

# Business Valuations Online

Your Business Valuation Report



Director Owner  
Shooting Shop (SAMPLE)

Our Ref: BVO000658  
26 Apr 2022  
Sent by email to: director@email.com

## YOUR BUSINESS VALUATION REPORT

Dear SIR/MADAM,

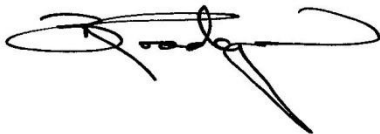
I refer to your instruction received via our website [www.businessvaluations.online](http://www.businessvaluations.online), and note that you have agreed with our terms of engagement by checking the “agreed” box.

I am a Director of Business Valuations Online Pty Ltd (BVO), and you have requested that I prepare a Limited Scope Business Valuation Report, as defined by APES 225, pertaining to the value of the business known as Shooting Shop (SAMPLE).

All analysis that has been conducted has been in accordance and as a result of the information and data provided by you. No audit or checking other than as specifically noted within the body of this report has been conducted. As such, BVO does not warrant the accuracy of any analysis where the errors are as the result of incorrect information supplied to us for the purposes of this report.

Please find attached your Business Valuation Report as requested. Please note the listing of information supplied and relied upon for the purposes is attached as Appendix A and Appendix B to the report.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Brett Goodyer', with a stylized flourish at the end.

Brett Goodyer  
Director  
FCPA B.Com MForAccy

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Limited Scope Business Valuation Report

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# **SHOOTING SHOP (SAMPLE)**

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As requested by Director Owner of Shooting Shop (SAMPLE)

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## Limited Scope Business Valuation Report Overview

This report complies with the requirements of APES 225 – Valuation Services.

Note that this report does not constitute an independent expert report and it does not fully comply with the requirements of APES 215 – Forensic Accounting Services, the Professional Code of Practice of CPA Australia and the Institute of Chartered Accountants of Australia and New Zealand and is for providing an indicative market value of the subject business.

All inquiries have been made for the purposes of this report that the writer believes necessary and appropriate. No relevant matters have been omitted from this report unless specifically stated. It is the writer's belief that the facts within his knowledge stated in this report are true and the opinions expressed are independent and impartial.

If any of the information relied upon is found to be either inaccurate or incomplete, or further information is provided, the writer reserves the right to revisit any conclusions in this report and amend it if necessary.

As a 'limited scope' report the scope has intentionally been limited to provide an estimate of business and/or entity values for the purpose of negotiation and settlement. Analysis and investigations have been abbreviated and detailed discussion of key valuation points have been bypassed in the interests of brevity, moving instead directly to conclusions.

## The Valuation Process

As shown at Appendix A, the information provided has been collated and subsequently relied upon in this valuation engagement. This information consisted of both financial and non-financial information pertaining to the subject business' past financial performance (profit and loss reports), its current financial position (the most recent balance sheet), and various other information pertaining to both quantitative and qualitative aspects of the business.

The approach to valuing the business applied is to seek to determine what a hypothetical, informed, willing but not anxious buyer of the business would pay to an informed, willing but not anxious seller in an open market, where the parties are acting on an arm's length basis. This valuation measure is referred to as 'fair market value'.

By adopting such an approach in relation to the valuation of the business, the report determines the fair market value of the business.

Every business is different and possesses its own idiosyncrasies, which means that no two business valuations are ever the same.

However, the approach to valuing businesses is uniform and consists of the following steps:

- Peruse all materials provided prior to commencement of valuation calculations;
- Undertake research in relation to the current economic conditions facing the specific market of the subject business;
- Examine the financial performance of the business over recent years in the context of all materials provided (including any commentary provided by business owners, advisers or management as supplied);
- Select a valuation methodology that is most applicable to the business (refer to Appendix D for a listing of available methodologies);
- Undertake valuation calculations (including making any adjustments to financial statements to reflect a hypothetical arms-length transaction);
- Review and double-check valuation calculations; and,
- Provide the valuation report, including conclusions as to fair market value.

## Assumptions and Disclaimers

All information, including the financial statements and other financial reports that have been provided for the purposes of this report is true and correct, including those stated at Appendix A and Appendix B of this report.

Neither BVO, nor any of its related entities are the auditors of, or the accountants for, any of the entities or individuals referred to in this report. We have not audited or otherwise sought to verify any of the information with which we have been provided and utilised in preparing this assessment, no opinion is expressed with regard to the reliability of the information with which has been provided and upon which this valuation is based.

Further assumptions are discussed throughout this report as required.

This appraisal is based upon the relevant prevailing market, economic and other conditions. Conditions can vary significantly over short periods of time and any subsequent changes in these conditions could impact upon the value, either positively or adversely.

No attempt has been made to independently confirm the financial information upon which this report is based and accordingly express no opinion as to its truth or accuracy.

The financial information relied upon has been analysed and utilised for the purposes of the calculations and assessments herein. Where necessary, this information has been subject to various procedures and adjustments as considered necessary in the professional judgment of the writer of this report.

## Background

### **Main Business Location**

### **Entity Type**

Online Sporting and Physical Recreation Goods Sales in Australia

**ABN:** 111222333444

### **Primary Business**

Per your responses to our online questionnaire, you have advised that Shooting Shop (SAMPLE) is located in and that it operates in the Online Sporting and Physical Recreation Goods Sales in Australia industry.

## Valuation of the Business

This appraisal is based upon the relevant prevailing market, economic and other conditions. Conditions can vary significantly over short periods of time and any subsequent changes in these conditions could impact upon the value, either positively or adversely.

No attempt has been made to independently confirm the financial information upon which this report is based and accordingly express no opinion as to its truth or accuracy.

The financial information relied upon has been analysed and utilised for the purposes of the calculations and assessments herein. Where necessary, this information has been subject to various procedures and adjustments as considered necessary in the professional judgment of the writer of this report.



## Overview of the Industry

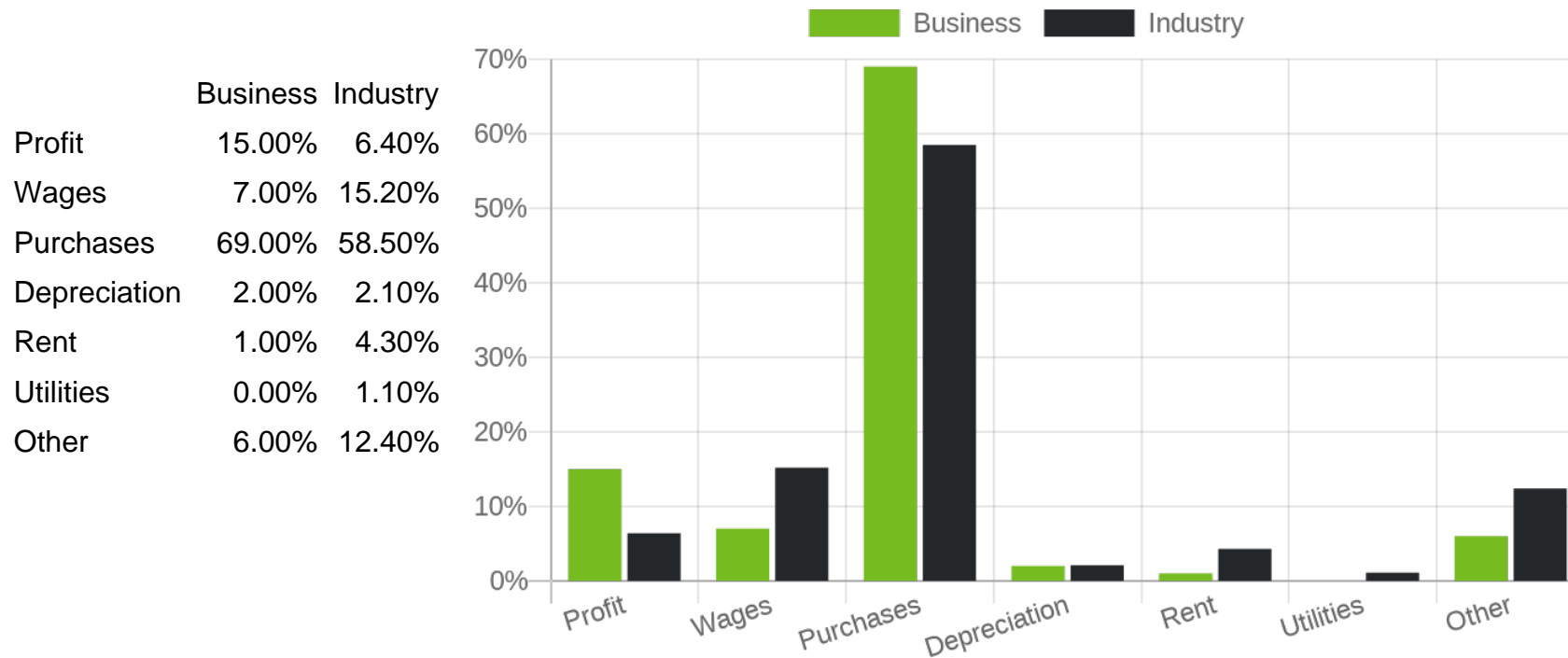
You have indicated that Shooting Shop (SAMPLE) operates in the Online Sporting and Physical Recreation Goods Sales in Australia industry. An analysis of the Online Sporting and Physical Recreation Goods Sales in Australia industry provides the following key industry insights:

|  |   |  |   |
|--|---|--|---|
| <b>Revenue</b><br><b>\$523.40m</b>               | <b>Profit</b><br><b>\$33.50m</b>                      | <b>Avg Turnover</b><br><b>\$530.00k</b>              |   |
| <b>Businesses</b><br><b>995</b>                  | <b>Avg # Employees</b><br><b>1.00</b>                 | <b>Avg Revenue / Employee</b><br><b>\$530.00k</b>    |   |
| <b>Life Cycle Stage</b><br><b>Not Available</b>  | <b>Revenue Volatility</b><br><b>Increasing</b>        | <b>Capital Intensity</b><br><b>Medium</b>            | <b>Technology Change</b><br><b>Medium</b>         |
| <b>Growth Risk Level</b><br><b>Not Available</b> | <b>Sensitivity Risk Level</b><br><b>Not Available</b> | <b>Structural Risk Level</b><br><b>Not Available</b> | <b>Overall Risk Level</b><br><b>Not Available</b> |

## Overview of Business

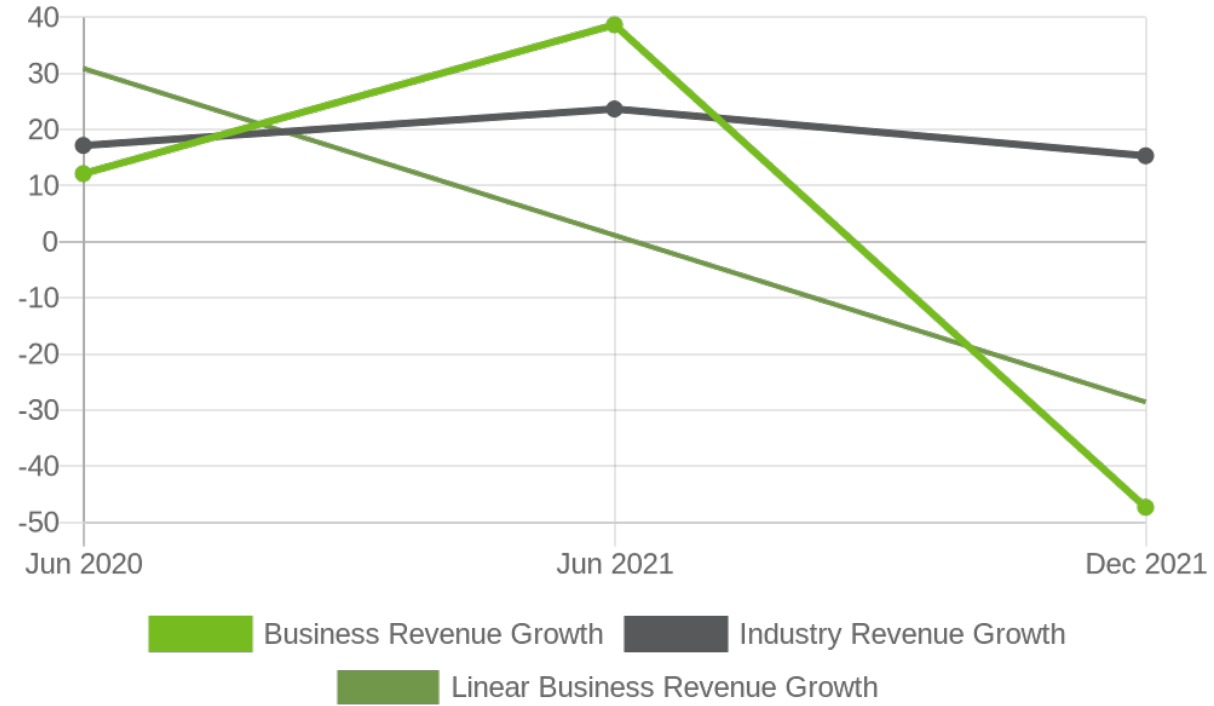
We have undertaken an assessment of Shooting Shop (SAMPLE) relative to the performance of the rest of the industry to allow us to consider the performance of Shooting Shop (SAMPLE) within the context of the rest of the industry.

### Unadjusted Business Cost Structure Relative to Industry

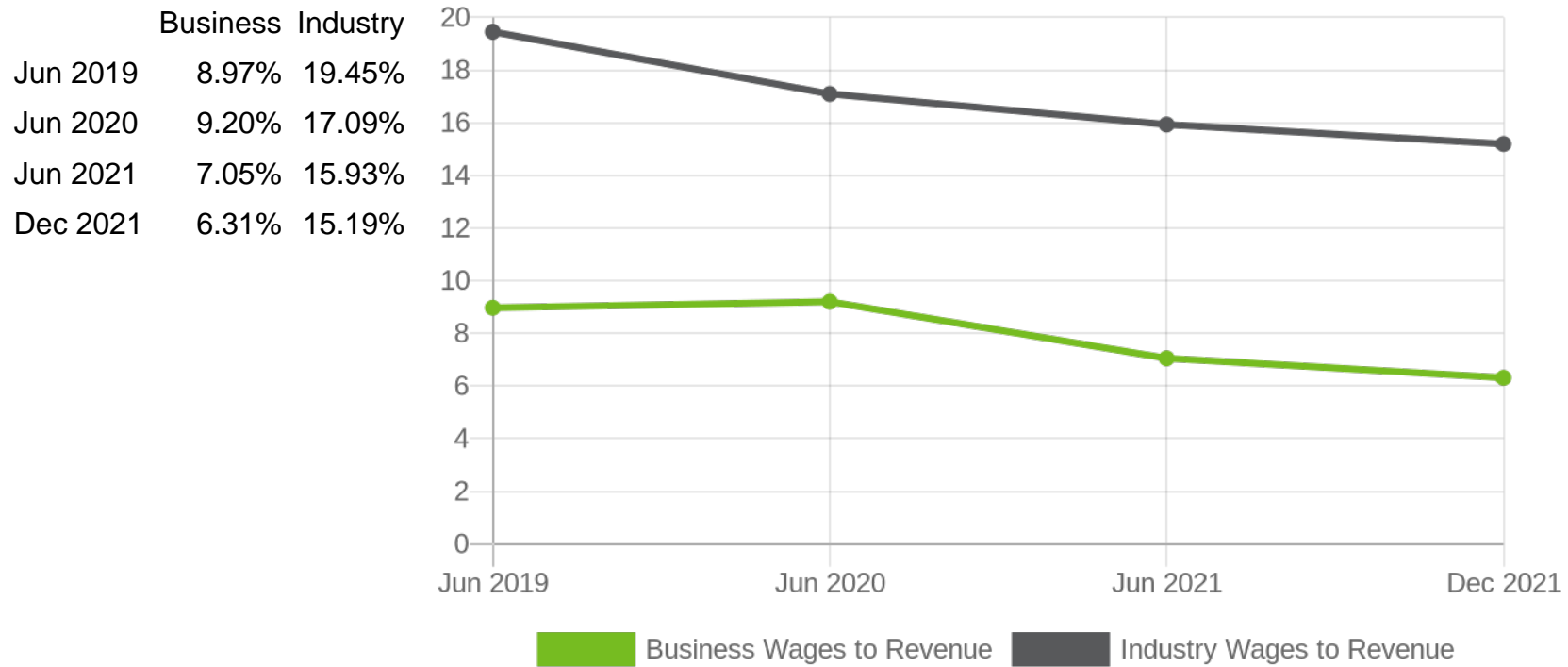


### Business vs Industry Revenue Growth

|          | Business | Industry |
|----------|----------|----------|
| Jun 2020 | 12.15%   | 17.18%   |
| Jun 2021 | 38.69%   | 23.68%   |
| Dec 2021 | -47.32%  | 15.34%   |



## Business vs Industry Wages to Revenue



## Consideration of the Financial Statements of the Business

An examination of the key financial ratios of the business has been undertaken for the Profit & Loss for the year ended 2021 and the Balance Sheet as at 2021, with the following results:

### Financial Statement Assessments

#### Efficiency and solvency tests

|                           |                     |                |  |
|---------------------------|---------------------|----------------|--|
| <b>Liquidity Ratio</b>    | Current Assets      | \$1,449,301.35 | Based upon a simple assessment of Current Assets vs Current Liabilities, it appears that the business is solvent. This means that the business has sufficient means to pay all current debts as and when they fall due.  |
|                           | Current Liabilities | \$134,150.95   |  |
|                           |                     | 10.80 : 1      |  |
| <b>Quick Ratio</b>        | Quick Assets        | \$125,658.30   | The quick ratio allows a business to understand whether all current liabilities can be extinguished by quickly accessing the most liquid assets on hand. Without good quick ratio coverage (ie. greater than 1), a business is at risk of not being able to pay their debts as and when they fall due as they are reliant on future cashflows or the assistance of third parties to settle existing debts. |
|                           | Current Liabilities | \$134,150.95   |  |
|                           |                     | 0.94 : 1       |  |
| <b>Net Asset Position</b> | Total Assets        | \$1,542,947.10 | Based upon a simple assessment of Total Assets vs Total Liabilities, it appears that the business is solvent on a balance sheet test of solvency. This means that the business has sufficient assets on hand to pay all of its debts, but it does not guarantee that it has sufficient liquid assets to pay all debts 'as and when they fall due'.   |
|                           | Total Liabilities   | \$222,060.02   |  |
|                           |                     | 6.95 : 1       |  |

|   |                                |                |   |
|---|--------------------------------|----------------|---|
| <b>Accounts Receivable Turnover Ratio</b> | Current Accounts Receivable    | \$91,537.84    | An accounts receivable turn of more than two is indicative that less than 50% of the total revenue of the entity for the entire year is tied up in invoices yet to be paid by the debtors of the business. The more monies tied up in debtors the more detrimental an effect on the cash flow of the business, and it would likely result in any profits from the business being tied up in the business as most businesses average less than 20% profit on revenue per annum. Taxes would still need to be paid on the profit made, even if it is 'only on paper'.   |
|   | Total Revenue                  | \$3,183,313.00 |   |
|   |                                | 34.78 : 1      |   |
| <b>EBIT Margin</b>                        | Earnings Before Interest & Tax | \$465,475.00   | An EBIT Margin of 10% to 20% indicates that the business is making a significant profit in the most recent financial year in real terms. That is to say that, once adjustments are made to allow for commercial rent and commercial salaries for owners and any other adjustments to reflect the business as a passive investment to a person who is not working in the business, there is significant return to the owner. A small to medium business ordinarily carries with it certain investments risks, and as such an investor should expect a return relative to these risks. Ordinarily a small business investor could expect a return of more than 20% per annum. |
|   | Total Revenue                  | \$3,183,313.00 |   |
|   |                                | 14.62%         |   |
| <b>Return on Assets</b>                   | Net Assets                     | \$1,320,887.08 | The return on assets ratio indicates how effectively the assets of your business are working to generate profit. A return on assets of more than 10% indicates that the business is making a reasonable return on the business asset. Some further efficiencies may be found. Asset intensive businesses should strive to be in this category whilst service based businesses (which are ordinarily not asset intensive) should look to return in excess of 20%.  |
|   | Earnings Before Interest & Tax | \$465,475.00   |   |
|   |                                | 35.24%         |   |
| <b>Gross Margin</b>                       | Gross Profit                   | \$990,246.00   | A business' gross margin indicates what percentage of income it retains after paying the direct costs related to the sales it makes. The higher this percentage, the more money the business has to service its other costs and debt obligations. Due to the variances between business types, methods of service and product delivery, and various other variables, there is no 'one-size-fits-all' approach to what could be considered a 'good' or 'bad' gross margin. As a result, this information is given for consideration in the context of the overall analysis of the financial performance of the business.   |
|   | Total Revenue                  | \$3,183,313.00 |   |
|   |                                | 31.11%         |   |



**Operating Cash  
Flow to Current  
Liabilities**

Operating  
Cash Flow

\$518,469.00

Current  
Liabilities

\$134,150.95

3.86 : 1

An Operating Cash Flow to Current Liabilities ratio of more than two is indicative that less than 50% of the annual free cash flows into the business (after all expenses except depreciation) is tied up in invoices yet to be paid by the debtors of the business. The business should be capable of meeting its current debt obligations from available cash flows without considering asset sales.

## Selection of Valuation Methodologies

The approach to valuing a business applied in this report is to seek to determine what a hypothetical, informed, willing but not anxious buyer of the shares would pay to an informed, willing but not anxious seller in an open market, where the parties are acting on an arm's length basis. This valuation measure is referred to as 'fair market value'.

By adopting such an approach in relation to my valuation of the business, one is determining the fair market value of the business.

There are several commonly applied valuation methods that are used to establish fair market valuations of businesses. A description of these methodologies is set out in Appendix C.

In determining an appropriate method to adopt in my valuation of the business, the following factors have been considered:

- The business has been operating since 2008
- Total revenue has grown an average of 1.17% since Jun 2019
- Revenue earned by the business has shown volatility since year Jun 2019
- Total profit generated by the business has increased an average of 60.37% since Jun 2019
- Wages as a proportion of revenue for the business has decreased an average of 10.45% since Jun 2019
- Costs of goods sold as a proportion of revenue for the business has decreased an average of 2.28% since Jun 2019
- The business operates in the Online Sporting and Physical Recreation Goods Sales in Australia industry

Based upon the factors discussed above, the Future Maintainable Earnings ("FME") method of valuation (refer to Appendix D) provides the most appropriate method to determine the value of the business.

Measures of earnings, such as Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA"), and similarly EBITA and EBIT, are measures of earnings before recognising interest payments to financiers and lenders and are more applicable to methods of valuing the enterprise as it is a matter of owner discretion as to whether the business uses external finance options.

In the absence of available forecasts, it is common practice to consider the historical operating performance and earnings of a business and potential normalisation adjustments when constructing the FME.

When determining FME under the FME Method, historical earnings need to be normalised. That is, items that are 'abnormal', one-



off, not of a commercial nature or not expected to recur in the future should be removed from the earnings for the period in which the FME was assessed.

## Calculation of the Value of the Business

In forming my opinion as to an appropriate level of FME to be adopted for the business, I have reviewed the reported and unaudited financial statements for the business for the Jun 2019, Jun 2020, Jun 2021 and Dec 2021 financial years as provided by you.

On the basis of information made available to me, it is my opinion that the 2021 financial year is the most indicative of the business' maintainable future earnings. Based upon the observed trends in the business, including growth trends, observed profitability and margins, I have weighted the calculation of the FME on the basis of 100.00% for 2021.

## Normalisation Adjustments

General profit and loss statement adjustments are made to account for items that are assessed as 'abnormal', one-off, not of a commercial nature or not expected to recur in the future.

I have made normalisation adjustments to the profit and loss statements of Shooting Shop (SAMPLE) as follows:

- Add Proprietor Salary: Remove proprietor salary
- Add Proprietor Salary: Remove proprietor salary
- Add Website Development add back: Adjust to reflect w/o on development costs
- Add Assets Immediate Deduction: Extraordinary item (unlikely to repeat in the future)
- Add Bad Debts: Not incurred in the ordinary course of business
- Add Borrowing Expenses: Entity funding related expense
- Add Competition fees: Discretionary payment of non-business related expense
- Add Credit Card Charges: Not incurred in the ordinary course of business
- Add Damaged/Faulty Stock: Extraordinary item (unlikely to repeat in the future)
- Add Caravan: Not incurred in the ordinary course of business

- Add Donations & Gifts: Discretionary payment of non-business related expense
- Add Filing Fees: Not incurred in the ordinary course of business
- Add Gift Voucher & Loyalty Program: Discretionary payment of non-business related expense
- Add Legal & Professional Fees: Extraordinary item (unlikely to repeat in the future)
- Add Loyalty Program/Gift Vouchers: Discretionary payment of non-business related expense
- Add Memberships: Discretionary payment of non-business related expense
- Add Rounding & Rate Fluctuation: Extraordinary item (unlikely to repeat in the future)
- Add Sale of Assets Expense: Extraordinary item (unlikely to repeat in the future)
- Add Sponsorships: Discretionary payment of non-business related expense
- Add Superannuation Directors: Discretionary payment of superannuation to Director
- Add Superannuation Directors Additional: Discretionary payment of superannuation to Director
- Add Superannuation Directors Annie 80/20: Discretionary payment of superannuation to Director
- Add Superannuation Directors Compu: Discretionary payment of superannuation to Director
- Add Superannuation Directors Stuart 25/75: Discretionary payment of superannuation to Director
- Add Superannuation Dirs Additional: Discretionary payment of superannuation to Director
- Add Training & Business Developmen: Discretionary payment of non-business related expense
- Add BR Training Equipment: Discretionary payment of non-business related expense
- Add Consumables for Training: Discretionary payment of non-business related expense
- Add Dues & Subscriptions: Discretionary payment of non-business related expense
- Add Removalists Costs: Extraordinary item (unlikely to repeat in the future)
- Add Signage: Extraordinary item (unlikely to repeat in the future)
- Add Range and Competition fees: Discretionary payment of non-business related expense
- Add Inventory Adjustment: Extraordinary item (unlikely to repeat in the future)
- Add Range Fees: Discretionary payment of non-business related expense

