	Large sized commercial grade serving spoons. Metal w/ metal handle	NA	20	5
46	Butcher Knife Set	5 piece butcher knife set. Commercial grade.	NA	2	5
47	Kitchen Knife Set	10 piece kitchen knife sous-chef set. Commercial grade.	NA	2	5
48	Kitchen Accessory Set	20 piece commercial grade kitchen accessory set	NA	2	5
49	Baking/Mixing Set	15 piece commercial grade baking/mixing set	NA	2	5
50	Hot Plate Coaster	6 piece commercial, large sized coaster set	12 inch diameter x 0.75 inch thick	2	5
51	Strainer/Sifter/Colander Set	6 piece commercial, large sized strainer set	NA	2	5
52	Funnel Set	4 piece commercial, large sized funnel set	NA	2	5
53	Cups (Children)	Traditional metal cup w/ handle. Army/camping style.	3.5 inch diameter	100	5
54	Bowls (Children)	Standard elementary sized 5inch bowl with lid set. Metal w/ colored plastic exterior	5 inch diameter	100	5
55	Chopsticks (Children)	Wooden chopsticks	9 inch	100	5
56	Cutlery (Children)	Standard elementary sized fork, knife, spoon set. Metal w/ colored plastic handle	6 inch	100	5

Theater:

Figure 30: Theater Furniture & Equipment Description:

Theater/Dance Room					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Television	Any 29 to 32 inch TV for the purposes of displaying advertising and promotion like: Dynex 32" 720p 60Hz LCD HDTV	31x20x5	2	5
2	DVD Player	Standard DVD player w multiple format capability. Like a Toshiba DVD Player (SD3300)	17x8x2	1	5
3	Stereo System amplifier and speakers	Stereo receiver/ amplifier with satellite and tower speakers. Like a Sony 2.0 Channel Stereo Receiver (STRDH130) complete system	NA	1	5
4	Cable connection	Wall mount unit access point. As provided by a local cable company/ standard cable provider.	NA	2	5
5	Laptop/Computer Connectors and Hook Ups	Junction box set up to allow for universal connection to and between electronic entertainment equipment	NA	1	5
6	Wi-Fi connection	A simple Wi-Fi box. Like a ASUS Dual Band Wi-Fi Access Point (EA-N66).	6x6x3	1	5

Figure 30 continued: Theater Furniture & Equipment Description:

Theater/Dance Room					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
7	Stage Lighting and Curtain Ceiling Mounts and Tracking	Amateur stage mounting and tracking set with fixtures and harnesses	NA	1 (Custom Fit)	8
8	Stage Curtain	4 curtain sets: 2 up and down. 2 left and right operation.	NA	1 Set (Custom Fit)	8
9	Stage Lighting	Amateur stage lighting set. 10 bulbs (5 big, 5 small) with filters and colored lenses . 2 Lights that move/pivot/rotate w/remote control operation	NA	1 Set (Custom Fit)	8
10	Stage Riser Blocks	Portable Stage riser blocks. Wood blocks used to set up a raised artificial stage floor.	32x32x23 per block	1 Set (Custom Fit)	8
11	Stage Riser Stairs	The stairs to be used in conjunction with a set of portable stage riser blocks. Allow for easy transition on and off a raised artificial stage floor.	32x32x23 per block	6	8
12	Wood Floor	Hard wood floor paneling. Easy to install interlocking plank to plank pieces. Red Oak	3.5x4x0.62 per panel	1 (Custom Fit)	8
13	Mirror	Whole wall opposite the center stage should be end to end mirrored.	96x48x0.33 per pane	1 (Custom Fit)	8

Common Room:

Figure 31: Common Room Furniture & Equipment Description:

Common Room					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Television	Any 29 to 32 inch TV for the purposes of displaying advertising and promotion like: Dynex 32" 720p 60Hz LCD HDTV	31x20x5	2	5
2	DVD Player	Standard DVD player w multiple format capability. Like a Toshiba DVD Player (SD3300)	17x8x2	1	5
3	Stereo System amplifier and speakers	Stereo receiver/ amplifier with satellite and tower speakers. Like a Sony 2.0 Channel Stereo Receiver (STRDH130) complete system	NA	1	5
4	Cable connection	Wall mount unit access point. As provided by a local cable company/ standard cable provider.	NA	2	5
5	Laptop/Computer Connectors and Hook Ups	Junction box set up to allow for universal connection to and between electronic entertainment equipment	NA	1	5
6	Wi-Fi connection	A simple Wi-Fi box. Like a ASUS Dual Band Wi-Fi Access Point (EA-N66).	6x6x3	1	5
7	Desk (Student)	Rectangular communal desks w/ rounded edges. Plywood w/ arborite laminate surface, rubber edging. Metal adjustable legs.	60x32x24	8	5
8	Chair (Student)	Hard Plastic chair with metal tubular frame (no arms, no padding)	12x12x24	20	5

Sleeping:

Figure 32: Sleeping Room Furniture & Equipment Description:

Sleeping Room					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Mat	Padded mat for the floor to sleep on. Mat is sealed, dust-mite and water proof. Elementary sized.	23x44x2	100	NA
2	Slip Cover	A case for the padded mat. Elementary sized.	23x44x0.5	100	NA
3	Sheet	A sheet to use for sleeping. Elementary sized.	23x44x0.5	100	NA
4	Pillow	A pillow to sleep on. Pillow is sealed, dust-mite and water proof. Elementary sized.	10x14x3	100	NA
5	Pillow Case	A case for the pillow. Elementary sized.	10x14x0.5	100	NA
6	Towel	A towel to use. Standard size.	26x46x0.5	100	NA
7	Bunk Bed (Individual)	3 layered wooden bunk bed frames w/ wall support, ladder, hand rails. Each layer holds 2-4 kids	88x56x90	Built to Suit Total Kids 210	8
8	Bunk Bed (Against Wall)	3 layered wooden bunk bed frames w/ wall support, ladder, hand rails. Each Layer holds 4-8 kids.	88x112x90		8
9	Bunk Bed (Center of Room)	3 layered wooden bunk bed frames w/ wall support, ladder, hand rails. Each Layer holds 8-16 kids.	176x112x90		8

Other General Investments:

Figure 33: General Furniture & Equipment Description:

General					
Reference	Item	Description	Dimensions (LxWxH) Inches	No. of products	Useful Life (Accounting)
1	Billboard	The singe around the complex for advertising purposes	Custom	NA	8
2	Front of School Décor/Façade	The beautification of the front of the school and the surrounding area	Custom	1	8
3	Security System	Alarm system and monitoring for the business' protection	NA	1	NA
4	Webpage	The design implementation and upkeep	NA	1	NA
5	Cloud Access	The storage of the company's information and access to franchisees	NA	1	NA
6	ERP System	To handle the franchise	NA	1	NA
7	Electronic Garage Door Opener	For the service access to the school and for parking the schools vans	Custom	1	8
8	Electronic Gate/Door	For the customer service doors. Customers access to the school	NA	1	8
9	School Van	For transporting the children back and forth and conducting school business	NA	3	8

5.2.2.4. PERSONNEL:

The required number and type of personnel needed for running our venture is much more flexible than our previous infrastructure and equipment discussions. The following is a list of our expected personnel requirements initially needed to ensure that our business runs smoothly under normal conditions.

Kindergarten Personnel

- Kindergarten Manager (MGR)
- Kindergarten Assistant Manager (AMGR)
- Kindergarten Office Assistant (OA)
- 4 Bilingual Class Homeroom Teachers (CT)
- 4 English Class Homeroom Teachers (CET)
- 1 Daycare Teacher (CT)
- 1 Yard Maintenance Manager (Uncle: Driver and Handyman)
- 2 Foreign Low-Cost Labor (Aunty: Housekeeper, Cook, Assistant Caregiver)
- 2 Foreign Teachers (2 NEST, can use 1 NEST and 1 NNEST to save costs)

Head-Office Personnel

- Franchise Manager
- Franchise Assistant Manager
- Franchise Assistant
- Curriculum Manager
- Curriculum Assistant Manager
- Curriculum Assistant

As the business improves and approaches maximum capacity we will be adding the following personnel as needed:

- 4 Chinese Classroom Teachers (rather than splitting duties between Chinese and Bilingual classes)
- 4 Assistant/Caregiver/Teachers (duties split between kindergarten and head-office duties)
- 2 Student Interns (assistant/caregiver/teacher)(duties split between kindergarten and head-office duties)
- 1 Foreign Teacher (NEST)
- 2 Foreign Low-Cost Labor (Housekeeper, Cook, Assistant Caregiver)
- 1 Part-Time Driver and Yard Assistant

5.2.3. Key Partners:

With our intentions of growing in both scale and scope and crossing borders, Abraham Academic Academy is aware that they will be unable to do it alone. Our key partners are an intrinsic part of our business plan and we will work closely with them to ensure that our customers and franchisees are getting the proper support they require to become successful in today's economy. We believe that a prominent feature of Abraham Academic Academy is our network of connections. This powerful network would be appealing to a prospect franchisee owner, because when someone buys a franchise they are not only getting a package of support, but an assurance that they are not and will not go it alone.

As a matter of policy, Abraham Academic Academy will not make direct sales of merchandise or materials to franchisees; instead we will utilize our network and organize the

supply of merchandise and materials to schools through approved third party logistics operators. Abraham Academic Academy believes that honest and reliable partners play a vital role in our success. It will be through the ongoing sales and communications amongst our network of members that we will be able to ensure the honesty and reliability of our key partners. Abraham Academic Academy believes it is the access to our resources, like our key partners, that gives our franchise members an advantage over those without. Some of these people that we will be working closely with are:

5.2.3.1. OVERSEAS LOW-COST CAREGIVERS:

Head-office will work with overseas human resource agencies that supply overseas low-cost labor in order to procure the best possible labor at the cheapest prices. As a method of keeping costs down we will supplement labor wherever possible to give us an advantage over our competition.

Because, on average, low-cost foreign labor has a lower turnover rate in the industry and will stay with a company for an extended period of time, we will provide training for our low-cost labor and certification where possible in order to bring them in line with specific duties. We believe this is important and represents an often over looked avenue of opportunity in many other business models. Another factor besides the lower than usual turnover rate is the reciprocate gratitude received from the low-cost labor workers when their quality of life is improved that is unmatched by their local counterparts; training them and treating them better just makes sense. It is surprising, but this is something not often done by many language and cram schools in many countries, like the majority of our competitors in Taiwan.

These individuals will initially provide the majority of the basic labor required like cooking, cleaning, maintenance and fixing. Additional training will be based on an individual's potential for other duties as required like driving, child care, office work, and teacher aid.

5.2.3.2. LOCAL ASSISTANT CAREGIVERS:

Head-office will try to work with some educational institutions and departments in hopes to procure student labor. Every year students attend normal or vocational universities and schools in fields related to our business and seek ways to gain work experience. Practical work experience is a major concern for many students and by working for us we can provide an individual with a reference for their resume, an experience in a work related field, or a starting point for their career. For others we may be able to persuade them to remain with us to hone skills or build a career.

We will put job postings up and make it a point to have semesterly and yearly internships available whenever possible. Internships allow companies to sample labor by seeing first-hand how candidates perform without being fully committed to that individual. This gives companies an eye into the future for possible job prospects.

Another motivational factor is dependent on a nation's student labor laws as student labor in many countries represents an avenue to cut costs. Many students are paid a fraction of the wage and without the benefits that an employee would have to be paid while performing the same duties.

5.2.3.3. OVERSEAS NATIVE ENGLISH SPEAKING TEACHERS (NEST):

One of the hardest aspects of maintaining an international language school is the procurement of both the number and quality of foreign teachers to fill the positions required. This is followed by the high turnover rate as many foreigners view their position at best as temporary. Abraham Academic Academy has a four point plan to aid with these three aspects of long-term foreign teacher procurement:

- First, is to use a specific key employee's, John Vatougiros, knowledge of and connections with his hometown universities in Vancouver, British Columbia Canada. It is the plan to recruit university students interested in taking a break from their studies and wanting to travel abroad. He will also engage the education departments of the universities in a bid to attract teachers through the offer of gaining experience. Lastly, will be the focus on students who apply to the teacher education programs. There are only 8 teacher education programs in the province that lead to a teacher's certification and allow an individual to teach in the K-12 public school system. Access to these programs is difficult and only 1 in 4 candidates are admitted into the program. An overseas job placement at Abraham Academic Academy would be right up their alley, we would allow teachers to come and work while applying to the program until they are accepted. Our offer would be to provide both training and insight into the field of overseas education allowing them to beef up their application proposals.
- Second, will be to attract native speaking English teachers through our overseas partner language schools. These schools would act as recruiting agents for us for a fee. This fee will be paid half by the school that receives the teacher and half by the

employee who get the job. This fee will come out the teacher's first few salary payments and Abraham will make the payment on the schools behalf to the recruiting agent/school once that teacher has fulfilled half of his negotiated contract (Contracts are usually negotiated on a year by year basis).

- Third, will be the establishment of Abraham Academic Academy overseas language schools. An overseas language schools will be beneficial to us in three ways: Locations that local students want to go to learn English are places that language schools thrive, Abrahamic affiliated schools in these locations add prestige and can provide the franchise with alternative forms of revenue and different business opportunities; the strength of a Language school's overseas connections is known to be tied to that school's viability and success; and we can increase our network and advantages like supplying students to our own schools, while enticing teachers to come abroad to work with us.
- Fourth will be implementation of the ambassador program. Many foreigners have mixed or bad experiences teaching abroad due to culture shock and the acculturation process. The experience can be difficult and is known to deter future prospects. Schools are also known not to do enough for their teachers nor support them in their process, which cause many to fall off track. Part of the ambassador program will be to right these wrongs and to offer foreign teachers long-term prospects through the ability to become an entrepreneur; opening their own franchise. We know that many may not stay, nor want to pursue such an avenue at the time of employment. However, through such programs we believe that we would decrease our foreign teacher turnover rate while improving the

quality of work during their period of employment. Above all it is the intention of the program is to spread the word and bring potential employees back our way when they or their friends are ready.

I, John Vatougios, being a foreigner have gone through the process, which allows for a higher understanding of the problems, situations and remedies. I have seen the good, bad and ugly of the systems used to keep us in line and I know which systems are good and which ones can be made better. Through improving cross cultural relations between foreign and local teachers and the administration that oversees them, I believe that schools can make foreign teachers their ambassadors; rather than mistreating foreign teachers, not spending the time to align them with a school's systems, or make them feel at home. Many schools unintentionally make sure that their foreign employment is temporary through inappropriate conduct, so when time comes to part ways foreign teachers leave on bad terms. The fact that the terms are not good imbues the notion that future foreigner teachers will be deterred from going abroad or going to specific schools. All and all, my experience and understanding of the situation is an asset going forward.

5.2.3.4. TRAINING AND QUALITY CONTROL:

An important aspect of developing a recognized and reputable international franchise chain would be the assurance and guarantee of quality that we provide our customers and end users. Part of this for any franchise chain is the training of new employees within an existing chain and the training of franchise branch owners. Abraham Academic Academy will provide training to its employees and franchisee owners at specifically designated company owned schools or at franchise operators who are licensed to teach around the world.

Through the completion of a set of developed courses we will offer our franchise owners certificates. Courses will be arranged by title/position, topic, and level. Tutorial information and self-diagnostic tests will be kept on-line for individuals to read up on and practice, but to be certified an individual must proceed to a designated school and undergo testing under formal conditions.

Schools do not need to pass all levels and acquire all certificates, but it is encouraged through a reduction in franchising fees, reduced franchise supervision, leniency over punishment and less corporate intervention with regards to specific matters. There is a minimum level that must be acquired for a franchisee to stay in business and a schedule of completion over a time period that must be kept unless extenuating circumstances are provided. Head-office has the power to make a franchise owner's school take classes if a situation or set of circumstances arises that point out a weakness or misalignment between their school and the Abrahamic way of doing things. Generally this would only be done if the course was deemed necessary and part of an action required bringing about a resolution to a specific problem.

For franchise operators who want to become licensed to teach courses and be responsible for training and quality control in a region that has no center, there will be another set of courses that can be taken that will provide that license and certification. There are several motivational reasons for becoming a licensed center. One will be the prestige and status associated with their school in the public's eye. Customers and end user will have access to a schools level of certification, which might affect a parent's decision in choosing an appropriate school. The top two tier schools will receive special recognition and schools licensed to teach and supervise other schools will place amongst the top tier. Part of the franchising fees collected is for the purpose of

training and maintaining quality control. Licensed schools will receive a share of this revenue based on the other schools usage of the training and certification programs in their region. To encourage training and certification Abraham Academic Academy issues a number of training credits to a franchise owner based on their fees paid. These credits will differ according to contract with a portion of credits issued being fully redeemable (head-office pays for the training) and the rest partially redeemable (a percentage paid for by head-office and the remaining percentage paid by the school receiving the training). Franchise operators licensed to teach will be able to redeem the credits for cash.

5.2.3.5. DURABLE EQUIPMENT AND MATERIALS PROCUREMENT:

A large capital investment in durable equipment has to be made for a school to get off the ground. Additional investments will be made by schools for maintenance purposes, for growth purposes, or in order to keep up with Abrahamic standards. This equipment has to be strong enough to put up with a child's vigor, safe enough to avoid injury, built well enough to avoid liability, and cosmetically pleasing enough to a parent's or child's eyes, while aligning with our corporate views of what an Abraham Academic Academy school looks like.

We understand the difficulty and costs associated with starting a new school or converting an old school over into a school that conforms to our beliefs. We believe that it is not necessary for a school to invest in only new equipment and therefore allow franchise owners to buy second hand equipment.

Abraham Academic Academy head-office keeps a catalogue of relevant information available online for franchise owner's viewing. We believe that it is important for owners to be in

the know, especially when it comes to the current fair market price for furniture, equipment and material purchases and for school maintenance and renovation labor costs. We allow schools to communicate with one another and to post deals and information that they believe is relevant and helpful to other franchise owners. The information that head-office provides is categorized and classified in sets of lists: pricing lists that indicate ranges of typically wanted goods and services and their range of acceptable prices, preferential low cost providers of goods or services, or a classifieds section for goods for sale and services for hire. The lists will contain all the information that a school owner would like and need to know when making infrastructure investments like the poster's information, an item's description, the item's cost and the vendor's contact information. An example of some lists would be:

- A list of new equipment providers
- A list of second hand equipment providers
- A list of labor specialist (custom built) (construction, cabinetry, electric, plumbing, concrete, metal, landscaping)
- A list of people who service and repair equipment
- A list of material providers

An example of some lists arranged by category is:

- Playground Equipment
- Sport and Goods (Athletic Equipment)
- Appliances (Kitchen, Air-Conditioner, Laundry)(commercial, commercial lite, and household variety)
- Electronic and Computer Goods
- Transportation (School Bus)

- Cabinet and Furniture (Tables, desks, chairs, shelves)
- Raw Materials (artificial grass, gravel, sand, cement, asphalt, rebar, steel, wood)
- Security Equipment

5.2.3.6. EDUCATIONAL MATERIALS PROCUREMENT:

Educational Materials Procurement follows the same format as the last section (5.2.3 e) Durable equipment and materials procurement). The purpose is to provide awareness and give options to franchise owners who would like to save time and money. Franchise owners can do their own sourcing or use a trusted reference from the list when in doubt.

An example of some lists arranged by category is:

- Curriculum Text and Note Books
- Whiteboards and Stationary
- School Memorabilia and Collectibles (uniforms, school bags, water bottles, lunch boxes, handkerchiefs, hats)
- Printing Services (cards, envelopes, flyers, letter head, certificates, signs, posters, decorative items, banners, pins, badges, trophies, stamps)
- Musical Instruments
- Toys
- Insignia, Logo and Crest Services
- Interior Decor and Design

Note: some items must conform to Abraham Academic Academy standards. A detailed explanation of this conformity issue is discussed in section 4.7.

5.2.3.7. CONSULTATION AND STUDENT SERVICES (FOCUS ON OVERSEAS PROGRAMS):

Educational services are known to be of utmost importance to the success of a language school. Parents are always concerned about what comes next for their children and if the services that will be rendered will be aligned to the next stage of their child's development. Educational services help in building a strong bond between a school and its customer. A school that is informed can ease parental concern with options and answers to questions. A school with solid explanations can build a trust that turns into reliance in unsure areas. If a customer trusts you they will trust your recommendations. This is why Abraham Academic Academy intends to be informed of local and international programs and services of interest and will try to establish a partnership with them for the purposes of increasing the company's revenues.

Abraham Academic Academy understands that customers will leave our schools and try other schools and programs in other places for a variety of reasons. So, while Abraham Academic Academy will focus on the promotion of our own services, our own K-12 curriculum and instilling faith in our own Chinese and English programs, we will provide extra information to ease parental concerns regarding their child's options and mobility in, around or out of Taiwan. We will have long term plans mapped out for our customers and will inform them of what they can expect and where they can go in the long run through the use of our schools and partners. This way, if a student needs to transfer to another school, we will aid our customers in their decision and not leave them out in the dark. It is not only our job to prep a child for an overseas education, but to facilitate the transition. If a parent needs we will have all the information available and ready on hand to help a child make the transition smoothly. Obviously this service has many benefits if partners are established. For example if a transfer is required within Taiwan

then we will refer our students to other Abraham Academic Academy schools if possible, otherwise gracefully refer them to another key language school partner or affiliate. If aid is required for services outside of Taiwan, it would be best for us if we cooperated with a few reliable boarding centers, had knowledge regarding some popular public and private schools and developed a key language school network of partners and affiliates in a few of these popular destinations. The development of this network would be valuable to our customers and key to our success.

This notion of having key partners parallels the important reason why Abraham Academic Academy wants to grow into a program that covers kindergarten to pre university courses. Why should Abraham Academic Academy build up a business's clientele just to pass it onto someone else, or because of the limited age group confined to a specific school not develop services deemed important to our customers just because we are not getting a piece of action. In our business model everyone will win, with each partner's hand in another's. Each member of the network will be paid for the good work they did. For example, the tuition gained by one school for the enrollment of their students will result in a commission to the other school that did all the groundwork.

Note: Educational services are also known to provide a viable secondary source of revenue.

Note: Consultation and Student Services are talked about in more detail in section 5.5.3 under Expansion Model Plans.

5.2.3.8. WEB AND CLOUD SERVICE PROVIDERS:

These services will be completely outsourced. Our website design, layout and development will be handled by professionals. Our web page must be new, trendy, state of the art, informative and user friendly. We want our website to be able to convey pertinent information to those surfing it, we want our website to be easy to navigate so parents will want to use it and we want our website pass the information keyed in and requests made to the relevant parties (head-office or individual branches, administrative, complaint, etc.) of interest so we can provide fast and expedient service. Abraham Academic Academy believes that the website must be kept up to date and relevant to our customers' needs.

Besides the traditional merit chart and communication books our school will have its own email addresses and employees will have their own work Facebook account and profile pages. Parents can communicate with school, teachers and administration via these online and social media formats.

The web services are not only for our customers, but for maintaining our in-house network and services. Abraham Academic Academy will also have its own private cloud services in order store the vast amount of information that we intend on sharing within the franchise. As much as possible will be placed virtually in order to reduce head-office's workload regarding individual inquiries. We plan to be able to provide the majority of our franchise's offerings online. So, this information will have to be properly organized so as to allow easy access to it and navigation through it. This will require a large amount of IT resources and will be maintained by a service provider.

Note: The Facebook account is to add a personal touch to the school. Teachers must regularly post blogs and pictures referring to the school's students and activities.