- Less Commercial Salary: Add back commercial salary
- Less Commercial Salary: Add back commercial salary
- Less ATO Cash Flow Boost - Tax Free: Extraordinary item (unlikely to repeat in the future)
- Less FB Reimbursement: Not incurred in the ordinary course of business
- Less Sale of Assets: Extraordinary item (unlikely to repeat in the future)
- Less Training Course Fees: Not incurred in the ordinary course of business
- Less Miscellaneous Income: Not incurred in the ordinary course of business

## Determination of FME

Based on the performance of the business per its financial statements and the adjustments made (as detailed at Appendix A), I have determined a weighted average EBIT FME of \$480,000.00.

The Following table provides a summary of the calculation of the FME for Shooting Shop (SAMPLE).

| Shooting Shop (SAMPLE)                  | Dec 2021            | Jun 2021            | Jun 2020            | Jun 2019            |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Profit before Income Adjustments</b> | <b>\$293,462.24</b> | <b>\$458,858.00</b> | <b>\$128,103.00</b> | <b>\$148,284.00</b> |
| Add: Interest Paid                      | \$0.00              | \$6,617.00          | \$12,708.00         | \$5,872.00          |
| Add: Interest Paid                      | \$0.00              | \$0.00              | \$0.00              | \$5,028.00          |
| Add: Interest Paid                      | \$0.00              | \$0.00              | \$523.00            | \$124.00            |
| <b>EBIT</b>                             | <b>\$293,462.24</b> | <b>\$465,475.00</b> | <b>\$141,334.00</b> | <b>\$159,308.00</b> |
| <b>Normalisation Adjustments</b>        |                     |                     |                     |                     |
| <b>Add</b>                              |                     |                     |                     |                     |
| Proprietor Salary                       | \$60,000.00         | \$60,000.00         | \$60,000.00         | \$60,000.00         |
| Proprietor Salary                       | \$60,000.00         | \$60,000.00         | \$60,000.00         | \$60,000.00         |
| Website Development add back            | \$0.00              | \$10,780.04         | \$5,000.00          | \$6,016.50          |
| Assets Immediate Deduction              | \$0.00              | \$0.00              | \$6,812.00          | \$0.00              |
| Bad Debts                               | \$0.00              | \$1,069.00          | \$983.00            | \$2,704.00          |
| Borrowing Expenses                      | \$0.00              | \$77.00             | \$0.00              | \$0.00              |
| Competition fees                        | \$0.00              | \$0.00              | \$0.00              | \$290.00            |
| Credit Card Charges                     | \$0.00              | \$129.00            | \$134.00            | \$257.00            |
| Damaged/Faulty Stock                    | \$0.00              | \$4,568.00          | \$83.00             | \$7,507.00          |
| Caravan                                 | \$0.00              | \$-347.00           | \$1,036.00          | \$1,017.00          |

|                                       |            |             |              |             |
|---------------------------------------|------------|-------------|--------------|-------------|
| Donations & Gifts                     | \$0.00     | \$900.00    | \$2,219.00   | \$2,117.00  |
| Filing Fees                           | \$0.00     | \$714.00    | \$0.00       | \$431.00    |
| Gift Voucher & Loyalty Program        | \$0.00     | \$0.00      | \$529.00     | \$0.00      |
| Legal & Professional Fees             | \$0.00     | \$0.00      | \$1,718.00   | \$0.00      |
| Loyalty Program/Gift Vouchers         | \$0.00     | \$0.00      | \$-330.00    | \$146.00    |
| Memberships                           | \$0.00     | \$116.00    | \$0.00       | \$0.00      |
| Rounding & Rate Fluctuation           | \$0.00     | \$183.00    | \$54.00      | \$92.00     |
| Sale of Assets Expense                | \$0.00     | \$1,506.00  | \$0.00       | \$0.00      |
| Sponsorships                          | \$0.00     | \$0.00      | \$3,881.00   | \$733.00    |
| Superannuation Directors              | \$0.00     | \$11,314.00 | \$11,169.00  | \$0.00      |
| Superannuation Directors Additional   | \$0.00     | \$38,686.00 | \$40,000.00  | \$0.00      |
| Superannuation Directors Annie 80/20  | \$3,076.82 | \$0.00      | \$0.00       | \$0.00      |
| Superannuation Directors Compu        | \$0.00     | \$0.00      | \$0.00       | \$9,802.00  |
| Superannuation Directors Stuart 25/75 | \$3,107.06 | \$0.00      | \$0.00       | \$0.00      |
| Superannuation Dirs Additional        | \$0.00     | \$0.00      | \$0.00       | \$40,196.00 |
| Training & Business Developmen        | \$0.00     | \$0.00      | \$0.00       | \$585.00    |
| BR Training Equipment                 | \$0.00     | \$5,824.00  | \$5,665.00   | \$4,936.00  |
| Consumables for Training              | \$0.00     | \$1,116.00  | \$6,349.00   | \$4,477.00  |
| Dues & Subscriptions                  | \$0.00     | \$107.00    | \$212.00     | \$610.00    |
| Removalists Costs                     | \$0.00     | \$0.00      | \$94.00      | \$0.00      |
| Signage                               | \$0.00     | \$1,106.00  | \$0.00       | \$0.00      |
| Range and Competition fees            | \$0.00     | \$0.00      | \$150.00     | \$0.00      |
| Inventory Adjustment                  | \$0.00     | \$3,980.00  | \$-11,051.00 | \$0.00      |
| Range Fees                            | \$0.00     | \$741.00    | \$780.00     | \$0.00      |

|                                |                     |                     |                     |                     |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Less</b>                    |                     |                     |                     |                     |
| Commercial Salary              | \$60,000.00         | \$60,000.00         | \$60,000.00         | \$60,000.00         |
| Commercial Salary              | \$60,000.00         | \$60,000.00         | \$60,000.00         | \$60,000.00         |
| ATO Cash Flow Boost - Tax Free | \$0.00              | \$20,400.00         | \$10,000.00         | \$0.00              |
| FB Reimbursement               | \$0.00              | \$12,642.00         | \$386.00            | \$317.00            |
| Sale of Assets                 | \$0.00              | \$32,000.00         | \$0.00              | \$0.00              |
| Training Course Fees           | \$0.00              | \$3,359.00          | \$1,318.00          | \$1,909.00          |
| Miscellaneous Income           | \$0.00              | \$63.00             | \$2,030.00          | \$2,010.00          |
| <b>Adjusted EBIT</b>           | <b>\$299,646.12</b> | <b>\$479,580.04</b> | <b>\$203,087.00</b> | <b>\$236,988.50</b> |
| EBIT Margin                    | 17.87%              | 15.07%              | 8.85%               | 11.58%              |
| Weighting                      | 0.00%               | 100.00%             | 0.00%               | 0.00%               |
| Calculated FME                 | \$479,580.04        |                     |                     |                     |
| <b>FME Value</b>               | <b>\$480,000.00</b> |                     |                     |                     |



business  
valuations  
online

## Determination of Capitalisation Rate (Multiple)

Having considered the attributes of the business, including the industry and sub-industry classification, the nature, length of trade, asset base and profitability, as well as the EBIT multiples achieved in the Industry over the previous year, I consider the most appropriate EBIT multiple range for this business to be 3.76 to 4.16 times normalised EBIT.

The selection of an appropriate multiple to apply to FME is a matter of professional judgment. Under the FME Method, a multiple should reflect both the expected returns from investments in the relevant industry and the expected risks in achieving those returns. In determining the multiple to use in a valuation of the business, the following factors must be considered and assessed:

- Observed transaction multiples relating to takeover or acquisition situations involving businesses that are, to some extent, comparable with the company being valued;
- The financial results and information relating to businesses sold in recent periods;
- Consideration of the potential differences between the selected multiple ranges experienced by the marketplace, including differences in size and diversification of operations;
- The extent and nature of competition in the Online Sporting and Physical Recreation Goods Sales in Australia;
- The consistency and reliability of the business current earnings and any future growth opportunities; and,
- The relative risk compared to other investments.