5.2.3.9. LEGAL AND BUSINESS SERVICES:

One of the advantages of going big and joining a franchise is the legal and business services support. The majority of the paperwork and documentation (such as land, property, or leasing, contracts; and process, applications, notice forms; or any other type of standardized forms for mutual agreement or consent) needed by a franchise should be able to be found at head-office. If not, head-office will have professionals on speed dial who are familiar with the business and its needs. These associates will be able to provide better quality services at a more reasonable price.

5.2.3.10. ACCOUNTING SERVICES:

One type of specialized business service that we entail on using will be an enterprise wide system. The web and cloud services mentioned above (5.2.3.8 Web and Cloud Service Providers) are only a part of the total package of services that we intend on supplying. Access to an enterprise resource planning system (ERP) like SAP is important to our company's growth, facilitating our network and in keeping us connected, while providing the end school with some all-important tools. Accounting software, customer management software and more will be made available to our franchisees to use. These offerings represent another perk gained by joining Abraham Academic Academy, which a smaller independent school would not be able to afford nor have access to. Because Abraham Academic Academy is located in Taiwan and the majority of businesses will be confined to Taiwan and Asia (with only a few at most located in North America) we will subscribe to DingXing (鼎新) services for enterprise support and maintenance.

5.3. CUSTOMER RELATIONS

Customer relations are of utmost importance in our industry for three reasons: First a single customer potentially represents a 16 year shared revenue stream within our business model. Second is the value of a customer's word of mouth in the education industry, which represents a wealth of potential new customers. Third is the extremely demanding nature of parents who send their children to language and cram schools. These parents are paying a high premium for the services rendered and tend to be highly sensitive of their investment and over protective of their children.

These three factors can put a demanding strain on the resources of a school and when this strain is met with an entrepreneurial business sensibility, the result can be damaging to the school. The most common and highly destructive results seen in the industry are the unnecessary pandering to a parent's needs, the lying and hiding of important information and the discrepancies between what a school says and does.

Therefore Abraham Academic Academy will always be part of a school's customer relation process. While a school will be conducting their own customer relations, we will be in the background monitoring and working together with schools in generating customer relation programs, packages and supplementing information to ensure better results.

This will be done primarily 2 ways: monitoring and dissemination of tools and information. First, Abraham Academic Academy will establish a customer relations center at a flagship school in a country/region. All customer relations and services information will be made clear to school branches and their customers. Customers will be able to contact head-office via

phone, email or on-line. This information will be displayed on our website and business cards; schools must display this information on the walls in their main office and in plastic insert stands that sits on the reception desk where customers can plainly see; and schools must send this information home in a student's communication book 3 times a year, at the beginning, middle and end of every semester. This way, head-office will be in the loop and have a chance to respond to situations through our customers' awareness. Head-office can then decide to pass on the information to a school to resolve, or work with the school in coming to a resolution. Head-office can then decide to follow up with a customer to ensure that everything has been worked out to their satisfaction. In this way, head-office can act as a third party and intervene on a customer's behalf to ensure that a school is conducting business as intended. Thus, in effect, we believe we are conducting an extremely vital part of our regulatory supervision from abroad, without having to send personnel down to a school, which can be even more costly.

Second, customer relations and services will be aided by head-office through the use of our network and resources available. This will be done by head-office routinely compiling and distributing the various successful customer relation measures used at various branches, learned from our competition, and developed by their efforts. Customer relations and services will also be aided through the use of our resources like our customer relations management (CRM) system. A franchisee will have access to everything we have and can employ them at will. Abraham Academic Academy believes that the proper use of these assets will lead to higher rates of success for a school and will produce more successful schools in the long run.

We understand that this service provided by head-office represents a large cost center, but it provides an important aspect of our quality control. It ensures that Abraham Academic

Academy will never be out of the loop in terms of our customers' care, nor unaware of any inappropriate behavior conducted by delinquent schools. Abraham Academic Academy wants to make sure that its schools stay on the right track by doing the right thing and providing the right information to its consumers. Service and information that is conducive to a positive and healthy relationship. Quite often in the industry proper relations and follow up is often omitted by smaller companies due to its drain on resources, which becomes more complicated without the right tools and support. Abraham Academic Academy believes this is the easiest way to keep parties aligned and to promote our long term success and growth.

Note: Actions will be taken against any school that does not properly participate in these customer relation issues. Schools will be punished financially and through mandatory training at their cost. Enforcement will be conducted in part by customers who notify head-office of any violations and by company supervision.

5.4. VALUE PROPOSITION

The value proposition of Abraham Academic Academy lies in the packaging of its offerings. A school, like us, lies in between the producers and the consumers and has to accommodate both our end-user and franchisees needs. We need to provide products and services that are useful and desirable to both parties and recognized by industry specialists. The construction of our value proposition takes into account the following three things.

At our core is our curriculum and our value is extracted through its assembly from a sea of information, taking into consideration our customers long-term interests so as to be able to support the schools in our business model, presenting it in an acceptable format for our schools to

use and consumers to view, and having the courses recognized by the professional and academic accreditation societies that exist for validation purposes.

Another value factor is the nature and degree of practicality and applicability of what is being taught. A consumer's willingness to invest depends on where the product lies between novel and novelty and whether the product is for recreational, career orientated or higher learning purposes. Most textbooks are abstract, theory based, full of technical jargon and crammed with information, whereas people want to know what can exactly be done with this information. It is the extraction of a practical application of a book's content to a person's real life that creates its value. For our school's it will be the ease of conveying this information that is important, whereas as for our customers it will be the ability to comprehend quickly and track progress.

Everything else that we supply is secondary and serves the purpose of supplementing our curriculum, making the dissemination or comprehension of our curriculum easier or fueling a person's higher order self-actualizing needs.

Thus, we have used these notions in searching for a formula to our curriculum, format and delivery systems that increases our value relative to our competition in terms of consumer preferences and in searching for ways to enhance the overall performance of our schools and students. Ways that will allow our schools to focus on the teaching and our students to focus on the learning. A summary of our value proposition as seen through the eye of our customers and franchise members is as follows:

Our value proposition from a customer's perspective lies in our:

- Flexible schedule in time, days
- Ability to upgrade and augment a program without penalty or excessive cost or inconvenience
- Choice of packages (for convenience and price savings) OR itemization (for customization purposes)
- Curriculum
- K-12 system and overseas involvement
- Multiple program offerings
- Extended hours of service
- Afterhours services available
- Weekend services
- Extra services provided (shuttle, community involvement i.e.: doctor's office memorabilia)
- Student and customer services
- The one stop shop (no need to go elsewhere for educational needs)

In addition to those mentioned above, our value proposition from a franchisee perspective lies in our:

- Accounting system
- ERP (Enterprise Resource Planning system) with CRM (Customer Relation Management system)
- Network, support and resources
- Brand and recognition/reputation
- Low cost and efficient design

- Achieving economies of scale

5.5. EXPANSION MODEL PLANS

5.5.1. ORGANIC: NEXT SCHOOL LEVEL EXPANSION MODEL:

The next school level expansion model plan describes the continuing growth of a set of schools in a new region. We will generally commence operations in a new area with a kindergarten and will subsequently grow our operations with our children. The plan is to begin with a kindergarten and end with a high school in a region before moving on. Our corporate flagship school will follow this model and grow through the inclusion of subsequent grades and levels. Section 2.2.1 outlined the plan of opening the next level school before the current school's youngest age students graduate. We believe it will take no longer than the maturing of the youngest class to establish a strong enough of a base to stabilize the original school and to secure a safe enrollment number for the next level school. So, in terms of our kindergarten, we expect it to be stable and going strong within the 4 years it takes for our freshman class to graduate. Before this 4 year time period we will commence operations at the elementary school and have it receive this near full-capacity graduating class from the kindergarten. One reason to do this is to avoid the elementary school going through the initial period of financial hardship that generally occurs with a new school opening. A high initial enrollment number represents a nice financial cushion for the elementary school's launch.

In the case of a next school level expansion that intends to take place within the same location of an existing lower level school, an additional plan will be implemented concurrently. A facility that intends to expand operations will introduce a set of partial services to the public prior to its opening to test the waters and create awareness. For example: a set of sample classes,

introductory activities or private tutoring for the intended students of that future facility and level. A school that intends to perform this operation from the onset can also create their school's facade and infrastructure in one planned stage of development rather than incurring unnecessary extra costs later. For example with cards or signs that include the school's intentions. This will be the case with our initial kindergarten flagship school as it is going to expand services to include the elementary grades 1-6. Therefore, we will build it and name it accordingly as it will become an Abraham Academic Elementary Academy. This will be done through the specific choice of décor for the main office which indicates the future plans and the creation of a two-sided business card with one side depicting the current Kindergarten and the other-side addressing Abraham's future Elementary School. This way the school can gain the advantage of creating awareness by exposing their customers and community directly to their intentions.

As indicated above, the plan will be to then open the subsequent middle, junior, and high school programs according to the same time-table. However, these programs will be run at another facility, in a different location, nearby the joint kindergarten-elementary school. As previously stated, we expect to open the middle school program before the youngest elementary class graduates; open the junior high school program before the youngest middle school class graduates; and finally to open the senior high school program before the youngest junior high school program graduates.

In terms of the franchise chain and selling franchises to the public, we expect that a specific school level can be franchised once the corporate flagship school for that specific level is ready for duplication. The duplication timetable is based on the readiness of a corporate owned

flagship school and if it has been thoroughly tested, is stable and operational with the majority of kinks and bugs having been worked out.

5.5.2. ORGANIC: SAME SCHOOL LEVEL EXPANSION MODEL:

The same school level expansion model implies that a particular school level, either kindergarten, elementary, middle, junior, or high school, is ready for duplication. The same level school expansion model will exactly follow the next level school expansion model described above. As indicated before, we expect a school to be stable and going strong by the time the youngest class graduates. It is at this time that we believe the majority of the bugs and kinks of the programs will have been worked out and that we will have begun the process of arranging our knowledge in kits for our future corporate and franchise schools. So, it is at this time that the same level school model will be ready to be reproduced elsewhere either by the company or a franchisee. The benefit of growing slow and organically is that our staff will be fully competent by the time duplication occurs. Our plans utilize this notion as we intend to relocate personnel to new schools. We believe we should be able to relocate up to half of our staff to a new school without sacrificing the quality of care at the original school. New personnel can be trained by the people who remain at the original school, while those who get relocated can begin the process anew at the new school. One intention behind personnel relocation is the important dissemination of company culture that cannot be contained in any kit.

Using this expansion model guideline we should theoretically be able to open one new company owned school or franchise (same level or next level) approximately every 4 years for every existing school in operation. In essence, we will be doubling the number of schools every 4 years. Our intention is to grow slow, because regardless if it is a company owned school or a

franchise we want to be able to support that school with trained personnel. Expanding at a rate much faster than this in our initial years of operation may prove to be unwise. Thus, at least for the first several cycles, this is our expected plan for expansion.

5.5.3. ORGANIC: CONSULTATION AND STUDENT SERVICES:

The last stage of development calls for the development of a consultation and student services wing of the business to manage both students and parents' educational concerns. Section 5.2.3.7 above, primarily focused on development of a key partner network for revenue generation purposes and constitutes only one part of this larger service that we intend on providing our customers. The development of the entire consultation and student services wing will be an ongoing project. It will commence with the kindergarten's grand opening to the public with all available time being devoted to its completion outside of the immediate needs of a school. Initially, we will be able to provide some information and advice to students and parents. However, our goal is to have these services be fully developed and of high standard by the time our high school programs are opened to the public. We will use the opening of our middle school and junior high school programs as milestones to gauge our development and we will arrange our schedules to accommodate this latest high school opening deadline. Abraham Academic Academy believes that these services are of utmost importance to our parents who have questions about increasing the breadth of their child's education and sending their children overseas. Questions relating to overseas programs generally start before a child enters middle school. A reason for this is because western countries are beginning to open their public and private schools to international students at increasingly younger ages every year. For example, Canada now accepts international students as young as grade 6 (11 years old).

Consultation and student services will be an important part of our schools and are usually understated in developing nations. Emerging nations, like Taiwan, provide very poor follow-up service to their customers and most companies lack service centers due to their associated costs over profits. Those schools that have service centers provide information to clients that are heavily biased and aligned with their own interests and partner school network. The form of the consultation and students services that was discussed in section 5.2.3.7 constitutes the extent of the systems that exist in the majority of language and cram schools today. Schools often only suggest options that involve their bottom-line, ignoring parental interests that do not coincide with their own. Because of this schools are usually not entirely trusted by their customers. It is our intention to correct this position and provide trusted (marginally biased) information to our customers in hopes to secure future business through our reputation.

The consultation and student services wing of Abraham Academic Academy will be a free service provided to all franchise members and their customers. Headquarters will develop services and information packages on a national and international level; whereas company owned schools will aid head-office develop local information. In areas without a company run school, head-office will work with franchisees to ensure that they understand the importance of these services and aid in their development. Students and parents will be able to contact either their local school or head-office to acquire any kind of educational information and assistance. Our goal is to be able to answer any question that a student or parent might have.

Internationally, it is the intention of Abraham Academic Academy to be able to provide information related to room & board, travel, visa, international health care, language proficiency testing, university entrance preparation (examination, applications, requirements, scholarship,

etc.), overseas camps and studying abroad. We will even provide information about different schools, their requirements and standards, for students that have to leave our school and chain. Locally, we will inform our customers about special programs not offered by us. For example special camps, events held at community centers, special shows, exhibitions of interest, a kids day at a park, a children's fair, international kite day at BaiShaWan beach, or anything that a kid or parent would want to do or learn about. We will even try to arrange for the provision of coupons and discount to such events. The goal of our services will be to aid in raising our customers' quality of life through the saving of valuable time needed to research the diversified range of program offerings that we make available to them.

We will try to create a network of partner schools to cash in on these opportunities, and will develop or expand programs as need depending on popularity, but will be knowledgeable and provide options even if we are unable to profit directly from them.

5.5.4. AGGRESSIVE: MERGE AND ACQUISITION EXPANSION MODEL:

The cram and language school markets worldwide are facing consolidation, our business model is developed for the underdog, sole-proprietor operating and seeking an advantage in this age of chain school domination. Indeed, there are a huge number of language schools in operation in most cities around the world; especially in cities that have high emigration and exchange student demographics like Taiwan or cities that are a target for new immigrants like Los Angeles, San Francisco, Montréal and Vancouver. In my hometown of Vancouver there are over 100 language schools in operation. In a situation like this it is virtually impossible for a new school to open without causing one to close. Taipei, Taiwan is another perfect example, as on almost any street you can find a cram school or a Language center that is in operation, struggling to get by or

has gone bankrupt. It is the utilization of these many independent schools that is an integral part of the Abraham Academic Academy strategy, business model and growth plans. We offer these independent schools high visibility and low cost chain school benefits with a decentralized system that favors their entrepreneurial spirit and protects its chain members. It is clear that in this day and age of the cram and language school era that growth will primarily occur through stand-alone schools merging or one school acquiring another. It is our plan to facilitate this awakening through the development of our franchising empire.

Depending on our financial situation, a new school may or may not be run by the company, but established through franchising agreements. Initially, we expect a low rate of adoption by new owners and conversions by already established schools due to our low visibility, but we have an aggressive franchising plan that benefits first-mover entrepreneurs to adopt a franchise. The aggressive nature is based on our models flexibility; our financial and regulatory sacrifices in order to quickly gain exposure and grow beyond our means. Financially speaking, the rights to use our franchise name will be free initially for the first number of schools in a certain city, area, or country with franchising rates increasing as our empire builds. Depending on a particular school's operating history and potential for growth, the fees owed to Abraham Academic Academy will be negotiable too. In regulatory terms, Abraham Academic Academy will be providing regulation lite and regulation heavy contracts to our potential franchisees depending on these two criteria. The reason for this can be seen as follows: with the first criteria, the number of years that a school has been in operation, a school that has been in operation for some time does not need to use our services or network as they are already familiar with the industry. Therefore, a potential franchisee does not want to pay for something they do not need and does not want to be told what to do if they already know how. With the second criteria, the

potential for market expansion, a school would not be willing to spend money unnecessarily, nor adopt our ways if they could not cash in on it. Thus, unless we truly believed that we could make a real difference and realized some flawed aspects of their business model, then it would be a real hard push for us to try and make them pay for our services and follow our ways.

Another part of our more aggressive expansion growth model is our prioritization schedule; how we will expand at a faster rate. For the sake of faster growth and building financial strength we prefer to first sell franchising rights, over seeking out potential schools to convert, and before buying a bankrupt or struggling school. We also plan to sell off existing company owned schools that are profitable with the stipulation that they remain within the franchise in order to secure more capital for reinvestment purposes. The last thing we will do is build-up a new school from scratch due to the investment of time and resources needed to get a school off the ground.

The last part of our aggressive growth model relates to how we plan to utilize the worldwide consolidating market. Abraham Academic Academy sees the numerous opportunities, understands the potential and is willing to take the risk. Table 40, Bankrupt and Foreclosed Schools for Sale, lists only a few schools in Taiwan that are available and at our disposal. These schools represent a pool of resources to be chosen from and can be either rebuilt in to a new school or stripped down for parts to be utilized by existing schools. Either way these schools can be exploited by us and represent a fraction of the cost of starting fresh and buying new.



6. FINANCIAL ANALYSIS

6.1. COST STRUCTURE

The cost structure of a school can be broken down into 4 basic components: the premise itself; the premise's infrastructure, equipment, machines and materials required supporting operations; the personnel to run the school and to provide the intended services; and the supplies that are to be consumed on a daily basis.

There are other details to take into account above and beyond these elements that will be discussed in detail in the following sections. For example there will be no yearly depreciation on the majority of the equipment purchased because of its 2nd hand salvage value nature; wages will be held constant for the first 3 years due to the current stagnant salary phenomenon Taiwan is experiencing; the monthly expenses, except rent, will grow at the expected 3% inflationary rate as determined in the previous market analysis section; revenues are predicted up to the point that the school reaches 65% legal capacity in year 4 and then grows at 3.5% until 75% legal capacity and then 1% until leveling off.

6.1.1. PREMISES:

Abraham Academic Academy is looking for a facility between 661 and 1,322 square-meters (between 200 and 400 pings) of unspecified layout that can be divided into 25-30 rooms of various sizes to serve a variety of purposes. As discussed, this facility will be located in suburban Taipei (Xindian, NeiHu, or BanQiao) and must include an indoor/outdoor area to be used as a play area between 165 and 330 square-meters (between 50 and 100 pings). This play

area can be either a park adjacent to the school, outside ground level, B-level, roof-top or another level preferably attached/adjacent to the school facility.

In these areas we are anticipating rent to be on the order of \$250,000 NT a month up to about \$500,000 NT. This variability in rent is due to the facility’s location (being either more residential or urban), age of the building and the particulars behind the letting agreement (specific terms, conditions and floors like B-level, first and second floor or higher). For the purposes of the financial statements we are assuming that our rent will be \$350,000 NT per month. This estimation was determined based on real-estate information gathered and is displayed in the appendix Table 12 Real Estate Research (Rent). A summary of the averages for the findings in the three key areas of Xindian, NeiHu and BanChiao areas are below.

Table 12: Potential Real-Estate Rental Rates for the Kindergarten (Xindian, NeiHu and BanChiao):

NeiHu 內湖		BanQiao 板橋		XinDian 新店	
1坪一個月	\$1,142	1坪一個月	\$1,131	1坪一個月	\$972
200坪一個月	\$228,308	200坪一個月	\$226,117	200坪一個月	\$194,344
400坪一個月	\$456,615	400坪一個月	\$452,234	400坪一個月	\$388,689

Looking down the road, we at Abraham Academic Academy will want to own the building and enter the real-estate side of our business for leasing security. In today’s market for the location and facility requirements discussed, we are expecting to pay upwards of approximately \$125,000,000 NT for the facility with the expectation being approximately \$225,000,000 NT. This estimation was determined based on real-estate information gathered and

is displayed in the appendix Table 13 Real Estate Research (Own). A summary of the averages for the findings in the three key areas of XinDian, NeiHu and BanChiao areas are below.

Table 13: Potential Real-Estate Prices for the Kindergarten (XinDian, NeiHu and BanChiao):

NeiHu		BanQiao		XinDian	
內湖		板橋		新店	
1坪	\$760,045	1坪	\$875,262	1坪	\$609,776
200坪	\$152,008,969	200坪	\$175,052,446	200坪	\$121,955,254
400坪	\$304,017,938	400坪	\$350,104,891	400坪	\$243,910,508

6.1.2. FACILITIES AND AMENITIES INFRASTRUCTURE:

Abraham Academic Academy facility and amenity infrastructure needs can be broken-down and prioritized into 3 stages: The kindergarten’s operational requirements, the transformation of the kindergarten into the Abraham Academic Academy Flagship School, the tools needed by the Abraham Academic Academy franchise to fuel growth.

Stage 1, acquisition of the kindergarten’s premise’s infrastructure, equipment, machines and materials required to support operations. A physical description of these needs was addressed in detail in section 5.2.2.3 Facilities and Amenities Structure. However, the financial acquisition and pursuit of these needs are described by Abraham Academic Academy’s business model. It is the intention of Abraham Academic Academy to utilize the current condition of the supplemental education industry’s consolidating market. Our flagship school like all future schools will be built in stages and with cost in mind. Especially, when considering the high risks and costs that can

cripple a startup, which can be associated with the initial stages of a school's development. In this particular sense of the word, utilize means to purchase the equipment needed 2nd hand through bankrupt and foreclosed schools and other 2nd hand or cheap liquidating vendors. Abraham Academic Academy believes that these items together with the cost to bring those elements in line with our brand and image will be substantially less than if purchasing the items new.

Table 40, Bankrupt and Foreclosed Schools for Sale, in the appendix gives a brief list of such schools currently available to be utilized and a description of their contents. Abraham Academic Academy believes that a majority of the equipment can be picked up in this fashion and slowly replaced or upgraded as needed once the school can support itself. This can be done because a large portion of these products that are utilized by schools are either generic or universal in nature. From Table 40 Abraham Academic Academy believes that its flagship school can be outfitted and operational with an initial outlay of between \$2,000,000 to \$2,500,000 NT. An additional \$1,250,000 NT will be spent after the first year of operations. The utilization of this money will be prioritized; first to satisfy any more urgent equipment needs with the remainder set aside to acquire the rest of the items as depicted. In total we are budgeting to spend \$3,700,000 NT during the first 2 years for the kindergarten alone. We expect future outlays of cash to be spent on the kindergarten during stage 2 in order to bring it up to our expectations that we have set for a flagship school. These will be primarily cosmetic in nature as the school will be used for demonstration purposes. In addition, stage 3 anticipates substantially large outlays of cash required in the future to meet our franchising needs. An example of these high cost franchising expenses would be the web and cloud services and the ERP, CRM and Accounting systems. In both cases we do not intend to incur these costs until well into our Elementary expansion phase, approximately 4 to 6 years after kindergarten becomes operational. The breakdown of our initial

kindergarten budget is portrayed in Table 14, Kindergarten Infrastructure Budget Summary below.