In general terms, a FME multiple incorporates the following factors:

- Rates of returns
- Time value of money
- Future growth prospects
- The general economic conditions as at the date of valuation
- The changes in the legislative structure in which the business operates (if any); and
- The relative risk of the industry in which the business operates

An FME based valuation utilising these multiples is therefore shown in the below Table:



|                          | FROM           | TO             |
|--------------------------|----------------|----------------|
| Future Maintainable EBIT | \$480,000.00   | \$480,000.00   |
| EBIT Multiple            | 3.76           | 4.16           |
| Enterprise Value         | \$1,804,800.00 | \$1,996,800.00 |

Based upon the calculation in the above table, it is my opinion that the business that is known as Shooting Shop (SAMPLE) is valued at between \$1,804,800.00 and \$1,996,800.00. Expressed as a midpoint, the business of Shooting Shop (SAMPLE) is valued at \$1,900,800.00, as at the indicated date.

On the basis of a calculated business value of \$1,900,800.00 and a net tangible business assets of \$1,165,182.45, the goodwill of the business of Shooting Shop (SAMPLE) is \$735,617.55. Details of this calculation are shown in Appendix C.

## Conclusion

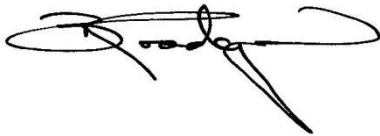
This Limited Scope Business Valuation Report is based upon the relevant prevailing market, economic and other conditions. Conditions can vary significantly over short periods of time and any subsequent changes in these conditions could impact upon the value, either positively or adversely.

No attempt has been made to independently confirm the financial information upon which this report is based and accordingly no opinion is expressed as to its truth or accuracy.

Based upon the foregoing, the business that is known as Shooting Shop (SAMPLE) is valued at \$1,900,800.00, as at 30 Jun 2021.

On the basis of the above business valuation I have calculated the total goodwill held within the business as \$735,617.55, as shown at Appendix C.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Brett Goodyer', is positioned above the printed name.

Brett Goodyer  
Director  
FCPA B.Com MForAccy

# APPENDIX A

## Client information as provided via businessvaluations.online

| Client Details  |                        |
|---|------------------------|
| Name  | Shooting Shop (SAMPLE) |
| Address   |                        |
| Phone   |                        |
| Email   |                        |
| Your Accountants Details  |                        |
| Accountant details are the same as my details   | No                     |
| Name  | Accountant Referrer    |
| Firm  | Accounting People      |
| Address   |                        |
| Phone   | 1122334455             |
| Email   | accountants@email.com  |
| Provide a copy of the valuation report and the accountants analysis report to my accountant | Yes                    |
| Subject Entity  |                        |
| I am the entity contact   | Yes                    |
| Name  | Shooting Shop (SAMPLE) |
| Address   |                        |

Website www.gunsnstuff.com

ABN or ACN 111222333444

Business operates at the same location Yes

## Valuation Overview

Purpose of valuation Purchase of the business as a going concern

Require a valuation of the business that is operated by the entity Yes

## Entity Business Overview

Year Commenced Trading 2008

Industry Classification Retail trade

Business Description Online Sporting and Physical Recreation Goods Sales in Australia

Does the business keep stock? Yes

Date of last stocktake 31 Dec 2021

Are the premises leased or owned? Leased

Is the landlord a related party? No

Lease expiry date 31 Oct 2022

How long are the further options on the lease (in years)? 3

## Business Risks

Does the business have a business plan? Yes

Business plan is reviewed and updated Yes

Does the business have a succession plan in place? No

Does the business set annual budgets / forecasts

Does the business have a major supplier who provides >30% of the product requirements? No

|   |     |
|---|-----|
| Is the current location critical to the operation of the business?  | No  |
| Are the internal controls, systems and processes documented, acknowledged and followed by staff?                                      | Yes |
| Does the business have any known unresolved legal disputes?   | No  |
| Does the business keep accurate and up-to-date financial records on at least a monthly basis?   | Yes |
| Does the business (or proprietor) of the business possess necessary licensing, permit and registration requirements for the business? | Yes |

## Owners and Employees

|   |                               |
|---|-------------------------------|
| Business senior management team   | A team of employees           |
| Senior management team has employment contracts with restriction of competition clauses                                 | No                            |
| How many employees does the buess have (including owners if they work in the business) on a Full Time Equivalent basis? | 3                             |
| Does the business undertake annual employee performance reviews?  | No                            |
| Are all employment contracts up-to-date?  | Yes                           |
| Do the owner(s) work in the business?   | Yes                           |
| Is the business reliant upon the skills, knowledge and/or contacts of the owner?  | Yes                           |
| Owner 1 role  | General operation management  |
| Owner 1 current pay   | \$60,000.00                   |
| Owner 1 equivalent commercial salary  | \$60,000.00                   |
| Owner 2 role  | General operations management |
| Owner 2 current pay   | \$60,000.00                   |

Owner 2 equivalent commercial salary \$60,000.00

Are there any related parties (such as family, partners, etc) who are paid by the business? No

## Key Expenses

Has all outstanding superannuation due to be paid in relation to superannuation guarantee contributions been paid up to date? Yes

Does the entity have an outstanding tax liability? No

Is workers compensation insurance paid and up to date? Yes

Are all other insurances up to date? Yes

Are all revenue and expenses that are received or paid in cash accounted for? Yes

What type of customers does the business sell to? Both (business and individual)

Does the business own any registered trademarks? Yes

Details of the specific trademarks owned Shooting Shop

What percentage of the motor vehicle expense is related to the operation of the business? 50 %

What percentage of your turnover does your biggest customer represent? 5 %

## Financial Statements

Financial statements were uploaded, and are summarised in subsequent appendices

Are there any motor vehicles or other assets on the balance sheet that are not used in generating income for the business? No

Are all loans from third parties to the entity collectible at their carried value? Yes

Further information that would be useful to this process



business  
valuations  
online

# APPENDIX B

## Financial Information Supplied

### Profit and Loss Statements

| Item                           | Dec 2021            | Jun 2021            | Jun 2020            | Jun 2019            |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>INCOME</b>                  |                     |                     |                     |                     |
| ATO Cash Flow Boost - Tax Free | 0.00                | 20,400.00           | 10,000.00           | 0.00                |
| Currency Exchange Income/Loss  | 0.00                | 0.00                | 1.00                | 0.00                |
| FB Reimbursement               | 0.00                | 12,642.00           | 386.00              | 317.00              |
| Freight Collected REX          | 56,712.92           | 105,925.00          | 76,302.00           | 0.00                |
| Miscellaneous Income           | 0.00                | 63.00               | 2,030.00            | 2,010.00            |
| Sale of Assets                 | 0.00                | 32,000.00           | 0.00                | 0.00                |
| Sales REX                      | 1,620,212.66        | 3,008,924.00        | 2,205,191.00        | 2,042,385.00        |
| Training Course Fees           | 0.00                | 3,359.00            | 1,318.00            | 0.00                |
| Training Income                | 0.00                | 0.00                | 0.00                | 1,909.00            |
| <b>TOTAL INCOME</b>            | <b>1,676,925.58</b> | <b>3,183,313.00</b> | <b>2,295,228.00</b> | <b>2,046,621.00</b> |
| <b>LESS COGS</b>               |                     |                     |                     |                     |
| Cost of Sales REX              | 1,093,063.32        | 2,083,153.00        | 1,567,898.00        | 1,512,761.00        |
| Discounts Received             | 0.00                | -207.00             | -3,118.00           | 0.00                |
| Freight Paid                   | 63,094.40           | 105,400.00          | 77,000.00           | 0.00                |
| Inventory Adjustment           | 0.00                | 3,980.00            | -11,051.00          | 0.00                |