Table 14: Stage 1: Kindergarten Infrastructure Budget Summary:

Abraham Academic Academy Infrastructure Budget Summary						
Priority	Description	Number of Areas	Cost per Area	Initial Outlay (before open to public)	During 2nd Year (of operations)	Total Investment
a	Classroom	12	100 000	1 000 000	500 000	\$1,500,000
b	Common Room	2				
c	Theater Room	1				
a	Playground	1	800 000	500 000	300 000	\$800,000
a	Front Office	1	100 000	150 000	100 000	\$250,000
b	Back Office	1				
a	General	1	250 000	300 000	200 000	\$500,000
b	Sleeping Room	1				
a	Bathroom	3	150 000	300 000	150 000	\$450,000
a	Kitchen	1	250 000	250 000	0	\$250,000
Total		24	@	2 500 000	1 250 000	\$3,750,000

From this table we can see that there are different prioritization groups that are organized top down (pink, yellow, green and blue, purple and dark green) and that elements within the groups are also prioritized (a, b, c).

6.1.3. PERSONNEL:

The flagship school and head-office is expected to employ 35 employees from managers and teachers to assistants and janitors when it reaches full capacity, but initially we are expecting to hire 22 employees; 18 for the kindergarten and 4 for head-office. We plan to begin training by mid-July, approximately 2 months before the school's first fall semester, September inaugural opening. We then plan to bring more personnel on board as needed. We expect to maintain 22 personnel for the first year and begin recruiting additional personnel in the second year. Our expectations are to reach full capacity by the end of the third or beginning of the fourth year. The Table 15 and 16 that follow layout the expected personnel cost for Abraham Academic Academy.

There will be a reward based pay-for-performance scheme used to motivate employees. Part of this scheme will be based objectively on the school's financial performance above the schools break-even point and the school's competitive performance—enrollment figures—with respect to our in region primary competitor. This way personnel are motivated to keep attendance high (happy children and parents) and costs down (waste). The second part will involve employee evaluation and observation results: the management's assessment of individual personnel, a self-assessment and a peer assessment made by each personnel. These assessments will be checklist and questionnaire based with space available for personal thought and antidotes. Questions will focus on characteristics of an employee's job description that we all forget and need to remember; key corporate characteristics that we try to instill and thus try to remind personnel what we are looking for; methods for greater improvement and empowerment; and inner departmental aid and cross departmental aid. 1 aspect of the peer review will be to highlight the actions done by 4 other employees. Actions that helped, the person in question, do their job better, grow as an employee, or appreciate their work environment, and those negative and hindering effects that worked

against them. The 4 people will be separated into 2 groups with 2 people per group. Therefore 2 people will be chosen from inside a person's department and 2 from another department. Within a department one person's actions will have accounted for the positive effects felt and the other person's actions will represent the negative effects felt. In time Abraham Academic Academy will create evaluation kits that will aid in the process. These kits will be a part of our franchise offering and be disseminated to other members in our franchising group. This financial reward will be given out in the form of a yearly bonus to employees. In Taiwan that bonus will coincide with the Chinese New Year Bonus. When Abraham Academic Academy expands, the bonus will accommodate the host nation's cultural expectations.

Raises in salary will not be common. A raise in salary will occur if an employee exhibits great potential outside of their basic job description that is aligned with our company's growth interests; their ability to be promoted or used in another capacity by the business. Instead other perks will be given to employees like longer holidays, longer sick leave, at work benefits and discounts. Generally speaking these people will have a greater say and be better able to influence group activities and appropriate budget use set aside for facilitating a better work environment.

Note: For the sake of our financial analysis we will assume that the average cost of the number of employees will increase linearly over the 2-year period starting from the beginning of year 2 and ending at the end of year 3, that the bonus will amount to an extra paycheck and that there will be no raises in salary.

Table 15: Initial Labor Costs:

Abraham Academic Academy - Labor Costs						
Initial Personnel Employment Breakdown						
Reference	Position	Designation	Amount	Monthly Salary	Total Monthly Cost	Total Yearly Cost
1	Manager	MGR	3	65 000	195 000	2 340 000
2	Assistant Manager	AMGR	1	45 000	45 000	540 000
3	Office Assistant	OA	3	23 000	69 000	828 000
4	Foreign English Teacher	NEST	2	65 000	130 000	1 560 000
5	Local English Teacher	NNEST	0	40 000	0	0
6	Chinese Class Teacher	CT	1	30 000	30 000	360 000
7	Chinese Homeroom Teacher	CT	5	25 000	125 000	1 500 000
8	English Homeroom Teacher	CET	4	28 000	112 000	1 344 000
9	Yard Maintenance Manager	Uncle Handyman Driver	1	25 000	25 000	300 000
10	Yard Assistant	Uncle Handyman Driver	0	20 000	0	0
11	Foreign Low-Cost Labor (Lowest Legal Wage 15840)	Housekeeper Cook Assistant Caregiver	2	18 000	36 000	432 000
12	Student Interns (Min Wage 109/hr if no credit)	Intern	0	18 000	0	0
Total			22	@	767 000	9 204 000

Table 16: Full Capacity Labor Costs:

Abraham Academic Academy - Labor Costs Full Capacity Personnel Employment Breakdown						
Reference	Position	Designation	Amount	Monthly Salary	Total Monthly Cost	Total Yearly Cost
1	Manager	MGR	3	65 000	195 000	2 340 000
2	Assistant Manager	AMGR	3	45 000	135 000	1 620 000
3	Office Assistant	OA	3	23 000	69 000	828 000
4	Foreign English Teacher	NEST	2	65 000	130 000	1 560 000
5	Local English Teacher	NNEST	1	40 000	40 000	480 000
6	Chinese Class Teacher	CT	1	30 000	30 000	360 000
7	Chinese Homeroom Teacher	CT	10	25 000	250 000	3 000 000
8	English Homeroom Teacher	CET	4	28 000	112 000	1 344 000
9	Yard Maintenance Manager	Uncle Handyman Driver	1	25 000	25 000	300 000
10	Yard Assistant	Uncle Handyman Driver	1	20 000	20 000	240 000
11	Foreign Low-Cost Labor (Lowest Legal Wage 15840)	Housekeeper Cook Assistant Caregiver	4	18 000	72 000	864 000
12	Student Interns (Min Wage 109/hr if no credit)	Intern	2	18 000	36 000	432 000
Total			35	@	1 114 000	13 368 000

6.1.4. SUPPLY:

The supplies that are to be consumed on a daily basis represent Abraham Academic Academy's operating costs and represent the premise's rent and utilities, food for the children and staff, educational supplies for the children and school, fuel for the school bus, office supplies and a cost set aside for regular ground maintenance. Table 17 lists the kindergarten's expected operating costs without taking into consideration the student population.

Section 6.4 revenue generation discusses the impact on a school with regards to its student enrollment figures. Table 18, 19, and 20 show the operating costs under Abraham Academic Academy's prediction that the enrollment numbers will be 3 and 5 students per class for the first 3 semesters (the first year and a half) for a total of 65 students, 8 students per class for the next 3 semesters (end of second year and all of third year) for a total of 104 students, 11 students per class thereafter the beginning of the fourth year for a total of 143 students and that there will be either 22, 28 or 35 employees operating the kindergarten's 13 classes. Table 18, 19, and 20 follow Table 17 below.

Note: The following operating cost tables are for illustrative purposes only and do not take into account nor are adjusted for inflation (the estimate 3% yearly inflation).

Table 17: Kindergarten Operating Costs without Enrollment Considerations:

<p style="text-align: center;">Abraham Academic Academy Operating Cost Breakdown</p>						
Reference	Item	Description	Nature of Variability	Per Unit Cost	Monthly Expense	Yearly Expense
1	Food	Student & Staff Meals @ 22 days per month	# People # Meals/Day	35 NT per meal	X	X
2	Stationary	Student Usage per month	# Students	125 NT per month	X	X
3	Books	Semester Text Books & Notebooks	# Students	1000 NT per month	X	X
4	Office Supplies	For Staff Use	Fixed	1000 NT per month	1000	12 000
5	Electricity	Low Winter High Summer (exponential fee)	Seasonal (AC Usage)	NA	Low 56 000 High 120 000	Low 672 000 High 1440000
6	Water	Min 240 NT + Consumption Charge	~ Fixed	NA	3000	36 000
7	Gas	1Deg = 22.5 NT	~ Fixed	NA	3000	36 000
8	Internet	Business Package	Fixed	NA	2500	30 000
9	Telephone	Business Package	Fixed	NA	2000	24 000
10	Insurance	Basic Property and Liability Package for a School	Fixed	NA	25 000	300 000
11	Fuel	School Bus Usage	# Busses (in Use)	5500 per month	5500	66 000
12	Grounds Fee	Generic Maintenance and Upkeep	Fixed	1000 NT per month	1000	12 000
13	Rent	Property Fee	Fixed	NA	350 000	4 200 000
Total				Low High	449 000 513 000	5 388 000 6 156 000

Table 18: Initial Year Kindergarten Operating Costs with Enrollment Considerations:

<p style="text-align: center;">Operating Costs Year 1 (Semester 1, 2, 3) (65 Students @ 5 per Class & w/22 Employees)</p>						
Reference	Item	Description	Nature of Variability	Per Unit Cost	Monthly Expense	Yearly Expense
1	Food	Student & Staff Meals @ 22 days per month	# People # Meals/Day	35 NT per meal	66 990	803 880
2	Stationary	Student Usage per month	# Students	125 NT per month	8125	97 500
3	Books	Semester Text Books & Notebooks	# Students	1000 NT per month	65 000	780 000
Previous Fixed Sub-Total				Low	449 000	5 388 000
				High	513 000	6 156 000
Total				Low	589 115	7 069 380
				High	653 115	7 837 380

Table 19: Following Year Kindergarten Operating Costs with Enrollment Considerations:

<p style="text-align: center;">Operating Costs Year 2, 3 (Semester 4, 5, 6) (104 Students @ 8 per Class & w/28 Employees)</p>						
Reference	Item	Description	Nature of Variability	Per Unit Cost	Monthly Expense	Yearly Expense
1	Food	Student & Staff Meals @ 22 days per month	# People # Meals/Day	35 NT per meal	101 640	1 219 680
2	Stationary	Student Usage per month	# Students	125 NT per month	13 000	156 000
3	Books	Semester Text Books & Notebooks	# Students	1000 NT per month	104 000	1 248 000
Previous Fixed Sub-Total				Low	449 000	5 388 000
				High	513 000	6 156 000
Total				Low	667 640	8 011 680
				High	731 640	8 779 680

Table 20: Perpetuity Kindergarten Operating Costs with Enrollment Considerations:

<p style="text-align: center;">Operating Costs Year 4 (Semester 7 Onward) (143 Students @ 11 per Class & w/35 Employees)</p>						
Reference	Item	Description	Nature of Variability	Per Unit Cost	Monthly Expense	Yearly Expense
1	Food	Student & Staff Meals @ 22 days per month	# People # Meals/Day	35 NT per meal	137 060	1 644 720
2	Stationary	Student Usage per month	# Students	125 NT per month	17 875	214 500
3	Books	Semester Text Books & Notebooks	# Students	1000 NT per month	143 000	1 716 000
Previous Fixed Sub-Total				Low	449 000	5 388 000
				High	513 000	6 156 000
Total				Low	746 935	8 963 220
				High	810 935	9 731 220

6.2. CAPITAL FINANCING AND INVESTMENT

Abraham Academic Academy's financing and investment plans are dependent on the many variables in our timetable. Table 21 below displays this timetable.

Table 21: Abraham Academic Academy Fundraising Timetable:

Abraham Academic Academy Fundraising Timetable			
Stage	Date	Expectation	
1	2013	September	Company Incorporation
	2014	September	Settle on Location and Facility
	2015	Beginning	Find a third partner with a mix of resources, cash and talent prior to this deadline
			Take Out a Loan \$4M NTD
2	2015	Beginning	Negotiate Lease
	2015	March	Commence Renovations
			Commence Marketing (Local Grassroots Design @ location and in community)
	2015	May	Commence Recruitment
	2015	June-July	Begin Training New Management
	2015	July-August	Begin Training New Employees
3	2015	September	Open School
			Goals: 25 students enrolled, 40 prospects
			Goals: Established good Community relations
			Goals: Exposure is local, few neighboring communities
	2015	December	Goals: Estimate the Time to Become Profitable (between 1-2 years)
			Goals: Find Investors and determine minimum investment size needed to continue operations. A investment figure will be based on summertime pre-enrollment and first semester enrollment numbers. We will be looking for angel investors for the purposes of future investment/expansion for this period
4	2017	September	School is Profitable
			Goals: Finalize expansion rate expectations and policy employment.
			Expectations: Venture Capitalist will be willing to invest in profitable school, which is the grounds of our business proposal.
			Expectations: Parents and children will be willing to enroll in proven school.
	2017	December	Goals: Raise capital needed to fund finalized plans, conduct several rounds, each round 12-24 months.
			First Round Landmarks: Focus on Profits, attendance figures (60% Capacity).
			Second Round Landmarks: Profitable @ 80% Capacity, Begin Expansion Timetable.

From this table one can see that the yellow sections describe Abraham Academic Academy's three different financial fund raising plans. The first involves taking out a bank loan and the other two represent raising capital through angel and venture capital investors.

Initially, Jenny Lai and John Vatougios are financially capable to get the kindergarten opened and to commence operations. Each of us has access to approximately \$300,000 USD (\$9,000,000 NTD) in reserve funds and has access to \$1,000,000 USD (\$30,000,000 NTD) of real-estate that can be used as collateral. In addition, we have monthly disposable income and credit lines that can be used. However, one reason why we are looking for a third partner is because we anticipate a rocky road before the school becomes profitable and we want a partner to be included in the loan and to bear the risks involved with the school (the rocky road is due to the nature of the supplementary education market in Taiwan being mature and consolidating as discussed in our market analysis in section 3). Another reason that we are looking for partner is because we are in need of talent and resources that can be used in our business plans. As the table above indicates we, the three founders, intend to take out a bank loan of \$4,000,000 NTD to help finance our initial investment and get the kindergarten off the ground. It is expected that Abraham Academic Academy will acquire a 5-year loan with a 2.5% interest rate. This 4 million will be invested in working capital and long term assets, with the remainder to be used to cover any emergency or operating expenses that will be incurred. The bank loan amortization schedule that is to be used in our financial analysis of the company is depicted below for reference:

Table 22: Abraham Academic Academy Initial Bank Loan Amortization Schedule:

<p style="text-align: center;">Abraham Academic Academy Initial Bank Loan Amortization Schedule</p>					
Date		Payment	Interest	Principal	Balance
2015	January	\$0	\$0	\$0	\$4,000,000
2015	July	\$428,012	\$50,000	\$378,012	\$3,621,988
2016	January	\$428,012	\$45,275	\$382,737	\$3,239,250
2016	July	\$428,012	\$40,491	\$387,522	\$2,851,729
2017	January	\$428,012	\$35,647	\$392,366	\$2,459,363
2017	July	\$428,012	\$30,742	\$397,270	\$2,062,093
2018	January	\$428,012	\$25,776	\$402,236	\$1,659,857
2018	July	\$428,012	\$20,748	\$407,264	\$1,252,592
2019	January	\$428,012	\$15,657	\$412,355	\$840,238
2019	July	\$428,012	\$10,503	\$417,509	\$422,728
2020	January	\$428,012	\$5,284	\$422,728	\$0

In regards to the other means of raising capital described, the angel investors will only be used if deemed necessary for the survival of the kindergarten; for the purposes of bailing the kindergarten out or strengthening the kindergarten's weaker than expected position. The angel funds will be used to get Abraham Academic Academy on to solid ground to where it is in a profitable position. Whereas the venture capitalists are an expected part of our plans; they are to be used to fund the very expensive and long term development of the franchising chain that is beyond the founder's capabilities.

6.3. REVENUE GENERATION

The supplemental education industry is a mature industry with all cram and language schools adhering to an existing fee structure that is commonplace in the industry. Pretentious businessmen have tried to put a little spin on this commonly used structure in an attempt to differentiate themselves and elusively extract more money from their customers. However it seems that this time has passed as customers are much wiser and more disheartened by such attempts of tomfoolery. Customers are crying out for a much simpler structure and only a few have caught on. Abraham Academic Academy is one of these few and has come to the rescue of these unhappy cram and language school patrons with an extremely easy and flexible revenue generation scheme.

Due to the mature nature of the industry our pricing is restricted to the existing market framework. Due to the sheer number of supplementary schools a school's prices are based on their local competition and each school will require an evaluation of the local competitive market pricing schemes in place. Due to the fragmented nature of the market Abraham Academic Academy can easily find a place to fit in amongst the plethora of rivals we face.

6.3.1. PRICING:

The core of Abraham Academic Academy's pricing scheme utilizes the already accepted 4 fee types: a semesterly registration fee, a monthly tuition fee and a onetime miscellaneous fee and additional fee. The miscellaneous fee represents a basic branding starter kit full of namesake items for a child to identify with and to use at school on a daily basis. These items range from uniforms, bags, stationary goods and other student orientated educational items. The additional fee can be either monthly or semesterly and represents the extra cost associated with items outside of a particular package offering. The additional fee can include services rendered or onetime purchases like uniforms, extra books, toys, course upgrades, private tutoring lessons, event fees, meal upgrades, or transportation fees.

As mentioned our prices are based on a study of the competition. Table 39, in the appendix, lists competitive pricing tables and pricing schemes used by various industry competitors. From this one can see that the full curriculum private schools with kindergarten programs represent the top end of the pricing spectrum with the supplemental schools coming in next. For the supplemental schools it is the larger franchising chains above the smaller mom and pop variety. However, it is the public school kindergartens that occupy the bottom end of the pricing spectrum. For comparison sake, Figure 34 below looks at the competitive pricing landscape for a variety of programs, but primarily focusses on the English-Only environment. We choose to focus on this particular pricing range because this is the top end of the pricing range

and our specialty. This represents where we will try to fit in and differentiate ourselves leading to a greater creation of value and extraction of profits in the future.

Figure 34: The Total Semester Cost Competitive Pricing Landscape for Various Programs

(Assume English-Only Programs Unless Otherwise Stated):

Competitive Analysis Total Semester Cost Summary English-Only Program (Unless Indicated)	
Full Curriculum Private Schools	> NT \$150000
Large Franchise Chains (HESS)	NT\$132,000
The Majority of Kindergartens and Smaller Chains	NT\$105,000
Mom & Pop Variety Kindergartens	NT\$77,000
Chinese Kindergartens (Chinese-Only)	NT\$60,000
Public School Kindergartens (Daycare)	NT\$20,000

Note: The public schools price is so low because they are the only schools that fully abide by the law and so represent daycare services without class instruction.

Due to the new nature of our Chain not having an established history or reputation, we aim to come in above the pricing of the majority of kindergartens and smaller chains, but less than the larger and more reputable chains like HESS. Another reason that we want to enter at a point below HESS's price scheme is because of the newer curriculum focus (K-12 w/ broader focus) that we plan to implement. This change in direction may be met with hesitation or skepticism at first, especially when it comes down to the dollars and cents of it all.

Besides differentiating ourselves with the K-12 curriculum we are taking an approach to supplemental educational that most schools have not attempted. We are extending our services down to the daycare level and also include Chinese-Only lessons. Thus, Abraham Academic Academy has come up with a pricing scheme that incorporates the range of students from the HESS level down to, but just above, the public school level as depicted in the above figure. It is our intention to charge a price premium to the public school offering for many reasons such as the access to a greater availability of services, exposure to an international mindset and a higher class of being. The plan is to charge enough to keep the poorer and more undesirable members of society away from the more affluent students whose parents might take offense, but not too high as to reject a major portion of this segment. The idea is to begin integrating the children, whom may grow up without ever being exposed to an international environment, into the system. Abraham Academic Academy believes that it will be the students' daily exposure together with our easily upgradeable and flexible scheduling system that may eventually tempt parents or children to want to try some of the other services available. The other reason that we want to incorporate the Chinese-Only services is to bring people on board from this customer segment

earlier than usual. By doing this we allow them to become familiar with the school and services before they learn about our competition, so when elementary school begins both parents and students already have knowledge about and access to a cram school provider. Regardless if a person learns English or Chinese; all students must succeed in school and face the national curriculum requirements of their country. With all this said it is at this time that we would like to present our program pricing scheme for full time students. They are ordered from the high-end expensive programs down to the low-end economical programs.

Figure 35: Full-Time Pricing Scheme for Abraham Academic Academy Programs:

Abraham Academic Academy (English-Only-Sophomore, Junior, Senior)	
Registration Fee /semester	NT\$25,000
English-Only Environment Fee	NT\$5,000
Tuition Fee /month	NT\$14,750
Additional Fee /month	NA
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520




Figure 35 Continued: Full-Time Pricing Scheme for Abraham Academic Academy Programs:





Abraham Academic Academy (Bilingual-Freshman)		
Registration Fee /semester	NT\$25,000	
Tuition Fee /month	NT\$11,250	
Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Abraham Academic Academy (Bilingual-Sophomore, Junior, Senior)		
Registration Fee /semester	NT\$25,000	
Tuition Fee /month	NT\$10,500	
Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	

Figure 35 continued: Full-Time Pricing Scheme for Abraham Academic Academy Programs:

Abraham Academic Academy (Chinese-Only-All Levels)		
Registration Fee /semester	NT\$25,000	
Tuition Fee /month	NT\$6,250	
Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Abraham Academic Academy (Day Care-All Levels)		
Registration Fee /semester	NT\$25,000	
Tuition Fee /month	FREE	
Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	

From these tables there are four points to make. First is the extra fee for the English-Only environment. This fee represents the quality of the teachers that teach this segment, both foreign

and Chinese. These teachers represent the school's best and most experienced and are the highest paid in the school. The Chinese teacher's English ability has to be above average and they need to prove their language ability through documentation (minimum TOEIC, TOEFL, or IELTS Score) that they can handle an English only environment and class. The second is the free tuition under daycare services. This is the entry level package and the \$25,000 NT grants any student full access to the school's facilities. When this registration fee is paid a student is granted free access to daycare services anytime of the day during business hours, no questions asked. With this fee being paid, a student can then augment or upgrade any package details and only pay the difference at the end of the month. This outstanding balance will be classified under the additional fees. The third thing to mention is how the classes are categorized. The sophomore, junior, and senior classes follow the same pricing scheme, but freshmen student packages cost more due to the attentiveness that a child of that age (less than 2 years old) requires. The pricing scheme is the same for all ages for the Chinese-Only and Daycare classes. The fourth point to make is how the pricing scheme compares to other existent pricing schemes. The price for our programs and packages are based on the competition with the low-end economical programs (daycare and Chinese-only) being matched closely to the competitive market in both function and price. However, as program quality increases (English-only), so does its differentiation and its price when compared to other similar programs.

Now with regards to the part-time pricing scheme only 2 of the 4 fee types will change; only the registration and tuition fee are affected, as the miscellaneous and additional fees remain unchanged. It is due to the symmetry of the schedules used at Abraham Academic Academy

schools that the calculation for part-time services is easy. Each day has the same number of classes, the morning and the afternoon classes are numerically balanced as is the ratio of English to Chinese classes throughout the schedule. It is because of this extremely symmetrical design that customers can be offered a wider range of flexible options, more than most other kindergartens are willing to provide their customers. Now the idea of the pricing these smaller part-time packages and customizable packages involve 2 concepts:

- First is the notion of using a price scheme to promote larger, better and more expensive packages that use more classes, more days and more time. A pricing scheme should naturally entice a customer to go big and favor ‘super sizing’, not the opposite.
- Second deals with the inconvenience that arises from the peripatetic nature of the individual students to meet their scheduling needs; the fact is that the more an individual student’s schedule is customized, implies that there is a more of a strain put on the schools resources. A student with a customized schedule has to be mobilized and shuffled around during the breaks in order to be ready for their next class. A pricing scheme should naturally entice a customer to stick with a standardized option, not the opposite.