|                                |                     |                     |                     |                     |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|
| Range Fees                     | 0.00                | 741.00              | 780.00              | 0.00                |
| <b>TOTAL COGS</b>              | <b>1,156,157.72</b> | <b>2,193,067.00</b> | <b>1,631,509.00</b> | <b>1,512,761.00</b> |
| <b>GROSS PROFIT</b>            | <b>520,767.86</b>   | <b>990,246.00</b>   | <b>663,719.00</b>   | <b>533,860.00</b>   |
| <b>LESS OPERATING EXPENSES</b> |                     |                     |                     |                     |
| Accounting Expense             | 570.00              | 2,040.00            | 1,970.00            | 3,970.00            |
| Advertising & Marketing        | 135.00              | 0.00                | 59.00               | 1.00                |
| Assets Immediate Deduction     | 0.00                | 0.00                | 6,812.00            | 0.00                |
| ATO Interest                   | 0.00                | 0.00                | 523.00              | 124.00              |
| ATO Rounding                   | 0.00                | -1.00               | 0.00                | -1.00               |
| Bad Debts                      | 0.00                | 1,069.00            | 983.00              | 2,704.00            |
| Bank Charges                   | 4,083.25            | 2,819.00            | 2,521.00            | 1,883.00            |
| Benchrest Training Insurance   | 0.00                | 2,267.00            | 0.00                | 0.00                |
| Bookkeeping                    | 24,187.50           | 48,833.00           | 41,520.00           | 31,086.00           |
| Borrowing Expenses             | 0.00                | 77.00               | 0.00                | 0.00                |
| Caravan                        | 0.00                | -347.00             | 1,036.00            | 1,017.00            |
| Competition fees               | 0.00                | 0.00                | 0.00                | 290.00              |
| Computer Expenses              | 4,749.21            | 2,484.00            | 2,006.00            | 729.00              |
| Consumables for Training       | 0.00                | 1,116.00            | 6,349.00            | 4,477.00            |
| Credit Card Charges            | 0.00                | 129.00              | 134.00              | 257.00              |
| Customs                        | 173.05              | 0.00                | 0.00                | 0.00                |
| Damaged/Faulty Stock           | 0.00                | 4,568.00            | 83.00               | 7,507.00            |
| Depreciation                   | 0.00                | 59,611.00           | 45,522.00           | 19,531.00           |
| Diesel Land Cruiser            | 0.00                | 0.00                | 0.00                | 3,182.00            |
| Donations & Gifts              | 0.00                | 900.00              | 2,219.00            | 2,117.00            |

|                                      |          |           |           |           |
|--------------------------------------|----------|-----------|-----------|-----------|
| Dues & Subscriptions                 | 0.00     | 107.00    | 212.00    | 610.00    |
| Electricity                          | 740.33   | 864.00    | 542.00    | 0.00      |
| Filing Fees                          | 0.00     | 714.00    | 0.00      | 431.00    |
| Furniture & Equipment                | 113.92   | 2,216.00  | 1,322.00  | 1,353.00  |
| Gift Voucher & Loyalty Program       | 0.00     | 0.00      | 529.00    | 0.00      |
| Insurance                            | 2,736.55 | 5,654.00  | 8,544.00  | 4,815.00  |
| Interest Exp land Crusier            | 0.00     | 0.00      | 0.00      | 5,028.00  |
| Interest Expense                     | 0.00     | 6,617.00  | 12,708.00 | 5,872.00  |
| Legal & Professional Fees            | 0.00     | 0.00      | 1,718.00  | 0.00      |
| Loyalty Program/Gift Vouchers        | 0.00     | 0.00      | -330.00   | 146.00    |
| Memberships                          | 0.00     | 116.00    | 0.00      | 0.00      |
| Merchant Fee                         | 8,870.15 | 14,699.00 | 10,607.00 | 11,236.00 |
| Motor Vehicle Expenses - Holden      | 0.00     | 572.00    | 3,595.00  | 0.00      |
| Motor Vehicle Expenses - Landcruiser | 0.00     | 11,009.00 | 12,191.00 | 0.00      |
| Motor Vehicle Expenses - Lexus       | 0.00     | 8,852.00  | 0.00      | 0.00      |
| MV Diesel Land Cruiser               | 1,199.90 | 0.00      | 0.00      | 0.00      |
| MV Expenses - Lexus                  | 540.91   | 0.00      | 0.00      | 0.00      |
| MV Petrol - Lexus                    | 543.38   | 0.00      | 0.00      | 0.00      |
| MV Vehicle Expenses Land Crui        | 1,940.46 | 0.00      | 0.00      | 0.00      |
| Office Supplies                      | 1,309.12 | 2,461.00  | 2,259.00  | 2,022.00  |
| Other Employer Expenses              | 0.00     | 0.00      | 0.00      | 30.00     |
| Packaging                            | 4,103.33 | 5,705.00  | 4,039.00  | 3,180.00  |
| Parking & Tolls                      | 329.22   | 549.00    | 467.00    | 504.00    |

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| PayPal Charges                         | 14,414.93 | 20,416.00 | 10,093.00 | 8,038.00  |
| Petrol 54 Holden                       | 0.00      | 0.00      | 0.00      | 967.00    |
| POS system Support                     | 774.00    | 1,677.00  | 1,365.00  | 1,944.00  |
| Postage (PO Box)                       | 439.64    | 765.00    | 0.00      | 0.00      |
| Promotions                             | 2,323.20  | 7,324.00  | 22,126.00 | 10,997.00 |
| Range and Competition fees             | 0.00      | 0.00      | 150.00    | 0.00      |
| Removalists Costs                      | 0.00      | 0.00      | 94.00     | 0.00      |
| Rent                                   | 11,079.96 | 21,473.00 | 12,250.00 | 0.00      |
| Rent Outgoings                         | 6,205.30  | 9,880.00  | 7,014.00  | 0.00      |
| Repairs & Maintenance                  | 67.23     | 759.00    | 1,697.00  | 0.00      |
| Rounding & Rate Fluctuation            | 0.00      | 183.00    | 54.00     | 92.00     |
| Sale of Assets Expense                 | 0.00      | 1,506.00  | 0.00      | 0.00      |
| Signage                                | 0.00      | 1,106.00  | 0.00      | 0.00      |
| Sponsorships                           | 0.00      | 0.00      | 3,881.00  | 733.00    |
| Staff Amenities                        | 11.98     | 85.00     | 1,365.00  | 511.00    |
| Storage Fees                           | 0.00      | 0.00      | 5,589.00  | 2,013.00  |
| Superannuation Directors               | 0.00      | 11,314.00 | 11,169.00 | 0.00      |
| Superannuation Directors Additional    | 0.00      | 38,686.00 | 40,000.00 | 0.00      |
| Superannuation Directors Compu         | 0.00      | 0.00      | 0.00      | 9,802.00  |
| Superannuation Directors owner 1 80/20 | 3,076.82  | 0.00      | 0.00      | 0.00      |
| Superannuation Directors owner 2 25/75 | 3,107.06  | 0.00      | 0.00      | 0.00      |
| Superannuation Dirs Additional         | 0.00      | 0.00      | 0.00      | 40,196.00 |
| Superannuation Employees               | 3,296.26  | 4,561.00  | 3,608.00  | 2,567.00  |
| Telephone & Internet                   | 1,669.59  | 4,674.00  | 3,619.00  | 2,161.00  |

|                                 |                   |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| Training & Business Developmen  | 0.00              | 0.00              | 0.00              | 585.00            |
| Training Equipment              | 0.00              | 5,824.00          | 5,665.00          | 4,936.00          |
| Travel & Meal Expenses          | 0.00              | -17,833.00        | 31,766.00         | 580.00            |
| Vehicle Expenses 54 Holden      | 0.00              | 0.00              | 0.00              | 2,035.00          |
| Vehicle Expenses Land Cru       | 0.00              | 0.00              | 0.00              | 6,752.00          |
| Wages & Salaries                | 0.00              | 169,963.00        | 156,358.00        | 130,992.00        |
| Wages & Salaries employee 1     | 22,642.94         | 0.00              | 0.00              | 0.00              |
| Wages & Salaries employee 2     | 10,319.49         | 0.00              | 0.00              | 0.00              |
| Wages & Salaries employee 3     | 1,485.00          | 0.00              | 0.00              | 0.00              |
| Wages & Salaries owner 1 80/20  | 30,767.85         | 0.00              | 0.00              | 0.00              |
| Wages & Salaries owner 2 25/75  | 31,070.25         | 0.00              | 0.00              | 0.00              |
| Warranty/Repairs Expense        | 324.18            | 1,867.00          | 2,134.00          | 1,771.00          |
| Waste disposal                  | 0.00              | 12.00             | 0.00              | 0.00              |
| Website                         | 3,799.88          | 17,915.00         | 11,323.00         | 11,303.00         |
| Webstore/Administration         | 22,869.50         | 35,270.00         | 30,364.00         | 30,283.00         |
| WorkCover Premiums              | 1,169.33          | 494.00            | 724.00            | 287.00            |
| Workshop                        | 65.95             | 7,767.00          | 3,028.00          | 1,930.00          |
| Workwear & Uniforms             | 0.00              | 0.00              | 40.00             | 0.00              |
| <b>TOTAL OPERATING EXPENSES</b> | <b>227,305.62</b> | <b>531,388.00</b> | <b>535,616.00</b> | <b>385,576.00</b> |
| <b>NET PROFIT</b>               | <b>293,462.24</b> | <b>458,858.00</b> | <b>128,103.00</b> | <b>148,284.00</b> |