Therefore a premium will be added to the prices given above in the full-time program. This is done to deter opting for a leaner package and excessively customizing a package, while embracing the already designed larger standardized packages. We want to give our customers the freedom of choice and the options to choose from and therefore have to make those options

feasible. We believe that this premium rate can change depending on the demographics of a school and should be set to allow approximately 10% of the parents to want to customize their packages. Abraham Academic Academy believes that designing a premium to low that allows more than 20% of the parents to prefer customization will slow the school down causing inefficiencies due to logistics and bookkeeping. The premium rates for the kindergarten programs will be: 8% increase for half day studies, 16% increase for either the MWF or TTH schedules and a 25% increase for complete customizability. These premiums will be added to the per element unit price of the full-time schedules elements given above. Now we would like to present our program pricing scheme for part-time students. They are ordered from the high-end expensive programs down to the low-end economical programs.

Note: Another factor that will affect the choice of premium is age of the student, there is an age dependent factor associated with the school's hassle and inefficiency problem, as older children are motivated to attend and will be able to find their own way without confusion. This does not apply to our current discussion of the kindergarten school schedules, but to the higher level Abraham Academic Academy schools that our expansion plans encompass.

Figure 36: Part-Time Pricing Scheme for Abraham Academic Academy Programs:






Part-Time (Half Day) Mornings or Afternoons			Part-Time (Half Day) Mornings or Afternoons		
Abraham Academic Academy (Bilingual-Freshman)			Abraham Academic Academy (Chinese-Only-All Levels)		
Registration Fee /semester	NT\$13,500		Registration Fee /semester	NT\$13,500	
Tuition Fee /month	NT\$6,075		Tuition Fee /month	NT\$3,375	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 2) \times (1.08)$	Formula		$(\div 2) \times (1.08)$
Part-Time (Half Day) Mornings or Afternoons			Part-Time (Half Day) Mornings or Afternoons		
Abraham Academic Academy (Bilingual-Sophomore, Junior, Senior)			Abraham Academic Academy (Day Care-All Levels)		
Registration Fee /semester	NT\$13,500		Registration Fee /semester	NT\$13,500	
Tuition Fee /month	NT\$5,670		Tuition Fee /month	FREE	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 2) \times (1.08)$	Formula		$(\div 2) \times (1.08)$
Part-Time (Half Day) Mornings or Afternoons					
Abraham Academic Academy (English-Only-Sophomore, Junior, Senior)					
Registration Fee /semester	NT\$13,500				
English-Only Environment Fee	NT\$2,700				
Tuition Fee /month	NT\$7,950				
Additional Fee /month	NA				
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520				
Formula		$(\div 2) \times (1.08)$			

Figure 36 continued: Part-Time Pricing Scheme for Abraham Academic Academy Programs:






Part-Time (Full Day) Monday-Wednesday-Friday			Part-Time (Full Day) Monday-Wednesday-Friday		
Abraham Academic Academy (Bilingual-Freshman)			Abraham Academic Academy (Chinese-Only-All Levels)		
Registration Fee /semester	NT\$16,200		Registration Fee /semester	NT\$16,200	
Tuition Fee /month	NT\$7,300		Tuition Fee /month	NT\$4,050	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 5)X(3)X(1.08)$	Formula		$(\div 5)X(3)X(1.08)$
Part-Time (Full Day) Monday-Wednesday-Friday			Part-Time (Full Day) Monday-Wednesday-Friday		
Abraham Academic Academy (Bilingual-Sophomore, Junior, Senior)			Abraham Academic Academy (Day Care-All Levels)		
Registration Fee /semester	NT\$16,200		Registration Fee /semester	NT\$16,200	
Tuition Fee /month	NT\$6,800		Tuition Fee /month	FREE	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 5)X(3)X(1.08)$	Formula		$(\div 5)X(3)X(1.08)$
Part-Time (Full Day) Monday-Wednesday-Friday					
Abraham Academic Academy (English-Only-Sophomore, Junior, Senior)					
Registration Fee /semester	NT\$16,200				
English-Only Environment Fee	NT\$3,250				
Tuition Fee /month	NT\$9,550				
Additional Fee /month	NA				
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520				
Formula		$(\div 5)X(3)X(1.08)$			

Figure 36 continued: Part-Time Pricing Scheme for Abraham Academic Academy Programs:






Part-Time (Full Day) Tuesday-Thursday			Part-Time (Full Day) Tuesday-Thursday		
Abraham Academic Academy (Bilingual-Freshman)			Abraham Academic Academy (Chinese-Only-All Levels)		
Registration Fee /semester	NT\$10,800		Registration Fee /semester	NT\$10,800	
Tuition Fee /month	NT\$4,850		Tuition Fee /month	NT\$2,700	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 5)X(2)X(1.08)$	Formula		$(\div 5)X(2)X(1.08)$
Part-Time (Full Day) Tuesday-Thursday			Part-Time (Full Day) Tuesday-Thursday		
Abraham Academic Academy (Bilingual-Sophomore, Junior, Senior)			Abraham Academic Academy (Day Care-All Levels)		
Registration Fee /semester	NT\$10,800		Registration Fee /semester	NT\$10,800	
Tuition Fee /month	NT\$4,550		Tuition Fee /month	FREE	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 5)X(2)X(1.08)$	Formula		$(\div 5)X(2)X(1.08)$
Part-Time (Full Day) Tuesday-Thursday					
Abraham Academic Academy (English-Only-Sophomore, Junior, Senior)					
Registration Fee /semester	NT\$10,800				
English-Only Environment Fee	NT\$2,150				
Tuition Fee /month	NT\$6,375				
Additional Fee /month	NA				
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520				
Formula		$(\div 5)X(2)X(1.08)$			

Figure 36 continued: Part-Time Pricing Scheme for Abraham Academic Academy Programs:















Part-Time (Half Day) Monday-Wednesday-Friday			Part-Time (Half Day) Monday-Wednesday-Friday		
Abraham Academic Academy (Bilingual-Freshman)			Abraham Academic Academy (Chinese-Only-All Levels)		
Registration Fee /semester	NT\$8,700		Registration Fee /semester	NT\$8,700	
Tuition Fee /month	NT\$3,925		Tuition Fee /month	NT\$2,175	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 2)(\div 5)X(3)X(1.16)$	Formula		$(\div 2)(\div 5)X(3)X(1.16)$
Part-Time (Half Day) Monday-Wednesday-Friday			Part-Time (Half Day) Monday-Wednesday-Friday		
Abraham Academic Academy (Bilingual-Sophomore, Junior, Senior)			Abraham Academic Academy (Day Care-All Levels)		
Registration Fee /semester	NT\$8,700		Registration Fee /semester	NT\$8,700	
Tuition Fee /month	NT\$3,650		Tuition Fee /month	FREE	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 2)(\div 5)X(3)X(1.16)$	Formula		$(\div 2)(\div 5)X(3)X(1.16)$
Part-Time (Half Day) Monday-Wednesday-Friday					
Abraham Academic Academy (English-Only-Sophomore, Junior, Senior)					
Registration Fee /semester	NT\$8,700				
English-Only Environment Fee	NT\$1,750				
Tuition Fee /month	NT\$5,125				
Additional Fee /month	NA				
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520				
Formula		$(\div 2)(\div 5)X(3)X(1.16)$			

Figure 36 continued: Part-Time Pricing Scheme for Abraham Academic Academy Programs:

Part-Time (Half Day) Tuesday-Thursday			Part-Time (Half Day) Tuesday-Thursday		
Abraham Academic Academy (Bilingual-Freshman)			Abraham Academic Academy (Chinese-Only-All Levels)		
Registration Fee /semester	NT\$5,800		Registration Fee /semester	NT\$5,800	
Tuition Fee /month	NT\$2,625		Tuition Fee /month	NT\$1,450	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 2)(\div 5)X(2)X(1.16)$	Formula		$(\div 2)(\div 5)X(2)X(1.16)$
Part-Time (Half Day) Tuesday-Thursday			Part-Time (Half Day) Tuesday-Thursday		
Abraham Academic Academy (Bilingual-Sophomore, Junior, Senior)			Abraham Academic Academy (Day Care-All Levels)		
Registration Fee /semester	NT\$5,800		Registration Fee /semester	NT\$5,800	
Tuition Fee /month	NT\$2,450		Tuition Fee /month	FREE	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 2)(\div 5)X(2)X(1.16)$	Formula		$(\div 2)(\div 5)X(2)X(1.16)$
Part-Time (Half Day) Tuesday-Thursday			Part-Time (Half Day) Tuesday-Thursday		
Abraham Academic Academy (English-Only-Sophomore, Junior, Senior)			Abraham Academic Academy (English-Only-Sophomore, Junior, Senior)		
Registration Fee /semester	NT\$5,800		Registration Fee /semester	NT\$5,800	
English-Only Environment Fee	NT\$1,175		English-Only Environment Fee	NT\$1,175	
Tuition Fee /month	NT\$3,425		Tuition Fee /month	NT\$3,425	
Additional Fee /month	NA		Additional Fee /month	NA	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,520	
Formula		$(\div 2)(\div 5)X(2)X(1.16)$	Formula		$(\div 2)(\div 5)X(2)X(1.16)$

The last way to customize a schedule is item by item and the most common additives will be to add a Chinese, English, or activity class. Other classes or activities can be added in a similar fashion. These calculations are shown below in Figure 37.

Figure 37: Customization Pricing Scheme for Abraham Academic Academy Programs:

Per Class Customization Fee		
English Class		
NT \$3075	5 Days /wk	
NT \$1850	3Days /wk	
NT \$1225	2Days /wk	
NT \$625	1Day /wk	
Formula	$14750(\div 6)(\div 5)X(\#days)X(1.25)$	
Per Class Customization Fee		
Chinese Class		
NT \$1300	5 Days /wk	
NT \$775	3Days /wk	
NT \$525	2Days /wk	
NT \$275	1Day /wk	
Formula	$6250(\div 6)(\div 5)X(\#days)X(1.25)$	
Per Class Customization Fee		
Activity Class		
NT \$2200	5 Days /wk	
NT \$1325	3Days /wk	
NT \$875	2Days /wk	
NT \$450	1Day /wk	
Formula	$10500(\div 6)(\div 5)X(\#days)X(1.25)$	

Now, looking back at the Abraham Academic Academy pricing schemes and comparing them to those used by the competition (as shown in Table 39, Competitive Pricing Table in the appendix) one can see how it is easier to use and understand:

- Registration fee and miscellaneous never change
- Simplified daycare fee structure
- Tuition fees for the 4 program types never change (English-Only, Bilingual, Chinese-Only and Daycare)
- Predictable premium rates

6.3.2. REVENUES FORECAST:

When considering the competitive landscape of the supplementary education industry in Taiwan Abraham Academic Academy understands that it will be a hard go initially; being the new kid on the block without an established reputation or history in a mature consolidating red ocean with no growth expectations. We also know that the majority of children will already be enrolled in a kindergarten program in another school and that every customer we get will be one taken from another kindergarten. Parents will be reluctant to pull a happy and content child out of program just to experiment with our new and untested school without proper motivation, especially when considering the child's development and consistent routine in a familiar and friendly environment. Added to this is the fact that parents heavily rely on word of mouth reports made by other parents about their personal kindergarten experiences encountered when choosing a kindergarten for their children to attend. On top of it all are the different aspects of our business model, which we do not expect the public to fully understand, like our part-time schedules, flat

daycare rates, use of daycare and Chinese classes, curriculum differentiation and general company positioning.

Abraham Academic Academy is expecting losses initially until a basic level of understanding and buy-in occurs and will continue to operate in the red until the school reaches 65% of its legal capacity. So, when forecasting revenues based on these external conditions we are expecting to operate far from our school's capacity of 220 students; based on our ideal structure of having 17 rooms at our disposal that can be used for classrooms purposes together with the legal limits put on a kindergarten's class size. In terms of our initial enrollment demographics, we expect that the customization element won't be a factor until the kindergarten is quite established and that aspects of our part-time classes' will not be utilized by the public. We expect our enrollment number to be between low and non-existent initially due to the public's unfamiliar nature with respect to their particular usages. We expect that the Chinese and Daycare services enrolment number to be low due their unfamiliar association with an English kindergarten. We don't expect that the English or bilingual classes number will be too low, because customers will assume that what we preach about our English offering is just hype. However, the more suburban a kindergarten is the lower the English enrollment figures become and we are to be located in a suburb of Taipei.

When taking these factors into consideration we believe that Abraham Academic Academy's flagship kindergarten will have between 39 and 65 students initially enrolled in September of 2015 when the school is supposed to officially open to the public. Pessimistically we expect a figure of 39 students, whereas optimistically we are expecting a figure of 104 students to enroll. When looking in detail at the particular split of our expected enrollment

numbers, assuming 65 students, amongst the different program types, we believe that 10 students will be enrolled into our daycare services and about 18 students will be enrolled in our Chinese, Bilingual and English levels. A more detailed revenue forecast and breakup of these figures is shown below in our semester and yearly forecasts of these 4 important scenarios.

Note: When looking at these figures Abraham Academic Academy expects that the total number of students will grow based on the initial total enrollment figure. This initial figure is then assigned to the individual classes based on our expectations. Initially 13 classes will be used (four for each language and one for daycare) and that the number of students per class will grow according to the scheme: 3, 5, 8, and 11 and then grow at 3.5% per year until 75% capacity before leveling off.

Note: For the sake of simplicity, due to the low customization scheduling figures that we initially anticipate on receiving, we have grouped all the part-time figures together (i.e. part-time M-W-F & T-TH and/or either all day or half day and special customization options) in with the part-time half day schedule forecasts given. We believe that only about 10% of the public will be subscribing to any such part-time programs initially.

Table 23: Abraham Academic Academy Expected Scenario Revenues Forecast:

Abraham Academic Academy Expected Scenario Revenues Forecast														
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total			
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee					
Full-Time	Daycare	All 4 (mixed)	10	4520	NA	0	NA	25000	NA	295200	545200			
	Chinese	Freshman	4			6250				NA	25000	NA	268080	518080
		Sophomore	4										268080	518080
		Junior	4										268080	518080
		Senior	4										268080	518080
	Bilingual	Freshman	8			11250				NA	25000	NA	776160	1516160
		Sophomore	5										462600	902600
		Junior	5										462600	902600
		Senior	5										462600	902600
	English	Sophomore	3			14750				NA	25000	NA	369060	724560
		Junior	3										369060	724560
		Senior	3										369060	724560
Total			58	of 65 Full-Time Students Producing a Revenue of \$						4638660	9015160			

Table 23 continued: Abraham Academic Academy Expected Scenario Revenues Forecast:

Abraham Academic Academy Expected Scenario Revenues Forecast																		
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total							
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee									
Part-Time (Mornings or Afternoons)	Daycare	All 4 (mixed)	1	4520	NA	0	NA	13500	NA	18020	31520							
	Chinese	Freshman	1			4520				NA	3375	NA	13500	NA	38270	72020		
		Sophomore	0												0	0		
		Junior	1												38270	72020		
		Senior	0												0	0		
	Bilingual	Freshman	1												6075	104420		
		Sophomore	1												52040	99560		
		Junior	0												0	0		
		Senior	0												0	0		
	English	Sophomore	1												7950	2700	68420	132320
		Junior	0														0	0
		Senior	1														68420	132320
Total			7	of 65 Part-Time Students Producing a Revenue of \$											337910	644180		

Table 23 continued: Abraham Academic Academy Expected Scenario Revenues Forecast:

Abraham Academic Academy Expected Scenario Revenues Forecast Highlights					
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Freshman	17	\$1,225,540	\$1,148,700	\$2,374,240	\$2,297,400
Sophomore	18	\$1,326,780	\$1,245,420	\$2,572,200	\$2,490,840
Junior	15	\$1,197,050	\$1,129,250	\$2,326,300	\$2,258,500
Senior	15	\$1,227,200	\$1,159,400	\$2,386,600	\$2,318,800
Total	65	\$4,976,570	\$4,682,770	\$9,659,340	\$9,365,540
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Daycare	11	\$313,220	\$263,500	\$576,720	\$527,000
Chinese	18	\$1,148,860	\$1,067,500	\$2,216,360	\$2,135,000
Bilingual	25	\$2,270,470	\$2,157,470	\$4,427,940	\$4,314,940
English	11	\$1,244,020	\$1,194,300	\$2,438,320	\$2,388,600
Total	65	\$4,976,570	\$4,682,770	\$9,659,340	\$9,365,540

Table 24: Abraham Academic Academy Pessimistic Scenario Revenues Forecast:

Abraham Academic Academy Pessimistic Scenario Revenues Forecast												
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total	
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee			
Full-Time	Daycare	All 4 (mixed)	6	4520	NA	0	NA	25000	NA	177120	327120	
	Chinese	Freshman	2			134040				259040		
		Sophomore	3			201060				388560		
		Junior	2			134040				259040		
		Senior	3			201060				388560		
	Bilingual	Freshman	4			11250				388080	758080	
		Sophomore	3			277560				541560		
		Junior	3			10500				277560	541560	
		Senior	3			277560				541560		
	English	Sophomore	2			14750				5000	246040	483040
		Junior	2								246040	483040
		Senior	2								246040	483040
	Total					35				of 39 Full-Time Students Producing a Revenue of \$		

Table 24 continued: Abraham Academic Academy Pessimistic Scenario Revenues Forecast:

Abraham Academic Academy Pessimistic Scenario Revenues Forecast											
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee		
Part-Time (Mornings or Afternoons)	Daycare	All 4 (mixed)	1	4520	NA	0	NA	13500	NA	18020	31520
	Chinese	Freshman	0			0				0	
		Sophomore	0			0				0	
		Junior	1			3375				38270	72020
		Senior	0			0				0	
	Bilingual	Freshman	0			6075				0	0
		Sophomore	1			52040				99560	
		Junior	0			5670				0	0
		Senior	0			0				0	
	English	Sophomore	0			0				0	
		Junior	0			7950				0	0
		Senior	1			68420				132320	
	Total					4				of 39 Part-Time Students Producing a Revenue of \$	

Table 24 continued: Abraham Academic Academy Pessimistic Scenario Revenues Forecast:

<p style="text-align: center;">Abraham Academic Academy Pessimistic Scenario Revenues Forecast Highlights</p>					
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Freshman	8	\$581,160	\$545,000	\$1,126,160	\$1,090,000
Sophomore	12	\$853,760	\$799,520	\$1,653,280	\$1,599,040
Junior	9	\$725,430	\$684,750	\$1,410,180	\$1,369,500
Senior	10	\$822,600	\$777,400	\$1,600,000	\$1,554,800
Total	39	\$2,982,950	\$2,806,670	\$5,789,620	\$5,613,340
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Daycare	7	\$195,140	\$163,500	\$358,640	\$327,000
Chinese	11	\$708,470	\$658,750	\$1,367,220	\$1,317,500
Bilingual	14	\$1,272,800	\$1,209,520	\$2,482,320	\$2,419,040
English	7	\$806,540	\$774,900	\$1,581,440	\$1,549,800
Total	39	\$2,982,950	\$2,806,670	\$5,789,620	\$5,613,340

Table 25: Abraham Academic Academy Optimistic Scenario Revenues Forecast:

Abraham Academic Academy Optimistic Scenario Revenues Forecast														
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total			
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee					
Full-Time	Daycare	All 4 (mixed)	16	4520	NA	0	NA	25000	NA	472320	872320			
	Chinese	Freshman	7			6250				NA	25000	NA	469140	906640
		Sophomore	6										402120	777120
		Junior	7										469140	906640
		Senior	6										402120	777120
	Bilingual	Freshman	12										11250	1164240
		Sophomore	8			10500				740160	1444160			
		Junior	8							740160	1444160			
		Senior	8							740160	1444160			
	English	Sophomore	5			14750				5000	615100	1207600		
		Junior	5								615100	1207600		
		Senior	5								615100	1206250		
Total			93	of 104 Full-Time Students Producing a Revenue of \$						7444860	14468010			

Table 25 continued: Abraham Academic Academy Optimistic Scenario Revenues Forecast:

Abraham Academic Academy Optimistic Scenario Revenues Forecast											
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee		
Part-Time (Mornings or Afternoons)	Daycare	All 4 (mixed)	2	4520	NA	0	NA	13500	NA	36040	63040
	Chinese	Freshman	1			38270				72020	
		Sophomore	0			0				0	
		Junior	1			38270				72020	
		Senior	1			38270				72020	
	Bilingual	Freshman	1			6075				54470	104420
		Sophomore	1			52040				99560	
		Junior	1			5670				52040	99560
		Senior	0			0				0	
	English	Sophomore	1			68420				132320	
		Junior	1			7950				68420	132320
		Senior	1			68420				132320	
	Total					11				of 104 Part-Time Students Producing a Revenue of \$	

Table 25 continued: Abraham Academic Academy Optimistic Scenario Revenues Forecast:

<p style="text-align: center;">Abraham Academic Academy Optimistic Scenario Revenues Forecast Highlights</p>					
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Freshman	26	\$1,862,220	\$1,744,700	\$3,606,920	\$3,489,400
Sophomore	26	\$2,013,940	\$1,896,420	\$3,910,360	\$3,792,840
Junior	27	\$2,101,210	\$1,979,170	\$4,080,380	\$3,958,340
Senior	25	\$1,982,150	\$1,869,150	\$3,851,300	\$3,738,300
Total	104	\$7,959,520	\$7,489,440	\$15,448,960	\$14,978,880
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Daycare	18	\$508,360	\$427,000	\$935,360	\$854,000
Chinese	29	\$1,857,330	\$1,726,250	\$3,583,580	\$3,452,500
Bilingual	39	\$3,543,270	\$3,366,990	\$6,910,260	\$6,733,980
English	18	\$2,050,560	\$1,969,200	\$4,019,760	\$3,938,400
Total	104	\$7,959,520	\$7,489,440	\$15,448,960	\$14,978,880

Table 26: Abraham Academic Academy Breakeven Scenario Revenues Forecast:

Abraham Academic Academy Maturity (65% Legal Capacity) Scenario Revenues Forecast												
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total	
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee			
Full-Time	Daycare	All 4 (mixed)	20	4520	NA	0	NA	25000	NA	590400	1090400	
	Chinese	Freshman	8			6250				536160	1036160	
		Sophomore	8							536160	1036160	
		Junior	8							536160	1036160	
		Senior	8							536160	1036160	
	Bilingual	Freshman	14			11250				1358280	2653280	
		Sophomore	11							1017720	1985720	
		Junior	11							1017720	1985720	
		Senior	10							925200	1805200	
	English	Sophomore	8			14750				5000	984160	1932160
		Junior	8								984160	1932160
		Senior	9								1107180	2173680
Total			123	of 143 Full-Time Students Producing a Revenue of \$					10129460	19702960		

Table 26 continued: Abraham Academic Academy Breakeven Scenario Revenues Forecast:

Abraham Academic Academy Maturity (65% Legal Capacity) Scenario Revenues Forecast																										
Schedule	Program	Levels	Number of Students	One-Time Fees		Monthly Fees (6 months/semester)		Semester Fees (2 semesters/year)		Semester Total	Year Total															
				Miscellaneous Fee	Additional Fee	Tuition Fee	Additional Fee	Registration Fee	Additional Fee																	
Part-Time (Mornings or Afternoons)	Daycare	All 4 (mixed)	4	4520	NA	0	NA	13500	NA	72080	126080															
	Chinese	Freshman	1			4520				NA	3375	NA	13500	NA	38270	72020										
		Sophomore	2												76540	144040										
		Junior	1												38270	72020										
		Senior	1												38270	72020										
	Bilingual	Freshman	2								4520				NA	6075	NA	13500	NA	108940	208840					
		Sophomore	2													104080				199120						
		Junior	1													5670				52040	99560					
		Senior	1													52040				52040						
	English	Sophomore	1													4520				NA	7950	NA	13500	2700	68420	132320
		Junior	2																						136840	264640
		Senior	2																						136840	264640
Total			20	of 143 Part-Time Students Producing a Revenue of \$						922630		1707340														

Table 26 continued: Abraham Academic Academy Breakeven Scenario Revenues Forecast:

Abraham Academic Academy Maturity (65% Legal Capacity) Scenario Revenues Forecast Highlights					
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Freshman	31	\$2,207,270	\$2,067,150	\$4,274,420	\$4,134,300
Sophomore	38	\$2,952,700	\$2,780,940	\$5,733,640	\$5,561,880
Junior	37	\$2,930,810	\$2,763,570	\$5,694,380	\$5,527,140
Senior	37	\$2,961,310	\$2,794,070	\$5,707,860	\$5,540,620
Total	143	\$11,052,090	\$10,405,730	\$21,410,300	\$20,763,940
	Number of Students	Semester Total	Semesterly Total	Year Total	Yearly Total
			(w/o onetime fee)		(w/o onetime fee)
Daycare	24	\$662,480	\$554,000	\$1,216,480	\$1,108,000
Chinese	37	\$2,335,990	\$2,168,750	\$4,504,740	\$4,337,500
Bilingual	52	\$4,636,020	\$4,400,980	\$8,989,480	\$8,754,440
English	30	\$3,417,600	\$3,282,000	\$6,699,600	\$6,564,000
Total	143	\$11,052,090	\$10,405,730	\$21,410,300	\$20,763,940

6.4. FINANCIAL STATEMENTS

The financial statements that follow are based on the logic, terms, definitions, descriptions and values given in this business plan up to this point. The financial statements are based on our expected scenario and involve 3 stages: Stage 1 represents the initial rough buy-in that requires 3 semesters; 1 quick semester with the harsh pessimistic enrolment numbers and 2 semesters at our expected figures. Stage 2 represents the transition stage and requires 3 semesters to get our reputation built and our numbers up. This utilizes our optimistic figures. Stage 3 represents the breakeven stage, which begins in year 4 and requires our enrolment number to exceed 65% of our legal capacity.