## Balance Sheet Statements

| Item  | Dec 2021            | Jun 2021            | Jun 2020          | Jun 2019            |
|---|---------------------|---------------------|-------------------|---------------------|
| <b>BANK</b>   |                     |                     |                   |                     |
| Cash & Cheques To Be Deposited                                | 4,445.00            | 0.00                | 5,966.00          | 2,067.00            |
| Chq   | 416.68              | 840.00              | 2,513.00          | 734.00              |
| Chq Shooting  | 23,303.41           | 124,076.00          | 51,592.00         | 10,040.00           |
| Payment Clearing Account                                      | 0.00                | 0.00                | 0.00              | 0.00                |
| PayPal  | 5,955.37            | 4,426.00            | 7,564.00          | 5,923.00            |
| <b>TOTAL BANK</b>   | <b>34,120.46</b>    | <b>129,342.00</b>   | <b>67,635.00</b>  | <b>18,764.00</b>    |
| <b>CURRENT ASSETS</b>   |                     |                     |                   |                     |
| Merchandise Inventory   | 1,144,365.68        | 855,266.00          | 750,875.00        | 700,095.00          |
| Pre-paid SmartSend Freight                                    | 78.57               | 286.00              | 148.00            | 140.00              |
| Prepaid Purchase Orders                                       | 173,423.80          | 153,163.00          | 122,640.00        | 220,714.00          |
| Security Deposit premises                                     | 5,775.00            | 5,775.00            | 5,775.00          | 0.00                |
| Trade Debtors   | 91,537.84           | 121,634.00          | 98,536.00         | 108,045.00          |
| <b>TOTAL CURRENT ASSETS</b>                                   | <b>1,415,180.89</b> | <b>1,136,124.00</b> | <b>977,974.00</b> | <b>1,028,994.00</b> |
| <b>NON-CURRENT ASSETS</b>                                     |                     |                     |                   |                     |
| Busines Valuation Expenses                                    | 11,085.69           | 9,316.00            | 0.00              | 0.00                |
| Electricity & Phone Connection - at Cost                      | 6,936.00            | 6,936.00            | 6,936.00          | 0.00                |
| Electricity & Phone Connection Less: Accumulated Depreciation | -173.00             | -173.00             | 0.00              | 0.00                |
| General Pool at cost  | 0.00                | 0.00                | 0.00              | 45,572.00           |
| Lease Improvements Balmain St - at Cost                       | 12,086.95           | 12,087.00           | 12,087.00         | 0.00                |

|  |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|
| Lease Improvements Balmain St Less: Accumulated Depreciation | -302.00             | -302.00             | 0.00                | 0.00                |
| MV Borrowing costs -Lexus                                    | 372.58              | 373.00              | 0.00                | 0.00                |
| MV Landcruiser - Over car limit                              | 0.00                | 28,652.00           | 28,652.00           | 0.00                |
| MV Lexus - at Cost   | 94,124.00           | 59,136.00           | 0.00                | 0.00                |
| MV Lexus - Over car limit                                    | 0.00                | 34,988.00           | 0.00                | 0.00                |
| MV Lexus Car Overlimit                                       | -24,148.00          | 0.00                | 0.00                | 0.00                |
| MV Lexus Less: Accumulated Depreciation                      | -34,988.00          | -59,136.00          | 0.00                | 0.00                |
| MV Over Limit - Land Cruiser                                 | 28,651.53           | 0.00                | 0.00                | 28,652.00           |
| <b>TOTAL NON-CURRENT ASSETS</b>                              | <b>93,645.75</b>    | <b>91,877.00</b>    | <b>47,675.00</b>    | <b>74,224.00</b>    |
| <b>TOTAL ASSETS</b>  | <b>1,542,947.10</b> | <b>1,357,343.00</b> | <b>1,093,284.00</b> | <b>1,121,982.00</b> |
| <b>CURRENT LIABILITIES</b>                                   |                     |                     |                     |                     |
| American Express   | 16,181.74           | 29,216.00           | 22,299.00           | 22,159.00           |
| ANZ Visa   | 799.91              | 4,249.00            | 3,947.00            | 14,963.00           |
| ATO Activity Statement Account                               | 0.00                | 32,000.00           | 0.00                | 0.00                |
| ATO Running Bal A/c  | 5,202.00            | 0.00                | 0.00                | 0.00                |
| Customer Deposits  | 2,870.00            | 420.00              | 0.00                | 0.00                |
| GST  | 0.00                | 20,761.00           | 15,184.00           | 0.00                |
| GST Adjustment FY2021  | 1,264.21            | 0.00                | 0.00                | 0.00                |
| GST Adjustments  | 0.00                | 0.00                | 0.00                | 32.00               |
| GST Collected  | 7,740.03            | 0.00                | 0.00                | 59,149.00           |
| GST Liabilities  | 0.00                | 0.00                | 0.00                | 0.00                |
| GST Paid   | -203.30             | 0.00                | 0.00                | -37,358.00          |
| Land Cruiser Loan  | 18,475.80           | 0.00                | 0.00                | 0.00                |
| Land Cruiser Loan C/L  | 0.00                | 0.00                | 0.00                | 18,476.00           |

|  |                   |                   |                  |                   |
|--|-------------------|-------------------|------------------|-------------------|
| Land Cruiser Loan Less: Unexpired Interest C/L | -2,826.09         | 0.00              | 0.00             | -3,053.00         |
| Loan - Landcruiser C/L                         | 0.00              | 43,739.00         | 15,650.00        | 0.00              |
| Loan - Lexus C/L                               | 0.00              | 12,397.00         | 0.00             | 0.00              |
| NAB Visa                                       | 664.46            | 0.00              | 0.00             | 471.00            |
| PAYG Withholding Payable                       | 7,703.00          | 7,085.00          | 7,595.00         | 5,439.00          |
| PAYG-I FY21/22                                 | -15,598.00        | 0.00              | 0.00             | 0.00              |
| Provision for Income Tax                       | 0.00              | 87,457.00         | 748.00           | 59,061.00         |
| Superannuation Payable                         | 0.00              | 77.00             | 0.00             | 0.00              |
| Superannuation Payable Directo                 | 3,206.44          | 0.00              | 0.00             | 0.00              |
| Superannuation Payable Employe                 | 1,775.17          | 0.00              | 0.00             | 83.00             |
| Tax Payable FY20/21                            | 80,028.28         | 0.00              | 0.00             | 0.00              |
| Trade Creditors                                | 1,075.15          | 9,292.00          | 2,667.00         | 3,328.00          |
| Vouchers Issued                                | 5,792.15          | 5,872.00          | 10,361.00        | 4,244.00          |
| <b>TOTAL CURRENT LIABILITIES</b>               | <b>134,150.95</b> | <b>252,565.00</b> | <b>78,451.00</b> | <b>146,994.00</b> |
| <b>NON-CURRENT LIABILITIES</b>                 |                   |                   |                  |                   |
| Directors Loan                                 | 0.00              | 1.00              | 263,030.00       | 299,726.00        |
| Land Cruiser Loan                              | 17,705.18         | 0.00              | 0.00             | 0.00              |
| Land Cruiser Loan Less: Unexpired Interest N/C | 0.00              | 0.00              | 0.00             | -4,506.00         |
| Land Cruiser Loan N/C                          | 0.00              | 0.00              | 0.00             | 65,434.00         |
| Less Unexpired Interest                        | 2,235.74          | 0.00              | 0.00             | 0.00              |
| Lexus Loan Less: Lexus Unexpired Interest      | -7,305.66         | 0.00              | 0.00             | 0.00              |
| Lexus Loan                                     | 87,387.75         | 0.00              | 0.00             | 0.00              |
| Loan - Landcruiser N/C                         | 0.00              | 0.00              | 43,739.00        | 0.00              |

|                                      |                     |                     |                   |                   |
|--------------------------------------|---------------------|---------------------|-------------------|-------------------|
| Loan - Lexus N/C                     | 0.00                | 73,829.00           | 0.00              | 0.00              |
| NAB Flexi Mortgage                   | 16,500.00           | 0.00                | 0.00              | 0.00              |
| NAB Flexiplus Mortgage ..            | 12,000.00           | 0.00                | 0.00              | 0.00              |
| owners Loan                          | -40,392.34          | 0.00                | 0.00              | 0.00              |
| Suspense                             | -221.60             | 0.00                | 0.00              | 0.00              |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>87,909.07</b>    | <b>73,830.00</b>    | <b>306,769.00</b> | <b>360,654.00</b> |
| <b>TOTAL LIABILITIES</b>             | <b>222,060.02</b>   | <b>326,395.00</b>   | <b>385,220.00</b> | <b>507,648.00</b> |
| <b>NET ASSETS</b>                    | <b>1,320,887.08</b> | <b>1,030,948.00</b> | <b>708,064.00</b> | <b>614,334.00</b> |