Our financial statements assume that revenues will continue to grow at 3.5% after year four until the school reaches 75% capacity. At that time we expect revenues to drop to about 1% a year growth until about 85% capacity before leveling off. Inflation also begins to enter the calculations after year three and is evaluated at 3%.

Here is a list of the following financial figures:

Table 27: Year 1 Monthly Income Statement

Table 28: Year 2 Monthly Income Statement

Table 29: Year 3 Monthly Income Statement

Table 30: 5 Year Income Statement Summary

Table 31: Year 1 Monthly Balance Sheet Statement

Table 32: Year 2 Monthly Balance Sheet Statement

Table 33: Year 3 Monthly Balance Sheet Statement

Table 34: 5 Year Balance Sheet Statement Summary

Table 35: Year 1 Monthly Cash Flow Sheet Statement

Table 36: Year 2 Monthly Cash Flow Sheet Statement

Table 37: Year 3 Monthly Cash Flow Sheet Statement

Table 38: 5 Year Cash Flow Sheet Statement Summary

6.4.1. PRO-FORMA INCOME STATEMENT:

See figures below:

Table 27: Year 1 Monthly Income Statement

Abraham Academic Academy Kindergarten - Monthly Income Statement													
Year 1 (Commencing Operations September 2015)													
YEAR 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 Total
	September					February	March					August	
	Fall Semester						Spring Semester						
Revenues													
Onetime Miscellaneous Fee	\$176,280						\$117,520						\$293,800
Monthly Additional Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Tuition Fee													
Daycare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Chinese	\$65,875	\$65,875	\$65,875	\$65,875	\$65,875	\$65,875	\$106,750	\$106,750	\$106,750	\$106,750	\$106,750	\$106,750	\$1,035,750
Bilingual	\$145,170	\$145,170	\$145,170	\$145,170	\$145,170	\$145,170	\$259,245	\$259,245	\$259,245	\$259,245	\$259,245	\$259,245	\$2,426,490
English	\$96,450	\$96,450	\$96,450	\$96,450	\$96,450	\$96,450	\$148,650	\$148,650	\$148,650	\$148,650	\$148,650	\$148,650	\$1,470,600
Total Monthly	\$483,775	\$307,495	\$307,495	\$307,495	\$307,495	\$307,495	\$632,165	\$514,645	\$514,645	\$514,645	\$514,645	\$514,645	\$5,226,640
Semesterly Additional Fee	\$32,700						\$50,400						\$83,100
Semesterly Registration Fee													
Daycare	\$163,500						\$263,500						\$427,000
Chinese	\$263,500						\$427,000						\$690,500
Bilingual	\$338,500						\$602,000						\$940,500
English	\$163,500						\$252,000						\$415,500
Total Monthly	\$961,700	\$0	\$0	\$0	\$0	\$0	\$1,594,900	\$0	\$0	\$0	\$0	\$0	\$2,556,600
Total Revenues	\$1,445,475	\$307,495	\$307,495	\$307,495	\$307,495	\$307,495	\$2,227,065	\$514,645	\$514,645	\$514,645	\$514,645	\$514,645	\$7,783,240
Expenses													
Salary Expense	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$9,204,000
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$4,200,000
Monthly Utilities	\$163,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$163,000	\$163,000	\$163,000	\$1,444,000
Misc. Student Expense	\$84,070	\$84,070	\$84,070	\$84,070	\$84,070	\$84,070	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115	\$1,345,110
Total Operating Expenses	\$1,364,070	\$1,300,070	\$1,300,070	\$1,300,070	\$1,300,070	\$1,300,070	\$1,356,115	\$1,356,115	\$1,356,115	\$1,420,115	\$1,420,115	\$1,420,115	\$16,193,110
Operating Income	\$81,405	(\$92,575)	(\$92,575)	(\$92,575)	(\$92,575)	(\$92,575)	\$870,950	(\$841,470)	(\$841,470)	(\$905,470)	(\$905,470)	(\$905,470)	(\$8,409,870)
Loan Interest	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$7,546	\$7,546	\$7,546	\$7,546	\$7,546	\$7,546	\$95,275
Earnings Before Tax	\$73,072	(\$1,000,908)	(\$1,000,908)	(\$1,000,908)	(\$1,000,908)	(\$1,000,908)	\$863,404	(\$849,016)	(\$849,016)	(\$913,016)	(\$913,016)	(\$913,016)	(\$8,505,145)
Tax Expense (17%)	\$12,422	(\$170,154)	(\$170,154)	(\$170,154)	(\$170,154)	(\$170,154)	\$146,779	(\$144,333)	(\$144,333)	(\$155,213)	(\$155,213)	(\$155,213)	(\$1,445,875)
Net Income	\$60,649	(\$830,754)	(\$830,754)	(\$830,754)	(\$830,754)	(\$830,754)	\$716,625	(\$704,683)	(\$704,683)	(\$757,803)	(\$757,803)	(\$757,803)	(\$7,059,270)

Table 28: Year 2 Monthly Income Statement

Abraham Academic Academy Kindergarten - Monthly Income Statement													
Year 2													
YEAR 2	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 2 Total
	September					February	March					August	
	Fall Semester						Spring Semester						
Revenues													
Onetime Miscellaneous Fee	\$0						\$176,280						\$176,280
Monthly Additional Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Tuition Fee													
Daycare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Chinese	\$106,750	\$106,750	\$106,750	\$106,750	\$106,750	\$106,750	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$1,676,250
Bilingual	\$259,245	\$259,245	\$259,245	\$259,245	\$259,245	\$259,245	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$3,981,960
English	\$148,650	\$148,650	\$148,650	\$148,650	\$148,650	\$148,650	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$2,362,500
Total Monthly	\$514,645	\$514,645	\$514,645	\$514,645	\$514,645	\$514,645	\$998,420	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$8,196,990
Semesterly Additional Fee	\$50,400						\$83,100						\$133,500
Semesterly Registration Fee													
Daycare	\$263,500						\$427,000						\$690,500
Chinese	\$427,000						\$690,500						\$1,117,500
Bilingual	\$602,000						\$940,500						\$1,542,500
English	\$252,000						\$415,500						\$667,500
Total Monthly	\$1,594,900	\$0	\$0	\$0	\$0	\$0	\$2,556,600	\$0	\$0	\$0	\$0	\$0	\$4,151,500
Total Revenues	\$2,109,545	\$514,645	\$514,645	\$514,645	\$514,645	\$514,645	\$3,555,020	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$12,348,490
Expenses													
Salary Expense	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$9,949,194
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$4,200,000
Monthly Utilities	\$163,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$163,000	\$163,000	\$163,000	\$1,444,000
Misc. Student Expense	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$2,152,530
Total Operating Expenses	\$1,420,115	\$1,356,115	\$1,356,115	\$1,356,115	\$1,356,115	\$1,356,115	\$1,558,839	\$1,558,839	\$1,558,839	\$1,622,839	\$1,622,839	\$1,622,839	\$17,745,724
Operating Income	\$689,430	(\$841,470)	(\$841,470)	(\$841,470)	(\$841,470)	(\$841,470)	\$1,996,181	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$800,699)	(\$5,397,234)
Loan Interest	\$6,748	\$6,748	\$6,748	\$6,748	\$6,748	\$6,748	\$5,941	\$5,941	\$5,941	\$5,941	\$5,941	\$5,941	\$76,137
Earnings Before Tax	\$682,682	(\$848,218)	(\$848,218)	(\$848,218)	(\$848,218)	(\$848,218)	\$1,990,240	(\$742,640)	(\$742,640)	(\$806,640)	(\$806,640)	(\$806,640)	(\$5,473,371)
Tax Expense (17%)	\$116,056	(\$144,197)	(\$144,197)	(\$144,197)	(\$144,197)	(\$144,197)	\$338,341	(\$126,249)	(\$126,249)	(\$137,129)	(\$137,129)	(\$137,129)	(\$930,473)
Net Income	\$566,626	(\$704,021)	(\$704,021)	(\$704,021)	(\$704,021)	(\$704,021)	\$1,651,899	(\$616,391)	(\$616,391)	(\$669,511)	(\$669,511)	(\$669,511)	(\$4,542,898)

Table 29: Year 3 Monthly Income Statement

Abraham Academic Academy Kindergarten - Monthly Income Statement													
Year 3													
Year 3	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 3 Total
	September					February	March					August	
	Fall Semester						Spring Semester						
Revenues													
Onetime Miscellaneous Fee	\$0												\$0
Monthly Additional Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Tuition Fee													
Daycare	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Chinese	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$172,625	\$2,071,500
Bilingual	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$404,415	\$4,852,980
English	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$245,100	\$2,941,200
Total Monthly	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$9,865,680
Semesterly Additional Fee	\$83,100						\$83,100						\$166,200
Semesterly Registration Fee													
Daycare	\$427,000						\$427,000						\$854,000
Chinese	\$690,500						\$690,500						\$1,381,000
Bilingual	\$940,500						\$940,500						\$1,881,000
English	\$415,500						\$415,500						\$831,000
Total Monthly	\$2,556,600	\$0	\$0	\$0	\$0	\$0	\$2,556,600	\$0	\$0	\$0	\$0	\$0	\$5,113,200
Total Revenues	\$3,378,740	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$3,378,740	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$14,978,880
Expenses													
Salary Expense	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$10,694,388
Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Monthly Rent	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000	\$4,200,000
Monthly Utilities	\$163,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$163,000	\$163,000	\$163,000	\$1,444,000
Misc. Student Expense	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$2,623,680
Total Operating Expenses	\$1,622,839	\$1,558,839	\$1,558,839	\$1,558,839	\$1,558,839	\$1,558,839	\$1,558,839	\$1,558,839	\$1,558,839	\$1,622,839	\$1,622,839	\$1,622,839	\$18,962,068
Operating Income	\$1,755,901	(\$736,699)	(\$736,699)	(\$736,699)	(\$736,699)	(\$736,699)	\$1,819,901	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$800,699)	(\$3,983,188)
Loan Interest	\$5,124	\$5,124	\$5,124	\$5,124	\$5,124	\$5,124	\$4,296	\$4,296	\$4,296	\$4,296	\$4,296	\$4,296	\$56,518
Earnings Before Tax	\$1,750,777	(\$741,823)	(\$741,823)	(\$741,823)	(\$741,823)	(\$741,823)	\$1,815,605	(\$740,995)	(\$740,995)	(\$804,995)	(\$804,995)	(\$804,995)	(\$4,039,706)
Tax Expense (17%)	\$297,632	(\$126,110)	(\$126,110)	(\$126,110)	(\$126,110)	(\$126,110)	\$308,653	(\$125,969)	(\$125,969)	(\$136,849)	(\$136,849)	(\$136,849)	(\$686,750)
Net Income	\$1,453,145	(\$615,713)	(\$615,713)	(\$615,713)	(\$615,713)	(\$615,713)	\$1,506,952	(\$615,026)	(\$615,026)	(\$668,146)	(\$668,146)	(\$668,146)	(\$3,352,956)

Table 30: 5 Year Income Statement Summary

Abraham Academic Academy					
Income Statement 5 Year Summary					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues					
Onetime Misc. Fees	\$293,800	\$176,280	\$0	\$176,280	\$22,600
Monthly Fees	\$4,932,840	\$8,020,710	\$9,865,680	\$14,740,415	\$15,256,330
Semester Fees	\$2,556,600	\$4,151,500	\$5,113,200	\$8,493,605	\$8,790,881
Total Revenues	\$7,783,240	\$12,348,490	\$14,978,880	\$23,410,300	\$24,069,811
Expenses					
Salary Expense	\$9,204,000	\$9,949,194	\$10,694,388	\$13,368,000	\$13,769,040
Depreciation	\$0	\$0	\$0	\$0	\$0
Monthly Rent	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
Monthly Utilities	\$1,444,000	\$1,444,000	\$1,444,000	\$1,444,000	\$1,487,320
Misc. Student Expense	\$1,345,110	\$2,152,530	\$2,623,680	\$3,575,220	\$3,682,477
Total Operating Expenses	\$16,193,110	\$17,745,724	\$18,962,068	\$22,587,220	\$23,138,837
Operating Income	(\$8,409,870)	(\$5,397,234)	(\$3,983,188)	\$823,080	\$930,974
Loan Interest	\$95,275	\$76,137	\$56,518	\$36,406	\$15,787
Earnings Before Tax	(\$8,505,145)	(\$5,473,371)	(\$4,039,706)	\$786,674	\$915,187
Tax Expense (17%)	(\$1,445,875)	(\$930,473)	(\$686,750)	\$133,735	\$155,582
Net Income	(\$7,059,270)	(\$4,542,898)	(\$3,352,956)	\$652,940	\$759,605

6.4.2. PRO-FORMA BALANCE SHEET:

Table 31: Year 1 Monthly Balance Sheet Statement

Abraham Academic Academy Kindergarten - Monthly Balance Sheet Statement												
Year 1												
YEAR 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
	September					February	March					August
	Fall Semester						Spring Semester					
Current assets												
Cash	\$29,595,475	\$28,538,900	\$27,546,325	\$26,553,750	\$25,561,175	\$24,568,600	\$25,067,583	\$24,226,113	\$23,384,643	\$22,543,173	\$21,637,703	\$20,732,233
Fixed Assets												
Classroom Furniture	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Playground Equipment	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Office Equipment	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Other Assets	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Sleeping Furniture	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Bathroom Fixtures	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Kitchen Equipment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$32,095,475	\$31,038,900	\$30,046,325	\$29,053,750	\$28,061,175	\$27,068,600	\$27,567,583	\$26,726,113	\$25,884,643	\$25,043,173	\$24,137,703	\$23,232,233
Short Term Liabilities												
Salaries payable	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000
Utilities payable	\$163,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$163,000	\$163,000	\$163,000
Accounts payable	\$84,070	\$84,070	\$84,070	\$84,070	\$84,070	\$84,070	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115
Interest payable	\$8,333	\$16,667	\$25,000	\$33,333	\$41,667	\$50,000	\$7,546	\$15,092	\$22,637	\$30,183	\$37,729	\$45,275
Tax payable	\$12,422	(\$157,732)	(\$327,887)	(\$498,041)	(\$668,195)	(\$838,350)	(\$691,571)	(\$835,904)	(\$980,237)	(\$1,135,449)	(\$1,290,662)	(\$1,445,875)
Long Term Liabilities												
Bank Loan	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$3,621,988	\$3,621,988	\$3,621,988	\$3,621,988	\$3,621,988	\$3,621,988
Total Liabilities	\$5,034,826	\$4,809,004	\$4,647,183	\$4,485,362	\$4,323,541	\$4,161,720	\$3,944,077	\$3,807,290	\$3,670,504	\$3,586,837	\$3,439,170	\$3,291,503
Equity												
Paid in Capital	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000
Current earnings	\$60,649	(\$830,754)	(\$830,754)	(\$830,754)	(\$830,754)	(\$830,754)	\$716,625	(\$704,683)	(\$704,683)	(\$757,803)	(\$757,803)	(\$757,803)
Retained earnings		\$60,649	(\$770,104)	(\$1,600,858)	(\$2,431,612)	(\$3,262,366)	(\$4,093,120)	(\$3,376,495)	(\$4,081,178)	(\$4,785,861)	(\$5,543,664)	(\$6,301,467)
Total Equity	\$27,060,649	\$26,229,896	\$25,399,142	\$24,568,388	\$23,737,634	\$22,906,880	\$23,623,505	\$22,918,822	\$22,214,139	\$21,456,336	\$20,698,533	\$19,940,730
Total Liabilities and Equity	\$32,095,475	\$31,038,900	\$30,046,325	\$29,053,750	\$28,061,175	\$27,068,600	\$27,567,583	\$26,726,113	\$25,884,643	\$25,043,173	\$24,137,703	\$23,232,233

Table 32: Year 2 Monthly Balance Sheet Statement

Abraham Academic Academy Kindergarten - Monthly Balance Sheet Statement												
Year 2												
YEAR 2	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
	September					February	March					August
	Fall Semester						Spring Semester					
Current assets												
Cash	\$19,743,650	\$18,838,180	\$17,996,710	\$17,155,240	\$16,313,770	\$16,918,175	\$18,689,068	\$17,952,369	\$17,215,670	\$16,478,971	\$15,678,272	\$14,877,573
Fixed Assets												
Classroom Furniture	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Playground Equipment	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Office Equipment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Other Assets	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Sleeping Furniture	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Bathroom Fixtures	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Kitchen Equipment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$23,493,650	\$22,588,180	\$21,746,710	\$20,905,240	\$20,063,770	\$20,668,175	\$22,439,068	\$21,702,369	\$20,965,670	\$20,228,971	\$19,428,272	\$18,627,573
Short Term Liabilities												
Salaries payable	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$767,000	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199
Utilities payable	\$163,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$163,000	\$163,000	\$163,000
Accounts payable	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115	\$140,115	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640
Interest payable	\$6,748	\$13,497	\$20,245	\$26,994	\$33,742	\$40,491	\$5,941	\$11,882	\$17,823	\$23,764	\$29,706	\$35,647
Tax payable	(\$1,329,819)	(\$1,474,016)	(\$1,618,213)	(\$1,762,410)	(\$1,906,607)	(\$604,930)	(\$266,589)	(\$392,838)	(\$519,087)	(\$656,215)	(\$793,344)	(\$930,473)
Long Term Liabilities												
Bank Loan	\$3,239,250	\$3,239,250	\$3,239,250	\$3,239,250	\$3,239,250	\$3,239,250	\$2,851,729	\$2,851,729	\$2,851,729	\$2,851,729	\$2,851,729	\$2,851,729
Total Liabilities	\$2,986,295	\$2,784,846	\$2,647,398	\$2,509,949	\$2,372,500	\$3,680,926	\$3,799,920	\$3,679,612	\$3,559,304	\$3,492,117	\$3,360,929	\$3,229,741
Equity												
Paid in Capital	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000
Current earnings	\$566,626	(\$704,021)	(\$704,021)	(\$704,021)	(\$704,021)	(\$704,021)	\$1,651,899	(\$616,391)	(\$616,391)	(\$669,511)	(\$669,511)	(\$669,511)
Retained earnings	(\$7,059,270)	(\$6,492,645)	(\$7,196,666)	(\$7,900,687)	(\$8,604,708)	(\$9,308,730)	(\$10,012,751)	(\$8,360,852)	(\$8,977,243)	(\$9,593,634)	(\$10,263,146)	(\$10,932,657)
Total Equity	\$20,507,355	\$19,803,334	\$19,099,313	\$18,395,292	\$17,691,270	\$16,987,249	\$18,639,148	\$18,022,757	\$17,406,366	\$16,736,854	\$16,067,343	\$15,397,832
Total Liabilities and Equity	\$23,493,650	\$22,588,180	\$21,746,710	\$20,905,240	\$20,063,770	\$20,668,175	\$22,439,068	\$21,702,369	\$20,965,670	\$20,228,971	\$19,428,272	\$18,627,573

Table 33: Year 3 Monthly Balance Sheet Statement

Abraham Academic Academy Kindergarten - Monthly Balance Sheet Statement												
Year 3												
YEAR 3	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
	September					February	March					August
	Fall Semester						Spring Semester					
Current assets												
Cash	\$16,205,461	\$15,404,762	\$14,668,063	\$13,931,364	\$13,194,665	\$13,388,440	\$14,780,328	\$14,043,629	\$13,306,930	\$12,570,231	\$11,769,532	\$10,968,833
Fixed Assets												
Classroom Furniture	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Playground Equipment	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000
Office Equipment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Other Assets	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Sleeping Furniture	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Bathroom Fixtures	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000	\$450,000
Kitchen Equipment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Assets	\$19,955,461	\$19,154,762	\$18,418,063	\$17,681,364	\$16,944,665	\$17,138,440	\$18,530,328	\$17,793,629	\$17,056,930	\$16,320,231	\$15,519,532	\$14,718,833
Short Term Liabilities												
Salaries payable	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199	\$891,199
Utilities payable	\$163,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$99,000	\$163,000	\$163,000	\$163,000
Accounts payable	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640	\$218,640
Interest payable	\$5,124	\$10,247	\$15,371	\$20,495	\$25,618	\$30,742	\$4,296	\$8,592	\$12,888	\$17,184	\$21,480	\$25,776
Tax payable	(\$632,841)	(\$758,951)	(\$885,061)	(\$1,011,171)	(\$1,137,280)	(\$332,917)	(\$24,264)	(\$150,233)	(\$276,203)	(\$413,052)	(\$549,901)	(\$686,750)
Long Term Liabilities												
Bank Loan	\$2,459,363	\$2,459,363	\$2,459,363	\$2,459,363	\$2,459,363	\$2,459,363	\$2,062,093	\$2,062,093	\$2,062,093	\$2,062,093	\$2,062,093	\$2,062,093
Total Liabilities	\$3,104,485	\$2,919,498	\$2,798,512	\$2,677,526	\$2,556,540	\$3,366,027	\$3,250,963	\$3,129,290	\$3,007,617	\$2,939,064	\$2,806,511	\$2,673,958
Equity												
Paid in Capital	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000
Current earnings	\$1,453,145	(\$615,713)	(\$615,713)	(\$615,713)	(\$615,713)	(\$615,713)	\$1,506,952	(\$615,026)	(\$615,026)	(\$668,146)	(\$668,146)	(\$668,146)
Retained earnings	(\$11,602,168)	(\$10,149,023)	(\$10,764,736)	(\$11,380,449)	(\$11,996,162)	(\$12,611,874)	(\$13,227,587)	(\$11,720,635)	(\$12,335,661)	(\$12,950,687)	(\$13,618,833)	(\$14,286,979)
Total Equity	\$16,850,977	\$16,235,264	\$15,619,551	\$15,003,838	\$14,388,126	\$13,772,413	\$15,279,365	\$14,664,339	\$14,049,313	\$13,381,167	\$12,713,021	\$12,044,876
Total Liabilities and Equity	\$19,955,461	\$19,154,762	\$18,418,063	\$17,681,364	\$16,944,665	\$17,138,440	\$18,530,328	\$17,793,629	\$17,056,930	\$16,320,231	\$15,519,532	\$14,718,833