# APPENDIX C

## Goodwill Calculation

| Item                                     | Goodwill            | Dec 2021            |
|--|---------------------|---------------------|
| <b>BANK</b>                              |                     |                     |
| Cash & Cheques To Be Deposited           | 0.00                | 4,445.00            |
| Chq                                      | 0.00                | 416.68              |
| Chq Shooting                             | 0.00                | 23,303.41           |
| Payment Clearing Account                 | 0.00                | 0.00                |
| PayPal                                   | 0.00                | 5,955.37            |
| <b>TOTAL BANK</b>                        | <b>0.00</b>         | <b>34,120.46</b>    |
| <b>CURRENT ASSETS</b>                    |                     |                     |
| Merchandise Inventory                    | 1,144,365.68        | 1,144,365.68        |
| Pre-paid SmartSend Freight               | 0.00                | 78.57               |
| Prepaid Purchase Orders                  | 0.00                | 173,423.80          |
| Security Deposit premises                | 0.00                | 5,775.00            |
| Trade Debtors                            | 91,537.84           | 91,537.84           |
| <b>TOTAL CURRENT ASSETS</b>              | <b>1,235,903.52</b> | <b>1,415,180.89</b> |
| <b>NON-CURRENT ASSETS</b>                |                     |                     |
| Goodwill                                 | 0.00                | 0.00                |
| Busines Valuation Expenses               | 0.00                | 11,085.69           |
| Electricity & Phone Connection - at Cost | 0.00                | 6,936.00            |

|   |                     |                     |
|---|---------------------|---------------------|
| Electricity & Phone Connection Less: Accumulated Depreciation | 0.00                | -173.00             |
| General Pool at cost  | 0.00                | 0.00                |
| Lease Improvements Balmain St - at Cost                       | 12,086.95           | 12,086.95           |
| Lease Improvements Balmain St Less: Accumulated Depreciation  | -302.00             | -302.00             |
| MV Borrowing costs -Lexus                                     | 372.58              | 372.58              |
| MV Landcruiser - Over car limit                               | 0.00                | 0.00                |
| MV Lexus - at Cost  | 0.00                | 94,124.00           |
| MV Lexus - Over car limit                                     | 0.00                | 0.00                |
| MV Lexus Car Overlimit  | 0.00                | -24,148.00          |
| MV Lexus Less: Accumulated Depreciation                       | 0.00                | -34,988.00          |
| MV Over Limit - Land Cruiser                                  | 0.00                | 28,651.53           |
| <b>TOTAL NON-CURRENT ASSETS</b>                               | <b>12,157.53</b>    | <b>93,645.75</b>    |
| <b>TOTAL ASSETS</b>   | <b>1,248,061.05</b> | <b>1,542,947.10</b> |
| <b>CURRENT LIABILITIES</b>                                    |                     |                     |
| American Express  | 0.00                | 16,181.74           |
| ANZ Visa  | 0.00                | 799.91              |
| ATO Activity Statement Account                                | 0.00                | 0.00                |
| ATO Running Bal A/c   | 0.00                | 5,202.00            |
| Customer Deposits   | 0.00                | 2,870.00            |
| GST   | 0.00                | 0.00                |
| GST Adjustment FY2021   | 0.00                | 1,264.21            |
| GST Adjustments   | 0.00                | 0.00                |
| GST Collected   | 0.00                | 7,740.03            |

|  |                  |                   |
|--|------------------|-------------------|
| GST Liabilities                                | 0.00             | 0.00              |
| GST Paid                                       | 0.00             | -203.30           |
| Land Cruiser Loan                              | 0.00             | 18,475.80         |
| Land Cruiser Loan C/L                          | 0.00             | 0.00              |
| Land Cruiser Loan Less: Unexpired Interest C/L | 0.00             | -2,826.09         |
| Loan - Landcruiser C/L                         | 0.00             | 0.00              |
| Loan - Lexus C/L                               | 0.00             | 0.00              |
| NAB Visa                                       | 0.00             | 664.46            |
| PAYG Withholding Payable                       | 0.00             | 7,703.00          |
| PAYG-I FY21/22                                 | 0.00             | -15,598.00        |
| Provision for Income Tax                       | 0.00             | 0.00              |
| Superannuation Payable                         | 0.00             | 0.00              |
| Superannuation Payable Directo                 | 0.00             | 3,206.44          |
| Superannuation Payable Employe                 | 1,775.17         | 1,775.17          |
| Tax Payable FY20/21                            | 80,028.28        | 80,028.28         |
| Trade Creditors                                | 1,075.15         | 1,075.15          |
| Vouchers Issued                                | 0.00             | 5,792.15          |
| <b>TOTAL CURRENT LIABILITIES</b>               | <b>82,878.60</b> | <b>134,150.95</b> |
| <b>NON-CURRENT LIABILITIES</b>                 |                  |                   |
| Directors Loan                                 | 0.00             | 0.00              |
| Land Cruiser Loan                              | 0.00             | 17,705.18         |
| Land Cruiser Loan Less: Unexpired Interest N/C | 0.00             | 0.00              |
| Land Cruiser Loan N/C                          | 0.00             | 0.00              |
| Less Unexpired Interest                        | 0.00             | 2,235.74          |

|   |                     |                     |
|---|---------------------|---------------------|
| Lexus Loan Less: Lexus Unexpired Interest | 0.00                | -7,305.66           |
| Lexus Loan                                | 0.00                | 87,387.75           |
| Loan - Landcruiser N/C                    | 0.00                | 0.00                |
| Loan - Lexus N/C                          | 0.00                | 0.00                |
| NAB Flexi Mortgage                        | 0.00                | 16,500.00           |
| NAB Flexiplus Mortgage ..                 | 0.00                | 12,000.00           |
| owners Loan                               | 0.00                | -40,392.34          |
| Suspense                                  | 0.00                | -221.60             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>      | <b>0.00</b>         | <b>87,909.07</b>    |
| <b>TOTAL LIABILITIES</b>                  | <b>82,878.60</b>    | <b>222,060.02</b>   |
| <b>NET ASSETS</b>                         | <b>1,165,182.45</b> | <b>1,320,887.08</b> |
| <b>CFME</b>                               | <b>1,900,800.00</b> |                     |
| <b>GOODWILL</b>                           | <b>735,617.55</b>   |                     |

# APPENDIX D

## Business Valuation Methodologies

### FME

This method places a value on shares or a business by estimating the likely Future Maintainable Earnings (FME), capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach the most commonly applied valuation technique and is particularly applicable to businesses with relatively steady growth histories and forecast, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as EBIT or EBITDA. The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

### DCF

The Discounted Cash Flow (DCF) methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate. DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

### NTA

Net Tangible Assets (NTA) is usually appropriate where the majority of assets consist of cash or passive investments. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall NTA valuation.

## FMD

The Future Maintainable Dividends (FMD) methodology applies particularly to minority holdings in private and unlisted public companies. FMD is similar in methodology to the FME and requires an estimation of the future maintainable dividends, a required rate of return and expected rate of dividend growth. While the use of benchmark methods is unwise in isolation, they can be helpful in providing a comparison or supporting valuation to the primary valuation methodology used.

## NRV

Net Realisable Value (NRV) is usually appropriate when an asset or business is to be sold or wound up. The NRV should provide a realistic indication of the value that could be obtained in the event of an orderly realisation of assets.

## COC

Cost of Creation is usually appropriate when there are limited barriers to entry to operating a business, apart from specific qualifications. For example, a doctor's practice or law practice can be established with the purchase of limited equipment, premises and an existing demand for the services. It may therefore be as cheap, or cheaper to create one's own business than to purchase an existing business. This method is often considered a proxy for the Net Asset Backing Method.

## IRT

The Industry Rule of Thumb (IRT) methodology is a common procedure or practice used to value a company. These procedures are based on past valuation experiences and estimates in that industry, rather than specific calculations. Rule of thumbs typically involve using multiples that are relevant to whichever industry the valued firm is in. For example, small to mid-sized accounting firms are often valued on the basis of X times revenue (often in the range of 0.8 to 1.2). Often, the IRT valuation methods relate to packages of fees, such as a number of accounting clients or rental properties that produce a certain level of fees on an annual basis. It is not necessarily the entire business that is being valued, rather the recurrent revenue that is being valued as an asset of the business or entity.