Table 34: 5 Year Balance Sheet Statement Summary

Abraham Academic Academy					
Balance Sheet Statement 5 Year Summary					
	Year 1	Year 2	Year 3	Year 4	Year 5
Current assets					
Cash & Short-term Investments	\$20,732,233	\$14,877,573	\$10,968,833	\$11,924,734	\$11,913,198
Fixed Assets					
Classroom Furniture	\$1,000,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Playground Equipment	\$500,000	\$800,000	\$800,000	\$800,000	\$800,000
Office Equipment	\$150,000	\$250,000	\$250,000	\$250,000	\$250,000
Other Assets	\$150,000	\$300,000	\$300,000	\$300,000	\$300,000
Sleeping Furniture	\$150,000	\$200,000	\$200,000	\$200,000	\$200,000
Bathroom Fixtures	\$300,000	\$450,000	\$450,000	\$450,000	\$450,000
Kitchen Equipment	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Total Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0
Total Assets	\$23,232,233	\$18,627,573	\$14,718,833	\$15,674,734	\$15,663,198
Short Term Liabilities					
Salaries payable	\$767,000	\$891,199	\$891,199	\$1,114,000	\$1,147,420
Utilities payable	\$163,000	\$163,000	\$163,000	\$163,000	\$167,890
Accounts payable	\$140,115	\$218,640	\$218,640	\$297,935	\$306,873
Interest payable	\$45,275	\$35,647	\$25,776	\$15,657	\$5,284
Tax payable	(\$1,445,875)	(\$930,473)	(\$686,750)	\$133,735	\$155,582
Long Term Liabilities					
Bank Loan	\$3,621,988	\$2,851,729	\$2,062,093	\$1,252,592	\$422,728
Total Liabilities	\$3,291,503	\$3,229,742	\$2,673,958	\$2,976,919	\$2,205,777
Equity					
Paid in Capital	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000	\$27,000,000
Current earnings	(\$7,059,270)	(\$4,542,898)	(\$3,352,956)	\$652,940	\$759,605
Retained earnings	\$0	(\$7,059,270)	(\$11,602,168)	(\$14,955,124)	(\$14,302,185)
Total Equity	\$19,940,730	\$15,397,832	\$12,044,876	\$12,697,815	\$13,457,421
Total Liabilities and Equity	\$23,232,233	\$18,627,574	\$14,718,834	\$15,674,734	\$15,663,198

6.4.3. PRO-FORMA CASH-FLOW STATEMENT:

Table 35: Year 1 Monthly Cash Flow Sheet Statement

Abraham Academic Academy Kindergarten - Monthly Projected Cash Flow Statement													
Year 1													
YEAR 1	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1
	September					February	March					August	
	Fall Semester						Spring Semester						
Cash flows from (used in) operating activities													
Cash receipts from customers	\$1,445,475	\$307,495	\$307,495	\$307,495	\$307,495	\$307,495	\$2,227,065	\$514,645	\$514,645	\$514,645	\$514,645	\$514,645	\$7,783,240
Cash paid to suppliers and employees	(\$350,000)	(\$1,364,070)	(\$1,300,070)	(\$1,300,070)	(\$1,300,070)	(\$1,300,070)	(\$1,300,070)	(\$1,356,115)	(\$1,356,115)	(\$1,356,115)	(\$1,420,115)	(\$1,420,115)	(\$15,122,995)
Cash generated from operations (sum)	\$1,095,475	(\$1,056,575)	(\$992,575)	(\$992,575)	(\$992,575)	(\$992,575)	\$926,995	(\$841,470)	(\$841,470)	(\$841,470)	(\$905,470)	(\$905,470)	(\$7,339,755)
Interest paid	\$0						(\$50,000)						(\$50,000)
Income taxes paid													\$0
Net cash flows from operating activities	\$1,095,475	(\$1,056,575)	(\$992,575)	(\$992,575)	(\$992,575)	(\$992,575)	\$876,995	(\$841,470)	(\$841,470)	(\$841,470)	(\$905,470)	(\$905,470)	(\$7,389,755)
Cash flows from (used in) investing activities													
Proceeds from the sale of equipment													\$0
Payment for Fixed Assets	(\$2,500,000)												(\$2,500,000)
Dividends received													\$0
Net cash flows from investing activities	(\$2,500,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,500,000)
Cash flows from (used in) financing activities													
Proceeds from Long Term Debts	\$4,000,000												\$4,000,000
Repayment Bank Loan							(\$378,012)						(\$378,012)
Dividend Payment													\$0
Paid in Capital	\$27,000,000												\$27,000,000
Net cash flows used in financing activities	\$31,000,000	\$0	\$0	\$0	\$0	\$0	(\$378,012)	\$0	\$0	\$0	\$0	\$0	\$30,621,988
Net increase in cash and cash equivalents	\$29,595,475	(\$1,056,575)	(\$992,575)	(\$992,575)	(\$992,575)	(\$992,575)	\$498,983	(\$841,470)	(\$841,470)	(\$841,470)	(\$905,470)	(\$905,470)	\$20,732,233
Cash and cash equivalents, beginning of month	\$0	\$29,595,475	\$28,538,900	\$27,546,325	\$26,553,750	\$25,561,175	\$24,568,600	\$25,067,583	\$24,226,113	\$23,384,643	\$22,543,173	\$21,637,703	\$0
Cash and cash equivalents, end of year	\$29,595,475	\$28,538,900	\$27,546,325	\$26,553,750	\$25,561,175	\$24,568,600	\$25,067,583	\$24,226,113	\$23,384,643	\$22,543,173	\$21,637,703	\$20,732,233	\$20,732,233

Table 36: Year 2 Monthly Cash Flow Sheet

Abraham Academic Academy Kindergarten - Monthly Projected Cash Flow Statement													
Year 2													
YEAR 2	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 2
	September					February	March					August	
	Fall Semester						Spring Semester						
Cash flows from (used in) operating activities													
Cash receipts from customers	\$2,109,545	\$514,645	\$514,645	\$514,645	\$514,645	\$514,645	\$3,555,020	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$12,348,490
Cash paid to suppliers and employees	(\$1,420,115)	(\$1,420,115)	(\$1,356,115)	(\$1,356,115)	(\$1,356,115)	(\$1,356,115)	(\$1,356,115)	(\$1,558,839)	(\$1,558,839)	(\$1,558,839)	(\$1,622,839)	(\$1,622,839)	(\$17,543,000)
Cash generated from operations (sum)	\$689,430	(\$905,470)	(\$841,470)	(\$841,470)	(\$841,470)	(\$841,470)	\$2,198,905	(\$736,699)	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$5,194,510)
Interest paid	(\$45,275)						(\$40,491)						(\$85,765)
Income taxes paid						\$1,445,875							\$1,445,875
Net cash flows from operating activities	\$644,155	(\$905,470)	(\$841,470)	(\$841,470)	(\$841,470)	\$604,405	\$2,158,414	(\$736,699)	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$3,834,401)
Cash flows from (used in) investing activities													
Proceeds from the sale of equipment													\$0
Payment for Fixed Assets	(\$1,250,000)												(\$1,250,000)
Dividends received													\$0
Net cash flows from investing activities	(\$1,250,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,250,000)
Cash flows from (used in) financing activities													
Proceeds from Long Term Debts													\$0
Repayment Bank Loan	(\$382,737)						(\$387,522)						(\$770,259)
Dividend Payment													\$0
Paid in Capital													\$0
Net cash flows used in financing activities	(\$382,737)	\$0	\$0	\$0	\$0	\$0	(\$387,522)	\$0	\$0	\$0	\$0	\$0	(\$770,259)
Net increase in cash and cash equivalents	(\$988,582)	(\$905,470)	(\$841,470)	(\$841,470)	(\$841,470)	\$604,405	\$1,770,893	(\$736,699)	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$5,854,660)
Cash and cash equivalents, beginning of month	\$20,732,233	\$19,743,650	\$18,838,180	\$17,996,710	\$17,155,240	\$16,313,770	\$16,918,175	\$18,689,068	\$17,952,369	\$17,215,670	\$16,478,971	\$15,678,272	\$20,732,233
Cash and cash equivalents, end of year	\$19,743,650	\$18,838,180	\$17,996,710	\$17,155,240	\$16,313,770	\$16,918,175	\$18,689,068	\$17,952,369	\$17,215,670	\$16,478,971	\$15,678,272	\$14,877,573	\$14,877,573

Table 37: Year 3 Monthly Cash Flow Sheet

Abraham Academic Academy Kindergarten - Monthly Projected Cash Flow Statement													
Year 3													
YEAR 3	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 3
	September					February	March					August	
	Fall Semester						Spring Semester						
Cash flows from (used in) operating activities													
Cash receipts from customers	\$3,378,740	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$3,378,740	\$822,140	\$822,140	\$822,140	\$822,140	\$822,140	\$14,978,880
Cash paid to suppliers and employees	(\$1,622,839)	(\$1,622,839)	(\$1,558,839)	(\$1,558,839)	(\$1,558,839)	(\$1,558,839)	(\$1,558,839)	(\$1,558,839)	(\$1,558,839)	(\$1,558,839)	(\$1,622,839)	(\$1,622,839)	(\$18,962,068)
Cash generated from operations (sum)	\$1,755,901	(\$800,699)	(\$736,699)	(\$736,699)	(\$736,699)	(\$736,699)	\$1,819,901	(\$736,699)	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$3,983,188)
Interest paid	(\$35,647)						(\$30,742)						(\$66,389)
Income taxes paid						\$930,473							\$930,473
Net cash flows from operating activities	\$1,720,254	(\$800,699)	(\$736,699)	(\$736,699)	(\$736,699)	\$193,774	\$1,789,159	(\$736,699)	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$3,119,104)
Cash flows from (used in) investing activities													
Proceeds from the sale of equipment													\$0
Payment for Fixed Assets													\$0
Dividends received													\$0
Net cash flows from investing activities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash flows from (used in) financing activities													
Proceeds from Long Term Debts													\$0
Repayment Bank Loan	(\$392,366)						(\$397,270)						(\$789,636)
Dividend Payment													\$0
Paid in Capital													\$0
Net cash flows used in financing activities	(\$392,366)	\$0	\$0	\$0	\$0	\$0	(\$397,270)	\$0	\$0	\$0	\$0	\$0	(\$789,636)
Net increase in cash and cash equivalents	\$1,327,889	(\$800,699)	(\$736,699)	(\$736,699)	(\$736,699)	\$193,774	\$1,391,889	(\$736,699)	(\$736,699)	(\$736,699)	(\$800,699)	(\$800,699)	(\$3,908,739)
Cash and cash equivalents, beginning of month	\$14,877,573	\$16,205,461	\$15,404,762	\$14,668,063	\$13,931,364	\$13,194,665	\$13,388,440	\$14,780,328	\$14,043,629	\$13,306,930	\$12,570,231	\$11,769,532	\$14,877,573
Cash and cash equivalents, end of year	\$16,205,461	\$15,404,762	\$14,668,063	\$13,931,364	\$13,194,665	\$13,388,440	\$14,780,328	\$14,043,629	\$13,306,930	\$12,570,231	\$11,769,532	\$10,968,833	\$10,968,833

Table 38: 5 Year Cash Flow Sheet Statement Summary

Abraham Academic Academy					
Projected Cash Flow Statement 5 Year Summary					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash flows from (used in) operating activities					
Cash receipts from customers	\$7,783,240	\$12,348,490	\$14,978,880	\$23,410,300	\$24,069,811
Cash paid to suppliers and employees	(\$15,122,995)	(\$17,543,000)	(\$18,962,068)	(\$22,587,220)	(\$23,138,837)
Cash generated from operations (sum)	(\$7,339,755)	(\$5,194,510)	(\$3,983,188)	\$823,080	\$930,974
Interest paid	(\$50,000)	(\$85,765)	(\$66,389)	(\$46,524)	(\$26,160)
Income taxes paid	\$0	\$1,445,875	\$930,473	\$686,750	(\$133,735)
Net cash flows from operating activities	(\$7,389,755)	(\$3,834,400)	(\$3,119,104)	\$1,463,306	\$771,079
Cash flows from (used in) investing activities					
Proceeds from the sale of equipment	\$0	\$0	\$0	\$0	\$0
Payment for Fixed Assets	(\$2,500,000)	(\$1,250,000)	\$0	\$0	\$0
Dividends received	\$0	\$0	\$0	\$0	\$0
Net cash flows from investing activities	(\$2,500,000)	(\$1,250,000)	\$0	\$0	\$0
Cash flows from (used in) financing activities					
Proceeds from Long Term Debts	\$4,000,000	\$0	\$0	\$0	\$0
Repayment Bank Loan	(\$378,012)	(\$770,259)	(\$789,636)	(\$809,500)	(\$829,864)
Dividend Payment	\$0	\$0	\$0	\$0	\$0
Paid in Capital	\$27,000,000	\$0	\$0	\$0	\$0
Net cash flows used in financing activities	\$30,621,988	(\$770,259)	(\$789,636)	(\$809,500)	(\$829,864)
Net increase in cash and cash equivalents	\$20,732,233	(\$5,854,659)	(\$3,908,740)	\$653,805	(\$58,785)
Cash and cash equivalents, beginning of month	\$0	\$20,732,233	\$14,877,574	\$10,968,834	\$11,622,639
Cash and cash equivalents, end of year	\$20,732,233	\$14,877,574	\$10,968,834	\$11,622,639	\$11,563,854

6.4.5. RISKS TO MITIGATE:

After careful consideration and due diligence, we at Abraham Academic Academy believe that the following are the risks that we will have to mitigate going forward:

1. The 1st Years: Red Ocean

This business plan was not about developing a quick fix, easy money, cash cow business. It was not about a new product for a market, but in establishing what we believe is the right model for an existing product in a changing market. We believe that this business model consists of the nuts and bolts required to do business properly in the supplementary educational market with educational concerns coming before business fears. Even with our industry background and careful considerations we still believe that without extreme due diligence in the implementation of our model and subsequent schools that drastic losses can be incurred before the school can get off the ground and on its feet. The priority of an individual who intends on pursuing this model should chiefly focus on reducing the time to breakeven and reach 65% legal capacity. There are three things that can be done to help reduce this time:

- a) Focus on public awareness through a substantial marketing investment prior to the school's opening. Especially in the surrounding communities.
- b) Due to the cheap infrastructure costs, an over investment in equipment can raise enrollment number through generating a general impression of school superiority.
- c) Deep discounts to get people on board right away in order to spread the word faster. For example: for the first 30 parents who can package and enroll students (no familial ties) together, they can receive a buy-one get-one free discount. Half of which is received initially and the other half given in semester 3 assuming both students are still attending

the school. Also, the next 30 parents can receive a similar discount. They must enroll and pay for their first semester and then receive half of the discount for their second semester and the last half for the fourth semester assuming that both students are still attending the school. Another good scenario would be to spread the buy-one get-one free over 3 subsequent semesters giving 30% off each semester. Other popular discount could be free transportation costs for all neighboring community students, and an impressive doubling of merchandise for the initial miscellaneous fee.

After studying the financials, one can see that it is the labor figure that can cripple the school. The most unfortunate common side-effect of an unaware or unprepared entrepreneur when faced with such a grim initial forecast is to start cutting back, cutting corners and instinctually saving money any way possible. Quite often this manifests itself in discrepancies between what a school promises and what it delivers. This, in my experience, does not work as customers are highly sensitive to their offerings and closely monitor the school. In these situations the business needs of an entrepreneur outweigh the educational concerns for their customers and the entrepreneur ends up doing more damage to the school in the long run. The point of mentioning this is to reduce the possibility of this outcome through awareness and alternative measures.

2. Manage Growth Rate (Organic vs. Aggressive)

Abraham Academic Academy has extensive plans in place and a particular point of view when it comes to our growth. It will be finding the medium between our slow organic model that allows for a stable, healthy culture to develop and our need to grow fast for the purposes

of developing public awareness and acquiring economies of scale. These decisions can have serious repercussions and long lasting effects on the vitality of our business.

3. Deliver What We Promise: Franchise Expectations

Our eyes are bigger than our mouth at Abraham Academic Academy and we promise a lot to our franchisees. We do understand it will take a lot of work, time and money to establish our reliable & cost effective network and services and that it will take some time before we reach our economies of scale. We will have to be diligent in continuously reviewing our position on things and meeting our customers and franchisees needs. It will be hard to navigate the line between our profits and losses with respect to our investments in time and money.

4. Experienced Management

Abraham Academic Academy understands that an experienced post investment management team will be required. The ability to attract and afford the talent that we need will be the primary issues.

5. Manage our Diversity Issues

Our current business model allows for a lot of diversity and entrepreneurial freedoms that will eventually become a serious problem for the company as the company grows. The amount of freedoms that we allow can seriously hurt the company's brand and image if abused and cause tensions within the franchise. Because of this, initially, we have different regulatory packages for different partners and franchisees depending on their background and status. However, we have the intention of reining in the freedoms with time and

becoming more standardized as we grow in size and gain strength. The all-important words ‘when,’ ‘how,’ and ‘degree’ form the questions that will generate the issues facing the unity of Abraham Academic Academy.

6. Cross Border Potential

How should we grow? How should we integrate local and international markets and resources? Taiwan has the most successful supplementary education models in the industry and our model is based on their methodology and thus will work there in Taiwan, but will it be successful elsewhere? What kinds of changes and sacrifices will the company have to make when it grows across borders? The international aspect of doing business in different lands is quite complex and varied practices will be required. Is our model robust enough? Are our specific employee expectations based on mobility realistic? Will we be able to utilize and recruit talent from a variety places and send them out where needed? Is our foreign languages aspect of our business model viable, since many aspects of our international model require cross border growth to fuel our excellence?

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8. APPENDIX

Table 39: Competitive Pricing Table. The Price Scheme Used By Various Industry Competitors:

Happy Marian 快樂瑪麗安 (雙語)			Happy Marian 快樂瑪麗安 (全美)		
Registration Fee /semester	NT\$36,000		Registration Fee /semester	NT\$43,000	
Tuition Fee /month	NT\$9,900		Tuition Fee /month	NT\$11,600	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
HESS 何嘉仁 (雙語-幼幼)			HESS 何嘉仁 (雙語-大中小)		
Registration Fee /semester	NT\$37,500		Registration Fee /semester	NT\$41,100	
Tuition Fee /month	NT\$12,000		Tuition Fee /month	NT\$10,500	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,320		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,320	
HESS 何嘉仁 (全美)			KID CASTLE 吉的堡 (全美)		
Registration Fee /semester	NT\$42,000		Registration Fee /semester	NT\$34,000	
Tuition Fee /month	NT\$15,000		Tuition Fee /month	NT\$12,500	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$4,320		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
KID CASTLE 吉的堡 (雙語-幼幼)			KID CASTLE 吉的堡 (雙語-大中小)		
Registration Fee /semester	NT\$19,800		Registration Fee /semester	NT\$19,800	
Tuition Fee /month	NT\$9,800		Tuition Fee /month	NT\$9,500	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
SUNSHINE 陽光森林 (全美)			加爾頓 (全美)		
Registration Fee /semester	NT\$30,000		Registration Fee /semester	NT\$29,800	
Tuition Fee /month	NT\$11,000		Tuition Fee /month	NT\$11,000	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$3,620		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$3,000	
伯克徠 Jumpstart (全美)			新店康橋 (全美)		
Registration Fee /semester	NT\$56,500		Registration Fee /semester	NT\$60,000	
Tuition Fee /month	NT\$13,500		Tuition Fee /month	NT\$15,000	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$5,500		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$18,000	

Table 39 continued: Competitive Pricing Table. The Price Scheme Used By Various Industry

Competitors:

林口區私立佳林托兒所		林口區心兒園		林口區心語	
Registration Fee /semester	NT\$10,000	Registration Fee /semester	NT\$14,500	Registration Fee /semester	NT\$20,000
Tuition Fee /month	NT\$4,500	Tuition Fee /month	NT\$8,200	Tuition Fee /month	NT\$14,600
Miscellaneous Fee (uniforms, shool bag, etc.)	NT\$900	Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	N/A
桃園縣小木屋蒙特梭利 (大中小)		桃園縣小木屋蒙特梭利 (幼幼)		草湖光仁托兒所	
Registration Fee /semester	NT\$21,700	Registration Fee /semester	NT\$21,700	Registration Fee /semester	NT\$11,800
Tuition Fee /month	NT\$8,500	Tuition Fee /month	NT\$9,000	Tuition Fee /month	NT\$5,500
Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	NT\$1,000
台中縣愛因斯坦		台中縣樹德路幼稚園		台中縣乖乖	
Registration Fee /semester	NT\$11,500	Registration Fee /semester	NT\$11,500	Registration Fee /semester	NT\$12,000
Tuition Fee /month	NT\$5,100	Tuition Fee /month	NT\$5,500	Tuition Fee /month	NT\$5,000
Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	N/A
台中縣優斯特		台中縣光隆			
Registration Fee /semester	NT\$8,000	Registration Fee /semester	NT\$7,800		
Tuition Fee /month	NT\$4,800	Tuition Fee /month	NT\$5,800		
Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	NT\$500		
台中市弘明實驗學校附設幼稚園 (幼幼)		Public School (Taipei City)		Public School (Taichung)	
Registration Fee /semester	NT\$12,000	Registration Fee /semester	NT\$7,210	Registration Fee /semester	NT\$6,000
Tuition Fee /month	NT\$10,000	Tuition Fee /month	NT\$2,585	Tuition Fee /month	NT\$2,880
Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	NT\$2,955	Miscellaneous Fee (uniforms, shool bag, etc.)	N/A
台中市弘明實驗學校附設幼稚園 (大中小)		Public School (Taipei County)		Public School (Kaosiung)	
Registration Fee /semester	NT\$12,000	Registration Fee /semester	NT\$7,000	Registration Fee /semester	NT\$6,300
Tuition Fee /month	NT\$9,500	Tuition Fee /month	NT\$2,250	Tuition Fee /month	NT\$2,240
Miscellaneous Fee (uniforms, shool bag, etc.)	N/A	Miscellaneous Fee (uniforms, shool bag, etc.)	NT\$2,350	Miscellaneous Fee (uniforms, shool bag, etc.)	N/A

Table 39 continued: Competitive Pricing Table. The Price Scheme Used By Various Industry Competitors:

TAIPEI EUROPEAN SCHOOL (French)			TAIPEI EUROPEAN SCHOOL (German)		
Registration Fee /semester	NT\$30,000		Registration Fee /semester	NT\$100,000	
Tuition Fee /month	NT\$23,450		Tuition Fee /month	NT\$24,890	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
TAIPEI EUROPEAN SCHOOL (British)					
Registration Fee /semester	NT\$50,000				
Tuition Fee /month	NT\$24,070				
Miscellaneous Fee (uniforms, school bag, etc.)	N/A				
SWISS TRILINGUAL (2 day/morn.)			SWISS TRILINGUAL (3 day/morn.)		
Registration Fee /semester	NT\$3,060		Registration Fee /semester	NT\$3,822	
Tuition Fee /month	N/A		Tuition Fee /month	N/A	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
SWISS TRILINGUAL (5 day/morn.)			SWISS TRILINGUAL (full time)		
Registration Fee /semester	NT\$5,760		Registration Fee /semester	NT\$7,490	
Tuition Fee /month	N/A		Tuition Fee /month	N/A	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
CHOCOLATE EDUCATION INSTITUTE			NJAMEEI KINDERGARTEN (佳美)		
Registration Fee /semester	NT\$22,800		Registration Fee /semester	NT\$16,000	
Tuition Fee /month	NT\$9,800		Tuition Fee /month	NT\$9,000	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$3,950		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
Smart Kids (聖馬特)			Giraffe (2 days/wk)		
Registration Fee /semester	N/A		Registration Fee /semester	N/A	
Tuition Fee /month	NT\$11,300		Tuition Fee /month	NT\$3,000	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$3,065		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$1,375	

Table 39 continued: Competitive Pricing Table. The Price Scheme Used By Various Industry

Competitors:

Kojen			The Lee Sisters (李氏姐妹)		
Registration Fee /semester	NT\$39,800		Registration Fee /semester	NT\$30,000	
Tuition Fee /month	NT\$12,000		Tuition Fee /month	NT\$12,900	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
Joy			EVEREST		
Registration Fee /semester	NT\$19,800		Registration Fee /semester	NT\$33,000	
Tuition Fee /month	NT\$7,700		Tuition Fee /month	NT\$11,500	
Miscellaneous Fee (uniforms, school bag, etc.)	NT\$5,300		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
LITTLE DISCOVERY PRESCHOOL			Filexkids		
Registration Fee /semester	NT\$29,000		Registration Fee /semester	NT\$24,000	
Tuition Fee /month	NT\$10,800		Tuition Fee /month	NT\$10,200	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	N/A	
Jian Sheng			Lincoln American School		
Registration Fee /semester	NT\$20,000		Registration Fee /semester	NT\$29,880	
Tuition Fee /month	NT\$9,500		Tuition Fee /month	NT\$12,000	
Miscellaneous Fee (uniforms, school bag, etc.)	N/A		Miscellaneous Fee (uniforms, school bag, etc.)	NT\$2,500	

Table 40: Bankrupt and Foreclosed Schools for Sale:

No.	Location	Size	Price	Rent /month	Age /year	Description
1	台北市萬華區	90 Ping	NT\$800,000	NT\$38,000	6	優質幼兒園，設備佳，幼兒活動空間大，現有幼兒50名、國小學生10名
2	新北市汐止區	75 Ping	NT\$800,000	NT\$80,000	1	已立案托兒所兼辦托嬰中心，附近小學、住宅密集，花費2百多萬裝潢、立案
3	彰化市	320 Ping	NT\$1,200,000	NT\$33,000	12	現成配備、絕佳場地、幼稚園及安親班營業中。250坪戶外活動遊戲場地、溜滑梯、蹺蹺板，設備全。室內150坪，8間大教室。合法立案。學生約46人，數學、安親班、英語班 2-6歲幼兒班營運中
4	台北市古亭	100 Ping	NT\$1,400,000	NT\$68,000	20	托兒所學生27人，安親班學生10人。全校實木地板、全套蒙特梭利進口教材，換氣式空調。當初裝潢、設備及立案等，即花費近300萬。註冊費每學期每人\$18,000、每月月費\$8,000-\$9,000，還有珠心算班、美語班、美術捏塑班
5	新北市中和區	130 Ping	NT\$1,700,000	NT\$83,500	7	成立多年合法立案之托兒所、近中和永安捷運站，寬廣空間，備有娃娃車及學校網站，學生人數穩定成長保持獲利狀態。附帶設備：娃娃車(83,500租金含車位)、視訊(含網路視訊)設備等
6	新北市三重區	120 Ping	NT\$400,000	NT\$56,000	5	合法立案托兒所。每年定期消防安檢，可省立案費用。1間廚房，有接待櫃台，4間教室及各項設備齊全。附冷氣冰箱、課桌椅、黑板、蒙式教具
7	台北市文山區	98 Ping	NT\$42,000,000	NT\$0	25	知名品牌幼稚園，大中班滿班、小幼班也將額滿。一樓房屋98坪，活動空地40坪，地下室內活動室 40坪
8	新北市土城區	180~200 Ping	NT\$1,100,000	NT\$70,000	18	NA
9	台中市豐原區	100 Ping	NT\$100,000	NT\$90,000	2	1樓有兩間教室、一間辦公室、一間廚房、一間視聽教室。2樓有一間教室、一間角落教室、一間才藝教室。每間教室都是木質地板、木質牆壁、小木屋的裝潢。遊樂器材、廁所、桌椅、教具、書籍、冷氣機、電腦、娃娃車一應俱全。核定招生人數60人，目前有幼稚園人數32人、安親班4人。合格立案幼稚園公安消安均合格
10	台南市	50 Ping	NT\$300,000	NT\$22,000	10	NA

Table 40 continued: Bankrupt and Foreclosed Schools for Sale:

No.	Location	Size	Price	Rent /month	Age /year	Description
11	基隆市	40 Ping	NT\$200,000	NT\$18,000	10	位於基隆市安樂區武崙國中與武崙國小學區內，附近為萬里、隆聖、安樂及建德國中小學區。大武崙生活圈發展成熟(黃昏市場與麥當勞等連鎖品牌與金融機構陸續進駐)，附近住宅社區林立、住戶多為年輕小家庭。租金：店面兩間合計約四十坪(大間25坪、租金\$11500；對面15坪、租金\$6500)；分開承租，押金兩個月。現為美語加盟體系(權利金預繳五萬元；年底才需考慮是否明年繼續加盟，加盟金每年6萬)；同時加盟數學班(契約至今年八月中，加盟金每年2萬，無權利金) 有國小安親、美語、數學班學生與國中班學生共約50人次。區隔為四間教室，另外辦公、桌椅、冷氣等設備一應俱全；去年暑假辦公櫃檯重新裝潢布置。立案補習班，消防與公共安全每年都通過安檢，無須再大費周章與耗費裝潢費用，以應付將來消防與公共安全的年度檢查。
12	台北市南京東路	42 Ping	NT\$100,000	NT\$50,000	20	合法立案補習班，無傢俱或桌椅級及學生 台北市目前已可以直接轉換負責人，無需共同擔任負責人一年 臨中正/長春/敦化國小
13	淡水竹圍	50 Ping	NT\$400,000	NT\$41,000	20	本班已成功經營20年，為合法立案及消安檢通過之知名在地補習班。附設備：教室1大間(30人)+2小間(各20人)+1辦公兼影印儲物室，隔間施作含桌椅約50套。黑板5個，大櫃台接待椅等...約估20萬。LED大廣告燈約6萬元，立案及消防設施約15萬，日立冷氣大噸位1台。他牌.中型2台約折舊6萬元
14	台北市大安區	30 Ping	NT\$500,000	NT\$50,000	19	立案補習班，消安/公安合格。近國中、國小，招生容易
15	高雄市三民區	50 Ping	NT\$250,000	NT\$14,000	15	合法立案、公共安全、消防合格、具開業證照，設備完全的語言補習班。位於高雄市區(近高雄火車站)
16	台中市北屯區	109 Ping	NT\$500,000	NT\$35,000	15	地理位置：2所國中，4所國小，本校位於北屯路上國小對面，能見度高 補習班建築物：1F辦公室新穎，1-4F 合法立案，公安消防合格。5間教室，附白板、大學椅，1間廚房，5間廁所 設備：完整協力廠商交接，LED文字跑馬燈 辦公室、教室、騎樓都有安全監視系統，可錄影、可錄音、可由手機遠端監控收音 補課系統：學生可由電腦進行補課。學用觸控式PC3台，辦公室用PC 1台。租用列印影印機1台，每月可印5000張，月租1500元。彩印印表機2台。 整棟可皆有廣播系統，內線電話機皆可對講與廣播功能。廚房有天然瓦斯、廚具、冰箱一應俱全 學生人數：安親班 15人，英文班 33人
17	桃園縣	42 Ping	NT\$800,000	NT\$12,000	3	全新裝潢，目前仍有學生上課中。合法立案，消防合格，室內裝修未作二次施工。當初設備與裝潢均配合政府法令施工，採用環保兼一級防火建材，整間補習班1-2樓共計投資約120萬，四間小教室，每間可容納20~28人，附近有國中與高中，除傳統國中部分亦可開發高中市場。

Table 40 continued: Bankrupt and Foreclosed Schools for Sale:

No.	Location	Size	Price	Rent /month	Age /year	Description
18	新北市三重區	80 Ping	NT\$700,000	NT\$46,500	3.5	開課班別：國中文理班 / 國小數學班(3-6年級) / 國小美語班，學生總數約75人。鄰國中小，步行接送方便，空間足夠，房租實惠。大小教室皆有，可作充分彈性利用，將來可開設安親/作文等才藝班。
19	台南市東區	100 Ping	NT\$600,000	NT\$25,000	3	全國知名品牌直營校出讓，學生50人。頂讓設備：課桌椅、五台冷氣、led走馬燈、招牌、白板五塊、廚房廚具、消防設備、櫃檯。樓層：四層樓，五間教室，二間和室。已經通過合法立案，變更負責人即可。
20	台北市北投區	35 Ping	NT\$300,000	NT\$50,000	20	合法立案，合格消防安檢安親班。地點佳，位於國小附近，人口密集，鄰近還有其他國小小步行可接送。目前營運中，設備齊全，現有學生可轉移，接手即可經營。
21	新北市三重區	70 Ping	NT\$1,000,000	NT\$70,000	10	本班在此地區經營已有十年之久，學生客源穩定，目前約有學生50多人
22	台北市萬華區	50 Ping	NT\$580,000	NT\$35,000	5	鄰近多所小學，師資優良，現有小朋友近50名
23	新北市土城區	50 Ping	NT\$350,000	\$30,000	22	合法立案今年度已完成各項檢查，省下35萬之新立案公安消安費用。50坪共同教室(二大一小)，冷氣設備完全轉讓，設備完整，教學環境優。近學校清水國小/清水國中/安和國小/中正國中。
24	新北市土城區	50 Ping	NT\$160,000	NT\$36,000	3	5間教室，設備齊全。目前營運中有國中部英數理單科班、國小部安親班。學生人數：國中6人、國小3人、安親數學班:2人。在學區旁，目標明顯。
25	台北市忠孝東路	30 Ping	NT\$150,000	NT\$30,000	5	靠近明星學區，附近學校多，學生素質良好，招生容易，交通便利
26	新北市新莊區	50 Ping	NT\$350,000	NT\$27,000	9	國小對面，交通方便，地點佳
27	台北市文山區	70 Ping	NT\$200,000	NT\$40,000	9	臨近五所學校名稱：(1)溪口國小(2)景美國小(3)景美國中(4)景興國中(5)志清國小。樓層：一樓。已經通過合法立案，穩定經營中(四間教室)。附近狀況：公教人員居多，位於文山區景美捷運附近。
28	台北市大安區	45 Ping	NT\$450,000	NT\$54,000	17	特色裝潢，立案補習班。5間教室、廁所2間、廚房1間，含六座冷氣、輕鋼架吊扇10座、壁扇6座、桌椅約有60人、書籍及教師使用書約有上百冊。招收國小/國中，英文、數學、科學等科目。通過年度公共安全檢查，年度消防檢查。各科老師都能自行運作，頂讓者只需經營與管理，目前經營狀況為正現金流量，一接收馬上能夠運作
29	桃園縣觀音鄉	70 Ping	NT\$200,000	NT\$15,000	3	適合音樂或畫室等才藝教室。消防安檢合格，已立案文理語文短期補習班。班址位於桃園縣觀音鄉(觀音國小)，近期將遷移至他址繼續營業，現欲頂讓立案執照及部分硬體(不含學生)。教室原裝修立案開辦費用耗資百萬，接手者可馬上招生營業，省下辦理建築執照變更、公安、消防安檢、裝修裝潢等龐大開銷與時間精神。補習班空間為4層樓，共有5間教室、儲藏室1間、廁所3間、監視系統、電話主機+5分機。裝潢有禮物櫃、公佈欄、教材展示櫃、櫃檯、企業牆(皆為專業設計師設計)，相當適合音樂或畫室使用。頂讓項目:1.合格立案補習班執照(辦理變更設立人即可立即招生，快速有效率)、2.冷氣四台、大招牌立柱、照明設備、輕鋼架天花板、消防器材設備等項目。
30	新北市板橋區	50 Ping	NT\$1,350,000	NT\$45,000	3	位於莒光國小旁，一樓店面裝潢優，現有國小學生30人

Table 41: Real Estate Research (Rent). Various Prices of a Variety of Different Potential School

Site Listings in Taiwan:

No.	Rent	Deposit	Size	Floor	Type	Praking	Minimum Lease	Address
1	NT\$150,000 /month	Negotiable	300 Ping	B1+B2 /12F (1F Access)	With elevator	Yes (Fee not included)	2 years	台北市內湖區成功路二段472號
2	NT\$250,000 /month	Negotiable	500 Ping	B1+B2/12F (1F Access)	With elevator	Yes (Fee not included)	2 years	台北市內湖區成功路二段472號
3	NT\$650,000 /month	3 month	260 Ping	Whole building / 4F	Without elevator	None	1 year	台北市中山區民生東路一段
4	NT\$420,000 /month	3 month	217.4 Ping	1+2F / 12F	With elevator	None	1 year	台北市中山區民權東路一段48號
5	NT\$350,000 /month	3 month	213.23 Ping	Whole Building / 4F	Townhouse style	None	2 years	台北市士林區中山北路六段
6	NT\$180,000 /month	3 month	210 Ping	1F/6F	Without elevator	None	2 years	台北市大同區太原路
7	NT\$280,000 /month	3 month	210 Ping	2F+3F/12F	With elevator	Yes (Fee not included)	2 years	台北市中山區林森北路
8	NT\$260,000 /month	2 month	480 Ping	Whole Building / 3F	Townhouse style	Yes (Fee not included)	1 year	新北市三峽區中正路二段109-111號
9	NT\$200,000 /month	2 month	360 Ping (140+220)	1F+B1 /17F	With elevator	Yes (Fee not included)	1 year	新北市三重區福德南路38號
10	NT\$500,000 /month	Negotiable	336 Ping	Whole Building / 5F	Townhouse style	None	1 year	新北市樹林區博愛街
11	NT\$258,400 /month	3 month	323 Ping	2F/6F	With elevator	None	1 year	新北市三峽區學成路
12	NT\$450,000 /month	Negotiable	250 Ping	1F~3F/8F	With elevator	None	3 years	新北市永和區中正路102號
13	NT\$390,000 /month	Negotiable	250 Ping	Whole Building / 4F	Without elevator	None	1 year	新北市三重區三和路二段
14	NT\$280,000 /month	3 month	217 Ping	1F~2F/15F	With elevator	None	1 year	新北市板橋區民族路
15	NT\$340,000 /month	3 month	200 Ping	1F~2F/11F	With elevator	None	2 years	新北市中和區景安路
16	NT\$60,000 /month	Negotiable	165 Ping	Whole building / 3F	Townhouse style	None	2 years	雲林縣土庫鎮中正路96-2號

Table 41 continued: Real Estate Research (Rent). Various Prices of a Variety of Different Potential School Site Listings in Taiwan:

No.	Rent	Deposit	Size	Floor	Type	Praking	Minimum Lease	Address
17	NT\$146,000 /month	NT\$700,000	400 Ping	Whole building /2F	Townhouse style	Yes (Fee not included)	6 month	嘉義市西區南京路416號
18	NT\$380,000 /month	Negotiable	315 Ping	1F/5F	Without elevator	None	2 years	基隆市仁愛區仁一路
19	NT\$60,000 /month	Negotiable	750 Ping	Whole building /3F	Townhouse style	Yes (fee not included)	2 years	彰化縣福興鄉彰鹿路六段
20	NT\$185,000 /month	2 month	580 Ping	Whole building/8F	Townhouse style	None	1 year	高雄市鹽埕區七賢二路
21	NT\$50,000 /month	2 month	300 Ping	Whole building /4F	Townhouse style	None	1 year	高雄市湖內區民權路
22	NT\$180,000 /month	3 month	716 Ping	Whole building/4F	Townhouse style	Yes (Fee not included)	1 year	宜蘭縣羅東鎮維揚路177號
23	NT\$80,000 /month	Negotiable	200 Ping	Whole building/2F	Townhouse style	Yes (Fee not included)	2 years	宜蘭縣羅東鎮純精南路53號
24	NT\$240,000 /month	3 month	276 Ping	Whole building /2F	Townhouse style	Yes (Fee not included)	2 years	新竹縣竹北市中華路
25	NT\$120,000 /month	Negotiable	200 Ping	Whole building /2F	Townhouse style	None	1 year	新竹縣竹東鎮大同路89號
26	NT\$50,000 /month	2 month	300 Ping	Whole building/4F	Townhouse style	None	1 year	嘉義縣大林鎮中正路368號
27	NT\$120,000 /month	3 month	270 Ping	Whole building /5F	Townhouse style	None	1 year	苗栗縣頭份鎮自強路125號
28	NT\$70,000 /month	3 month	200 Ping	Whole building/3F	Townhouse style	None	1 year	苗栗縣竹南鎮大營路155號
29	NT\$120,000 /month	Negotiable	245 Ping	Whole building/4F	Townhouse style	Yes (Fee not included)	1 year	南投縣埔里鎮中華路
30	NT\$180,000 /month	3 month	397 Ping	Whole building/5F	Townhouse style	None	1 year	台南市北區成功路396號
31	NT\$100,000 /month	Negotiable	350 Ping	Whole building /7F	With elevator	None	1 year	台南市南區金華路二段203號
32	NT\$350,000 /month	NT\$1,000,000	400 Ping	Whole building /3F	Townhouse style	Yes (Fee not included)	10 years	桃園縣平鎮市延平路三段

Table 41 continued: Real Estate Research (Rent). Various Prices of a Variety of Different Potential School Site Listings in Taiwan:

No.	Rent	Deposit	Size /ping	Floor	Type	Praking	Minimum Lease	Address	Area
33	NT\$150,000	Negotiable	300	B1/12F	With elevator	Yes (Fee not included)	2 years	台北市內湖區成功路二段472號	NeiHu 內湖
34	NT\$747,675	2 months	299.07	Whole biulding/2F	Townhouse style	Yes (Fee not included)	2 years	台北市內湖區內湖路一段	
35	NT\$200,000	Negotiable	297.15	1F/5F	With elevator	None	2 years	台北市內湖區成功路三段174巷	
36	NT\$160,000	2 months	207	B1/7F	With elevator	None	2 years	台北市內湖區康樂街	
37	NT\$230,000	Negotiable	200	1F/5F	Without elevator	None	1 year	台北市內湖區成功路三段174巷	
38	NT\$316,000	Negotiable	470	B1/3F	Townhouse style	Yes (Fee not included)	2 years	新北市板橋區公園路34巷26號	BanQiao 板橋
39	NT\$280,000	3 months	217	1F/15F	With elevator	None	2 years	新北市板橋區民族路	
40	NT\$330,000	Negotiable	217	1F/15F	With elevator	Yes (Fee included)	2 years	新北市板橋區民族路	
41	NT\$150,000	Negotiable	140	Whole biulding/4F	Townhouse style	Yes (Fee included)	1 year	新北市板橋區文化路351號	
42	NT\$240,000	2 months	120	2F/4F	Without elevator	None	1 year	新北市板橋區中山路一段50號	
43	NT\$185,000	2 months	180	1F/12F	With elevator	Yes (Fee included)	2 years	新北市新店區碧潭路	XinDian 新店
44	NT\$43,000	3 months	109	1F/7F	With elevator	None	1 year	新北市新店區北宜路二段	
45	NT\$150,000	Negotiable	100	Whole biulding/3F	Townhouse style	Yes (Fee included)	1 year	新北市新店區松林路	

Table 42: Real Estate Research (Own). Various Prices of a Variety of Different Potential School

Site Listings in Taiwan:

No.	Price	Size /ping	Floor	Age	Type	Praking	Address	Area
1	NT\$135,000,000	334.95	B1/10F	16 years	With elevator	None	台北市內湖區成功路四段	NeiHu 內湖
2	NT\$208,000,000	330	1F/12F	30 years	With elevator	None	台北市內湖區成功路四段	
3	NT\$204,000,000	170.7	1F/9F	11 years	With elevator	11.84 ping (Fee not included)	台北市內湖區基湖路35巷	
4	NT\$87,500,000	160.32	1F/5F	3 years	With elevator	Yes (Fee included)	台北市內湖區舊宗路二段121巷	
5	NT\$67,500,000	156.91	1F/8F	21 years	With elevator	Yes (NT\$4,000,000)	台北市內湖區東湖路43巷	
6	NT\$150,010,000	152	1F/11F	6 years	With elevator	Yes (Fee not included)	台北市內湖區瑞光路358巷38弄38號	
7	NT\$132,800,000	124.2	1F/13F	2 years	With elevator	22.9 ping (NT\$5,100,000)	台北市內湖區堤頂大道二段499號	
8	NT\$98,000,000	114	1F/13F	20 years	With elevator	None	台北市內湖區北安路	
9	NT\$47,880,000	252	B1/14F	17 years	With elevator	None	新北市板橋區中山路一段	BanQiao 板橋
10	NT\$300,000,000	250	1F/11F	19 years	With elevator	None	新北市板橋區南雅南路一段	
11	NT\$136,200,000	170.93	1F/22F	13 years	With elevator	32 ping (Fee included)	新北市板橋區文化路二段	
12	NT\$154,400,000	170.81	NA	1 month	With elevator	Yes (Fee not included)	新北市板橋區大觀路二段109巷1號	
13	NT\$280,000,000	169	Whole biulding/4F	35 years	Townhouse style	None	新北市板橋區中山路二段	
14	NT\$133,000,000	165.85	4F/11F	16 years	With elevator	Yes (Fee included)	新北市板橋區南雅南路一段	
15	NT\$68,880,000	146.71	1F/12F	19 years	With elevator	None	新北市板橋區民生路二段	
16	NT\$148,000,000	123.82	1F/24F	15 years	With elevator	Yes (Fee not included)	新北市板橋區民生路二段	
17	NT\$167,880,000	137	1F/14F	12 years	With elevator	16.9 ping (Fee not included)	新北市新店區中興路三段	XinDian 新店
18	NT\$49,980,000	117.01	1F/7F	13 years	With elevator	Yes (Fee included)	新北市新店區中央二街	
19	NT\$49,880,000	109.04	6F/8F	6 years	With elevator	None	新北市新店區寶中路	
20	NT\$19,800,000	108.5	1F/7F	18 years	With elevator	Yes (Fee included)	新北市新店區北宜路二段	

Table 43: List of Curriculum Exhibits:

Conversation Exhibits:

Lincoln Primer Book: Freshman (age < 3)

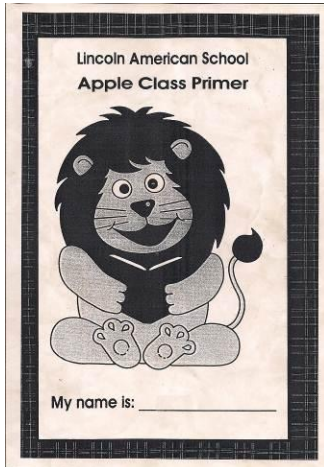
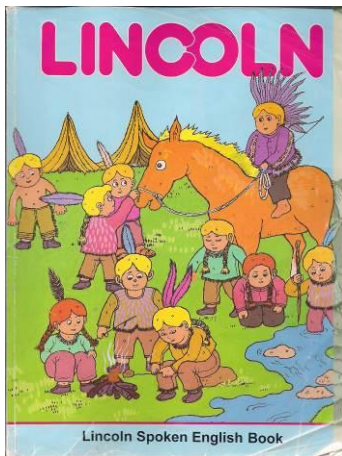


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Lincoln Book 1, Baby Blue Series: Sophomore (3 < age < 4)

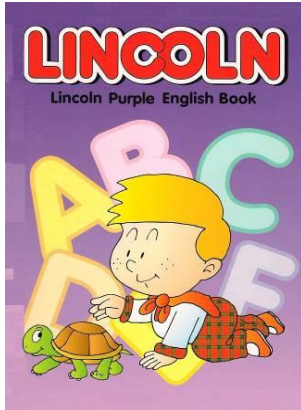


Contents

Lesson 1. Greetings	1
Lesson 2. In the classroom	5
Lesson 3. Names	11
Lesson 4. School (I)	17
Lesson 5. School (II)	23
Lesson 6. Manners	29
Lesson 7. Toys	33
Lesson 8. Numbers	39
Lesson 9. Fruit (I)	45

Lesson 10. Face	51
Lesson 11. Classroom	57
Lesson 12. Color (I)	63
Lesson 13. Body	71
Lesson 14. Self-Introduction	77
Lesson 15. Weather	83
Lesson 16. Animals (I)	89
Lesson 17. Food (I)	95

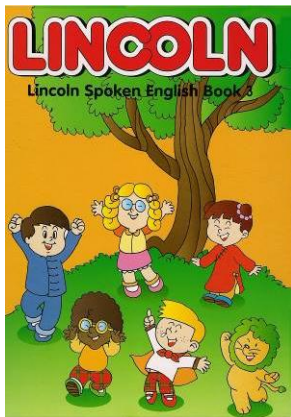
Lincoln Book 2, Little Purple Series: Sophomore (3 < age < 4)



Contents	
Characters	6
1: Getting Started	8
2: Petting Zoo	14
3: I Can Do It!	20
4: Teacher	26
5: Showing Good Manners	32
6: Game Day!	38
7: People We Know	44
8: It is Sticky!	50
9: The Body Game	56
10: So Tired	62

11: Polite Children	68
12: Animals Everywhere	74
13: Exercise	80
14: Picnic Lunch	86
15: A Sleep Over	92
16: Cool Tricks	98
17: Around Town	104
18: Everyday	110
19: Turn, Turn, Turn	116
20: Review	122

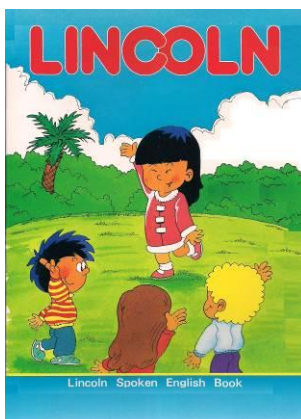
Lincoln Book 3, Bright Yellow Series: Junior (4 < age < 5)



Contents	
Lesson 1. Transportation	1
Lesson 2. Food	7
Lesson 3. This And That	13
Lesson 4. Big Or Little	21
Lesson 5. In The House	29
Lesson 6. In The Bathroom	35
Lesson 7. Are You Ready?	41
Lesson 8. A Big Boy?	49

Lesson 9. Snacks	57
Lesson 10. Insects	63
Lesson 11. Please Wait For Your Turn	69
Lesson 12. Places	75
Lesson 13. What Do You Need?	83
Lesson 14. Useful Things	89
Lesson 15. Beautiful Things	95
Lesson 16. Wild Animals	101
Lesson 17. Clothes	107

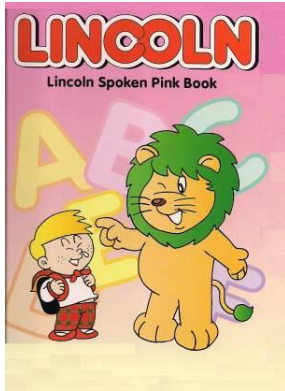
Lincoln Book 4, Serious Blue Series: Junior (4 < age < 5)



Contents	
Lesson 1. Actions	1
Lesson 2. Having Fun	8
Lesson 3. Going Shopping	13
Lesson 4. The Path	19
Lesson 5. A Good Student	25
Lesson 6. Weather	31
Lesson 7. The Park	37
Lesson 8. Useful Things	43
Lesson 9. Please Help Me	49

Lesson 10. Opposites	55
Lesson 11. Numbers	61
Lesson 12. What Time Is It?	67
Lesson 13. What Are They Doing?	73
Lesson 14. A Cockroach In The Classroom	79
Lesson 15. Let's Buy It!	85
Lesson 16. What Are You Going To Do?	91
Lesson 17. Occupations	97
Lesson 18. We Can't Do It!	103

Lincoln Book 5, Big Pink Series: Senior (5 < age < 6)

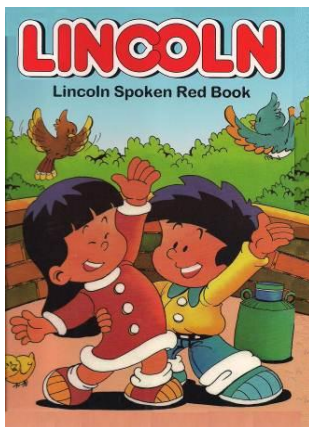


Contents

Lesson 1: Days of the Week	6
Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, Sunday	
Lesson 2: More on Days	12
set the table, pour, bake, fry	
Lesson 3: Tag Questions (be)	18
Chinese, American, Japanese, English	
Lesson 4: Yesterday	24
close - closed, later - latered, open - opened, play - played, study - studied, turn - turned, use - used	
Lesson 5: Review of LSEB 4	30
Lesson 6: How Many?	36
hand, necklace, ring, water	
Lesson 7: How Much?	42
rice, cheese, umbrella, medicine	

Lesson 8: Tag Questions (do)	48
win, be, empty, fit	
Lesson 9: More About Yesterday	54
close - closed, like - liked, laugh - laughed, talk - talked, walk - walked, write - wrote, work - worked	
Lesson 10: Review of LSEB 5	60
Lesson 11: But & And	66
draw, stamp, stick, wonderful, write	
Lesson 12: Or	72
draw, stick, food, more	
Lesson 13: Tag Questions (did & will)	78
small, new, turn, two, yesterday	
Lesson 14: Even MORE About Yesterday	84
point - pointed, tell - told, jump - jumped, pour - poured, eat - ate, read - read, wash - washed	
Lesson 15: Review of LSEB 6	90

Lincoln Book 6, Grand Red Series: Senior (5 < age < 6)



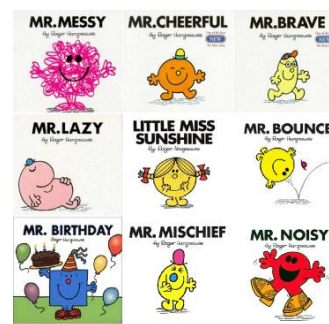
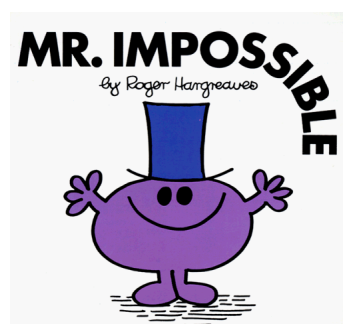
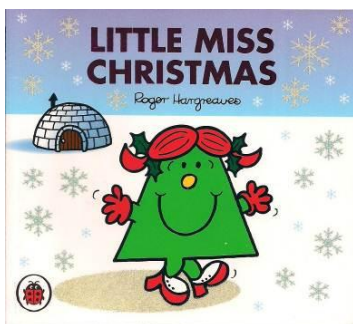
Contents

Lesson 1: Places	4
hospital, toy store, bank, movie theater, night market	
Lesson 2: Illnesses	10
toothache, stomachache, headache, sore throat, sore knee	
Lesson 3: Time	16
12:20, 9:10, 6:40, 3:50	
Lesson 4: Yesterday	22
do - did, go - went, sit - sat, see - saw, sing - sang, win - won	
Lesson 5: Review of LSEB 1	28
Lesson 6: When We Grow Up	34
artist, businessman, businesswoman, firefighter, scientist	
Lesson 7: Do You Ever ... ?	40
always, never, sweep, trip, garbage	

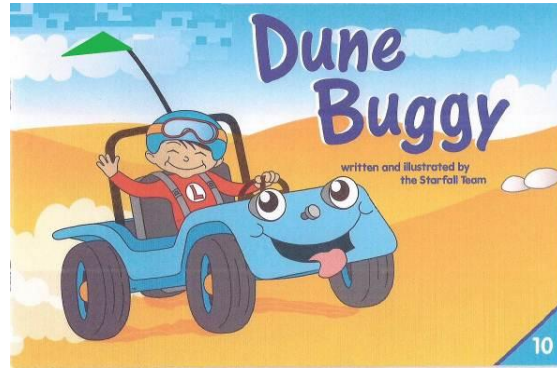
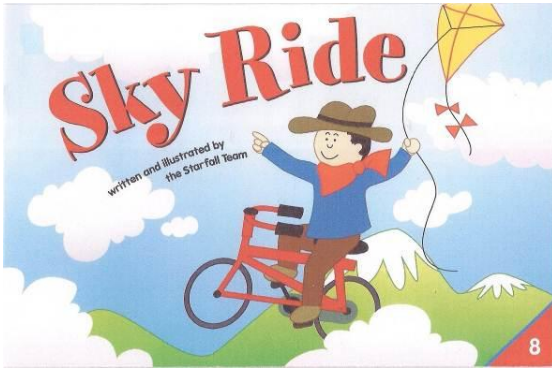
Lesson 8: Sometimes	46
usually, sometimes, seldom, always	
Lesson 9: More About Yesterday	52
blow - blew, draw - drew, fly - flew, eat - ate, make - made, ride - rode, find - found	
Lesson 10: Review of LSEB 2	58
Lesson 11: It's Mine!	64
mine, ours, yours, watch	
Lesson 12: Whose is it?	70
his, hers, theirs, mess, pencil box, video tape	
Lesson 13: Tomorrow	76
tomorrow, vegetables, set, stay, get	
Lesson 14: Even MORE About Yesterday	82
buy - bought, think - thought, bring - brought, catch - caught, teach - taught, take - took, write - wrote	
Lesson 15: Review of LSEB 3	88

Readers Exhibits:

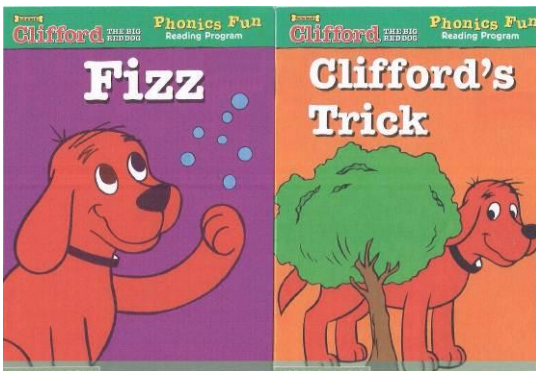
Mr. Men Series by Roger Hargreaves



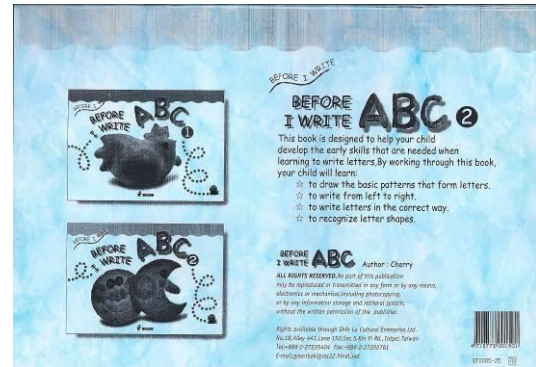
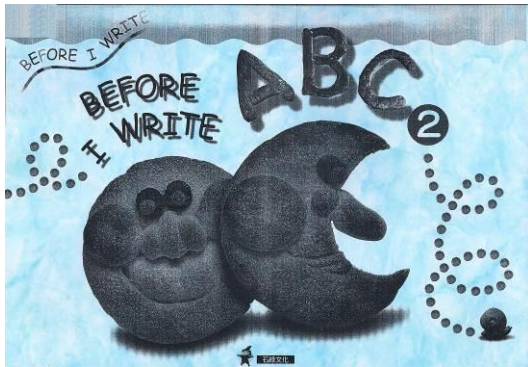
The Starfall Kindergarten reading through phonics Reader Set Written and Illustrated by the Starfall Team



Scholastic's Clifford the Big Red Dog Reading Program written by Norman Bridwell

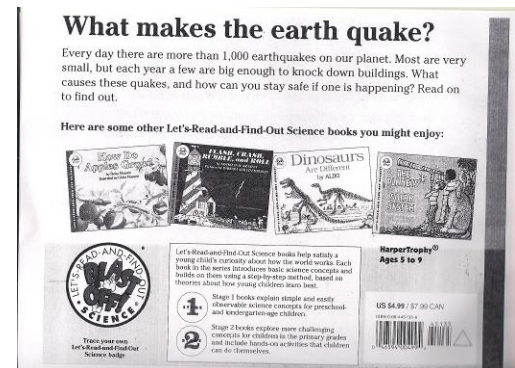
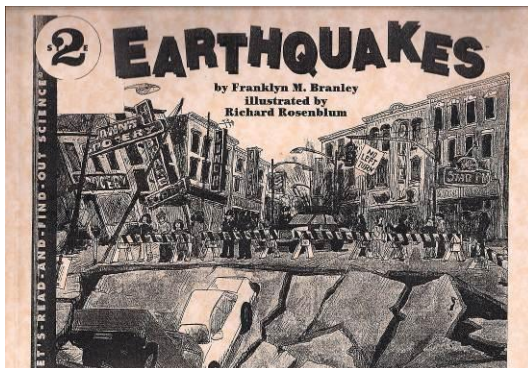
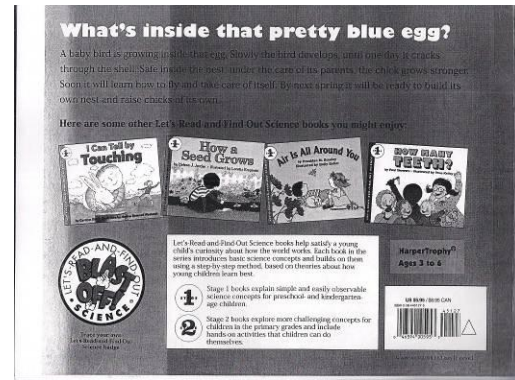
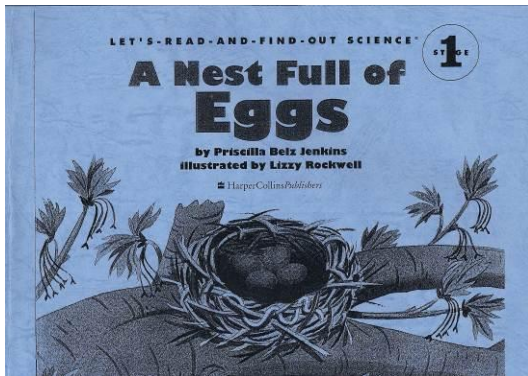


Writer Exhibits:



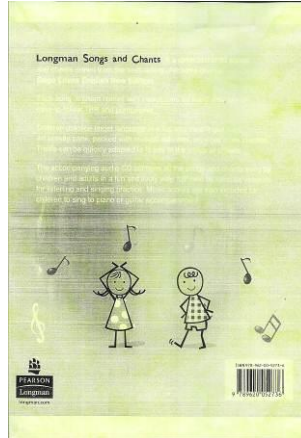
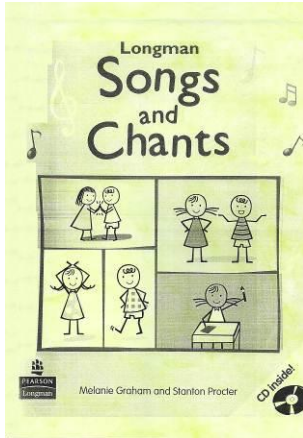
Science Exhibits:

Let's-Read-and-Find-Out Science books from publisher Programs and Genres create a set of science readers written and illustrated by a variety of talent organized in stages/levels.

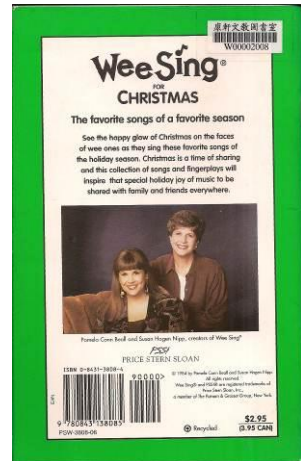
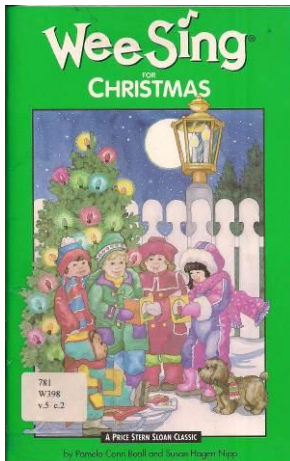


Music Exhibits:

Pearson Longman ELT and authors Stanton Procter and Melanie Graham produce Elementary and Kindergarten level songs books

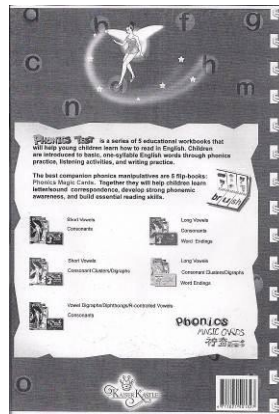


Price Stern Sloan and authors Pamela Conn Beall and Susan Hagen Nipp organize a variety of classical seasonal musical selections like in this Christmas edition Wee Sing.

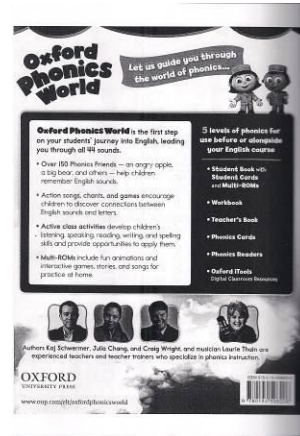
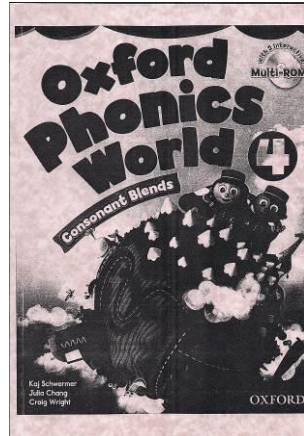
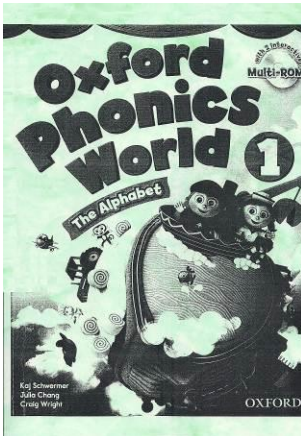


Phonics Exhibits:

Kaiser Kastle's Phonics Test is a series of 5 educational workbooks

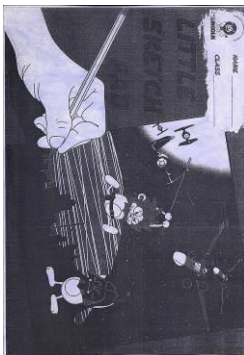
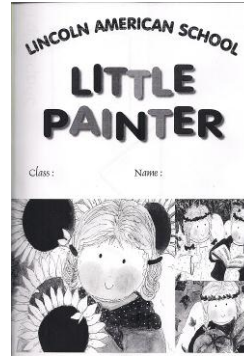
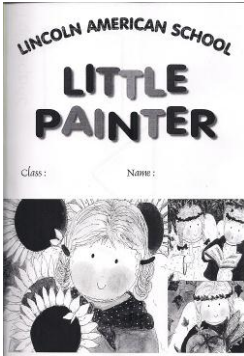


Oxford University Press' Oxford Phonics World is arranged in a 5 level educational series



Art Exhibits:

Lincoln School has 2 Little Painter and 4 Little Sketcher series that consists of art tasks and projects for children.



Communication Exhibits:

Three possibilities for Communication and Merit Chart Exhibits to choose from

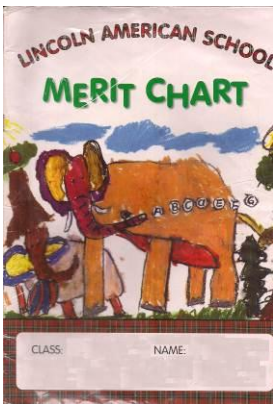
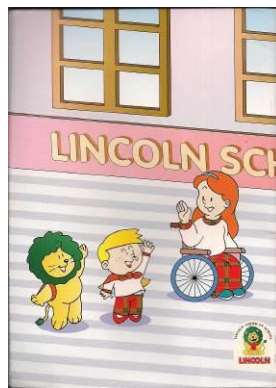
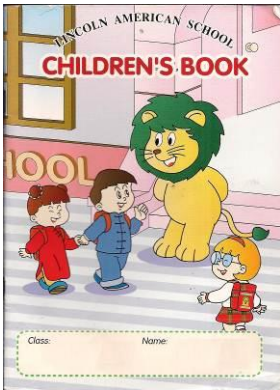
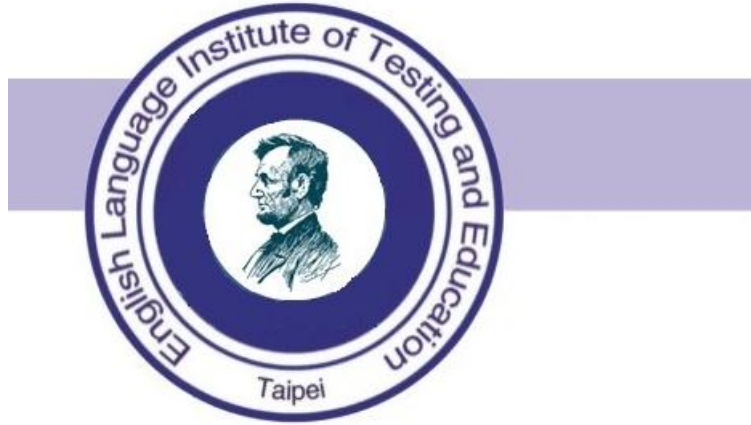


Figure 38: Examples of Abraham Academic Academy Corporate Identity, Marketing Materials and Items for Business Use:

Crest:



Slogan/Logo: "It Just Makes Sense"



Letterhead



Abraham Academic Academy
亞伯拉罕教育學院

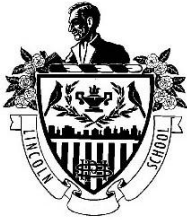


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Business Cards



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CEO 最高執行長

John Vatougius
蔣友文

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Teacher: John Vatougius
Kindergarten Specialist



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Kindergarten, Elementary, Middle, Junior & Senior High School Programs
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Abraham Academic Academy Adult Learning Center

Assistant Director 教務副主任

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Envelopes:

