

Business Valuations Online

Your Business Valuation Report



First Name
ABCD Group Limited (SAMPLE)
11 Actual St
Magenta NSW 2261
Australia

Our Ref: BVO000664
26 Apr 2022
Sent by email to: genuine@email.com

YOUR ENTITY VALUATION REPORT

Dear SIR/MADAM,

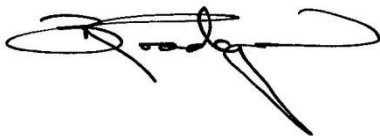
I refer to your instruction received via our website www.businessvaluations.online, and note that you have agreed with our terms of engagement by checking the “agreed” box.

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

Limited Scope Entity Valuation Report

ABCD GROUP LIMITED (SAMPLE)

As requested by First Name of ABCD Group Limited (SAMPLE)

Limited Scope Entity 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 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 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

Sports in Australia

ABN: 12 3456 7890

Primary Business

Per your responses to our online questionnaire, you have advised that ABCD Group Limited (SAMPLE) is located in and that it operates in the Sports in Australia industry.

Valuation of the Entity

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

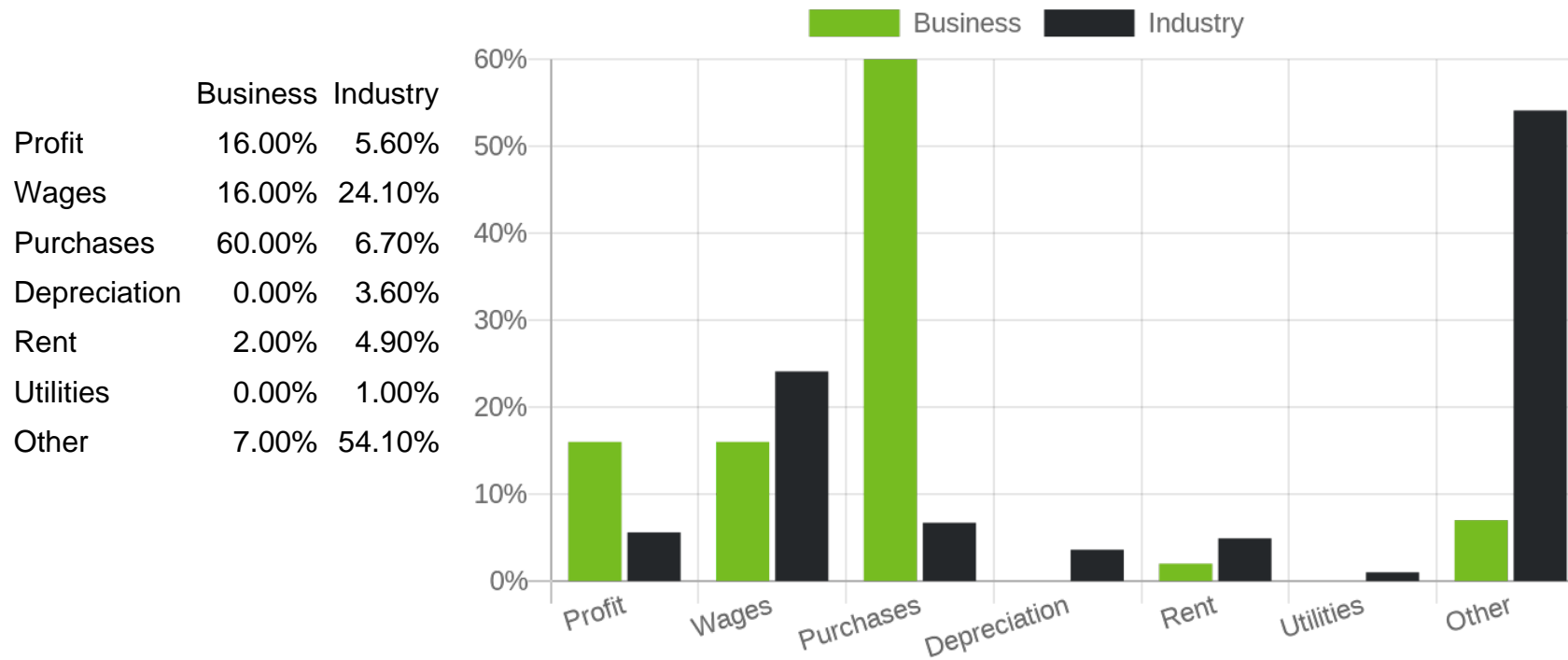
You have indicated that ABCD Group Limited (SAMPLE) operates in the Sports in Australia industry. An analysis of the Sports in Australia industry provides the following key industry insights:

Revenue \$12.10bn	Profit \$677.77m	Avg Turnover \$2.70m	
Businesses 4475	Avg # Employees 13.00	Avg Revenue / Employee \$210.00k	
Life Cycle Stage Growth	Revenue Volatility Increasing	Capital Intensity Medium	Technology Change Medium
Growth Risk Level Medium	Sensitivity Risk Level Low	Structural Risk Level Medium - Low	Overall Risk Level Medium - Low

Overview of Business

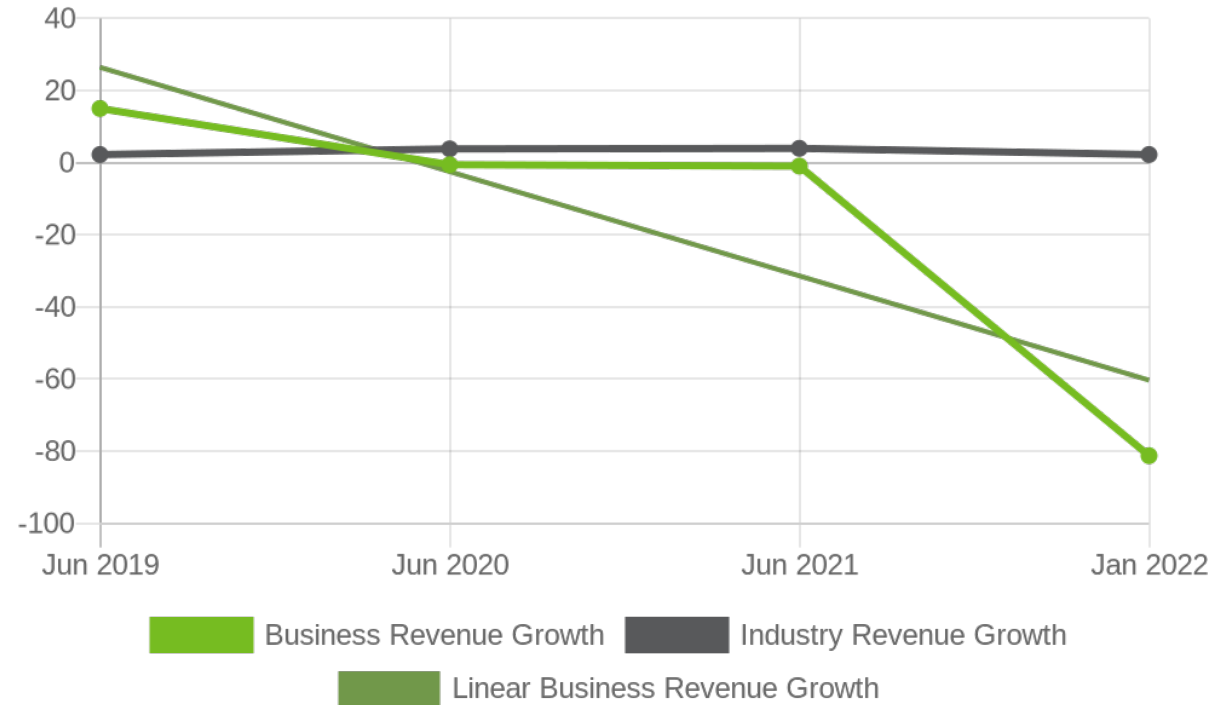
We have undertaken an assessment of ABCD Group Limited (SAMPLE) relative to the performance of the rest of the industry to allow us to consider the performance of ABCD Group Limited (SAMPLE) within the context of the rest of the industry.

Unadjusted Business Cost Structure Relative to Industry

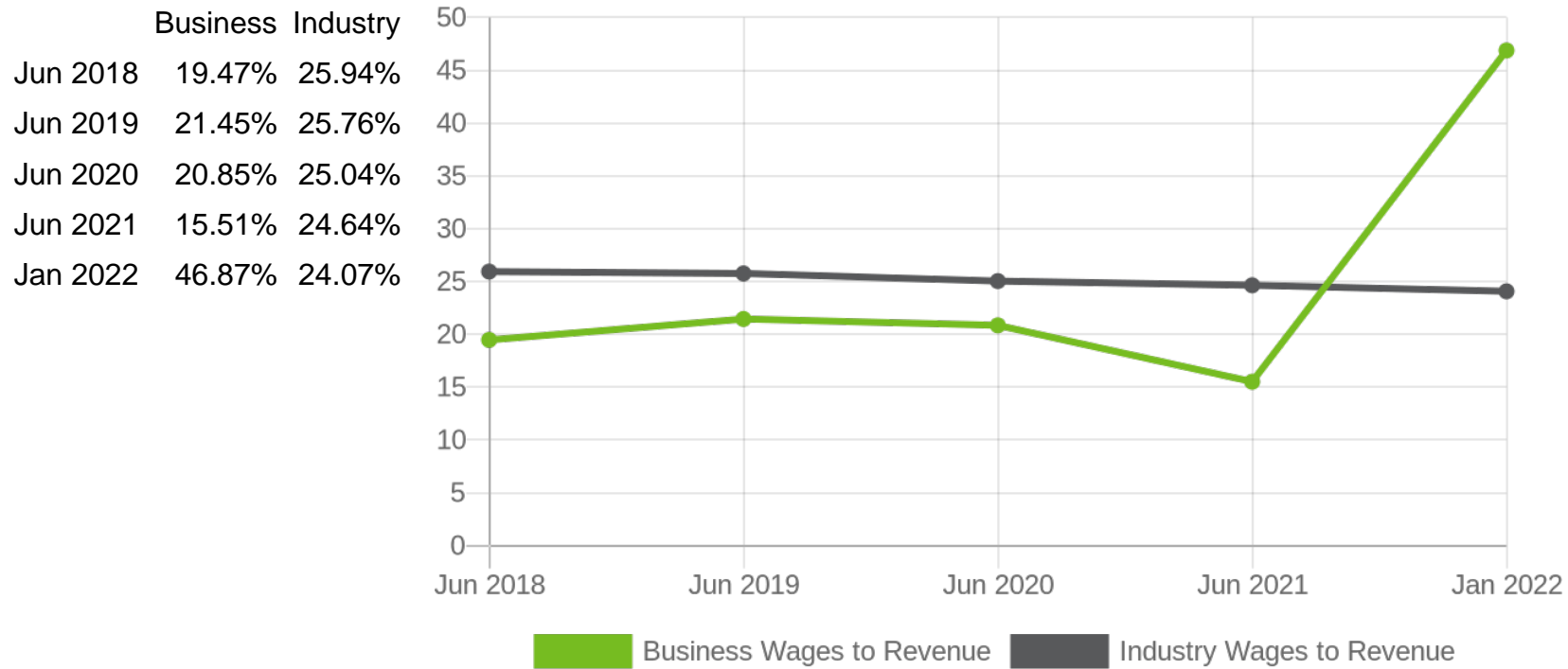


Business vs Industry Revenue Growth

	Business	Industry
Jun 2019	15.02%	2.25%
Jun 2020	-0.57%	3.82%
Jun 2021	-0.95%	3.97%
Jan 2022	-81.25%	2.25%



Business vs Industry Wages to Revenue



Consideration of the Financial Statements of the Entity

An examination of the key financial ratios of the entity has been undertaken for the Profit & Loss for the year ended 2021 and the Balance Sheet as at 2022, with the following results:

Financial Statement Assessments

Efficiency and solvency tests

Liquidity Ratio	Current Assets	\$667,112.28	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	\$123,302.18	
		5.41 : 1	
Quick Ratio	Quick Assets	\$134,757.10	The quick ratio allows a business to understand whether all current liabilities can be extinguished by quickly accessing the most liquid assets on hand. A good quick Ratio coverage (ie. greater than 1) indicates that the business is able to pay their debts as and when they fall due as they are not reliant on future cashflows to settle existing debts.
	Current Liabilities	\$123,302.18	
		1.09 : 1	
Net Asset Position	Total Assets	\$687,223.72	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	\$178,007.35	
		3.86 : 1	

Accounts Receivable Turnover Ratio	Current Accounts Receivable	\$124,548.58	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	\$2,259,745.00	
		18.14 : 1	
EBIT Margin	Earnings Before Interest & Tax	\$362,276.00	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	\$2,259,745.00	
		16.03%	
Return on Assets	Net Assets	\$509,216.37	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	\$362,276.00	
		71.14%	
Gross Margin	Gross Profit	\$660,116.00	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	\$2,259,745.00	
		29.21%	

Operating Cash Flow to Current Liabilities

Operating Cash Flow
Current Liabilities

\$362,603.00
\$123,302.18

2.94 : 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 2000
- Total revenue has decreased an average of 16.94% since Jun 2018
- Revenue earned by the entity has shown volatility since year Jun 2018
- Total profit generated by the entity has increased an average of 244673.69% since Jun 2018
- Wages as a proportion of revenue for the entity has increased an average of 46.00% since Jun 2018
- Costs of goods sold as a proportion of revenue for the entity has increased an average of 0.71% since Jun 2018
- The entity has shown a volatile trading history, with observed losses in prior years;
- The business operates in the Sports 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 2018, Jun 2019, Jun 2020, Jun 2021 and Jan 2022 financial years as provided by you.

On the basis of information made available to me, it is my opinion that the 2018 and 2019 financial years are 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 50.00% for 2018 and 50.00% for 2019.

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 ABCD Group Limited (SAMPLE) as follows:

- Add Salary Adjustments - Electrician: Reduced FTE workers from 2021 reflected in prior years
- Add Director's fees: Not incurred in the ordinary course of business
- Add Entertainment: Discretionary payment of non-business related expense
- Add Filing Fees: Discretionary payment of non-business related expense
- Add Fines: Discretionary payment of non-business related expense
- Add Management fees: Not incurred in the ordinary course of business
- Add Recruitment Costs: Extraordinary item (unlikely to repeat in the future)
- Less ATO - Cash Flow Boost: Extraordinary item (unlikely to repeat in the future)
- Less ATO - JobKeeper: Extraordinary item (unlikely to repeat in the future)

- Less Parental leave reimbursements: Not incurred in the ordinary course of business
- Less Bank Revaluations: Not incurred in the ordinary course of business
- Less Foreign exchange profit - Realised: Not incurred in the ordinary course of business
- Less Foreign exchange profit - Unrealised: 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 \$218,000.00.

The Following table provides a summary of the calculation of the FME for ABCD Group Limited (SAMPLE).

ABCD Group Limited (SAMPLE)	Jan 2022	Jun 2021	Jun 2020	Jun 2019	Jun 2018
Profit before Income Adjustments	\$-62,871.58	\$360,719.00	\$8.00	\$-5,302.00	\$38,065.00
Add: Interest Paid	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Add: Interest Paid	\$0.00	\$1,673.00	\$102.00	\$4,608.00	\$689.00
Less: Interest Received	\$36.96	\$84.00	\$73.00	\$84.00	\$218.00
Less: Interest Received	\$0.00	\$32.00	\$0.00	\$3,587.00	\$109.00
EBIT	\$-62,908.54	\$362,276.00	\$37.00	\$-4,365.00	\$38,427.00
Normalisation Adjustments					
Add					
Salary Adjustments - Electrician	\$0.00	\$0.00	\$78,000.00	\$85,000.00	\$85,000.00
Director's fees	\$4,300.00	\$3,350.00	\$4,300.00	\$2,150.00	\$6,450.00
Entertainment	\$125.90	\$0.00	\$0.00	\$359.00	\$62.00
Filing Fees	\$0.00	\$273.00	\$267.00	\$263.00	\$254.00
Fines	\$0.00	\$0.00	\$0.00	\$1,470.00	\$420.00
Management fees	\$0.00	\$94,819.00	\$92,002.00	\$94,837.00	\$97,247.00
Recruitment Costs	\$0.00	\$0.00	\$0.00	\$10,486.00	\$3,915.00
Less					
ATO - Cash Flow Boost	\$0.00	\$37,500.00	\$62,500.00	\$0.00	\$0.00

ATO - JobKeeper	\$0.00	\$110,500.00	\$52,500.00	\$0.00	\$0.00
Parental leave reimbursements	\$0.00	\$0.00	\$13,331.00	\$0.00	\$0.00
Bank Revaluations	\$4,043.38	\$0.00	\$0.00	\$0.00	\$0.00
Foreign exchange profit - Realised	\$5,769.84	\$8,679.00	\$-26,025.00	\$-18,337.00	\$14,417.00
Foreign exchange profit - Unrealised	\$-958.16	\$-1,652.00	\$6,997.00	\$-2,957.00	\$-7,176.00
Adjusted EBIT	\$-67,337.70	\$305,691.00	\$65,303.00	\$211,494.00	\$224,534.00
EBIT Margin	-15.89%	13.53%	2.86%	9.22%	11.26%
Weighting	0.00%	0.00%	0.00%	50.00%	50.00%
Calculated FME	\$218,014.00				
FME Value	\$218,000.00				

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 3.57 to 3.95 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 Sports 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	\$218,000.00	\$218,000.00
EBIT Multiple	3.57	3.95
Enterprise Value	\$778,260.00	\$861,100.00
Entity Value	\$1,063,553.85	\$1,063,553.85
Share Percentage Valued	100.00%	100.00%
Value of 100.00% shares	\$1,063,553.85	\$1,063,553.85

Based upon the calculation in the above table, it is my opinion that the business that is known as ABCD Group Limited (SAMPLE) is valued at between \$778,260.00 and \$861,100.00. Expressed as a midpoint, the business of ABCD Group Limited (SAMPLE) is valued at \$819,680.00, as at the indicated date.

On the basis of a calculated business value of \$819,680.00 and a net tangible business assets of \$265,342.52, the goodwill of the business of ABCD Group Limited (SAMPLE) is \$554,337.48. Details of this calculation are shown in Appendix C.

On the basis of the foregoing, the equity value of ABCD Group Limited (SAMPLE) can be calculated by reference to the above valuation of the business and the value of any surplus assets and/or liabilities carried by the entity. Therefore, the total equity value of the entity ABCD Group Limited (SAMPLE) is \$1,063,553.85, including a calculated value of \$554,337.48 of goodwill.

Further, you have requested a valuation of 100.00% of the shares in ABCD Group Limited (SAMPLE) which is \$1,063,553.85.

Conclusion

This Limited Scope Entity 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.

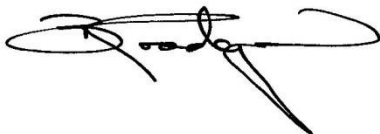
Based upon the foregoing, the business that is known as ABCD Group Limited (SAMPLE) is valued at \$819,680.00, as at 30 Jun 2021.

On the basis of the above business valuation I have calculated the total goodwill held within the business as \$554,337.48, as shown at Appendix C.

On this basis, the total value of all shares in ABCD Group Limited (SAMPLE) is \$1,063,553.85 as at 30 Jun 2021.

Based upon the above calculations, I consider the value of 100.00% of the shares in ABCD Group Limited (SAMPLE) to be \$1,063,553.85.

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	ABCD Group Limited (SAMPLE)
Address	11 Actual St Magenta NSW 2261 Australia
Phone	
Email	

Your Accountants Details

Accountant details are the same as my details	No
Name	Milo Otis
Firm	1234 Business Name
Address	
Phone	0987654321
Email	accounts@accounts.com.au
Provide a copy of the valuation report and the accountants analysis report to my accountant	No

Subject Entity

I am the entity contact	Yes
Name	ABCD Group Limited (SAMPLE)

Address	
Website	www.abcd.com.au
ABN or ACN	12 3456 7890
Business operates at the same location	Yes

Valuation Overview

Purpose of valuation	Sale of shares/units in the controlling entity
Require a valuation of the business that is operated by the entity	Yes

Entity Business Overview

Year Commenced Trading	2000
Industry Classification	Professional, scientific and technical services
Business Description	Sports in Australia
Does the business keep stock?	Yes
Date of last stocktake	30 Jun 2021
Are the premises leased or owned?	Leased
Is the landlord a related party?	Yes
Lease expiry date	1 Nov 2023
How long are the further options on the lease (in years)?	

Business Risks

Does the business have a business plan?	No
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?	Yes

Is there a service contract in place with the supplier?	Yes
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?	No

Owners and Employees

Business senior management team	A single employee
Senior management team has employment contracts with restriction of competition clauses	Yes
How many employees does the buess have (including owners if they work in the business) on a Full Time Equivalent basis?	5
Does the business undertake annual employee performance reviews?	Yes
Are all employment contracts up-to-date?	Yes
Do the owner(s) work in the business?	No
Is the business reliant upon the skills, knowledge and/or contacts of the owner?	No
Are there any related parties (such as family, partners, etc) who are paid by the business?	Yes
Related Party 1 role	Director
Related Party 1 current pay	\$4,000.00

Related Party 1 equivalent commercial salary \$0.00

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? Business

Does the business own any registered trademarks? No

What percentage of the motor vehicle expense is related to the operation of the business? 100 %

What percentage of your turnover does your biggest customer represent? 20 %

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

APPENDIX B

Financial Information Supplied

Profit and Loss Statements

Item	Jan 2022	Jun 2021	Jun 2020	Jun 2019	Jun 2018
INCOME					
ATO - Cash Flow Boost	0.00	37,500.00	62,500.00	0.00	0.00
ATO - JobKeeper	0.00	110,500.00	52,500.00	0.00	0.00
Bank Revaluations	4,043.38	0.00	0.00	0.00	0.00
Foreign exchange profit - Realised	5,769.84	8,679.00	-26,025.00	-18,337.00	14,417.00
Foreign exchange profit - Unrealised	-958.16	-1,652.00	6,997.00	-2,957.00	-7,176.00
Freight income & recovery	0.00	62,854.00	100,460.00	129,577.00	132,891.00
Interest - ATO	0.00	32.00	0.00	3,587.00	109.00
Interest Income	36.96	84.00	73.00	84.00	218.00
Labour recovery	0.00	93,866.00	172,371.00	158,962.00	109,535.00
Parental leave reimbursements	0.00	0.00	13,331.00	0.00	0.00
Sales	414,953.67	1,947,998.00	1,899,188.00	2,027,052.00	1,744,944.00
TOTAL INCOME	423,845.69	2,259,861.00	2,281,395.00	2,297,968.00	1,994,938.00
LESS COGS					
Consumables	0.00	911.00	1,005.00	304.00	1,075.00
Direct travel costs	973.19	36,745.00	47,481.00	41,901.00	42,719.00

Direct Wages & Salaries	110,059.94	248,466.00	318,297.00	341,476.00	245,099.00
Equipment repairs & callibration	0.00	0.00	0.00	813.00	339.00
Freight & Import Charges	37,498.09	66,106.00	80,337.00	115,120.00	127,696.00
Freight recovery	-30,029.39	0.00	0.00	0.00	0.00
Labour costs	33,247.50	93,866.00	172,371.00	159,112.00	119,335.00
Labour recovery	-33,247.50	0.00	0.00	0.00	0.00
Loose tools	405.42	1,193.00	493.00	1,365.00	1,333.00
Project Freight & Import charges	30,784.18	101,102.00	141,879.00	125,271.00	140,625.00
Purchases	154,903.47	981,361.00	1,111,605.00	1,050,797.00	854,062.00
Subcontracting Recovery	-24,756.50	0.00	0.00	0.00	0.00
Subcontractors	27,533.50	0.00	0.00	0.00	0.00
Subcontractors - Project	27,533.50	69,995.00	21,909.00	27,051.00	29,559.00
TOTAL COGS	334,905.40	1,599,745.00	1,895,377.00	1,863,210.00	1,561,842.00
GROSS PROFIT	88,940.29	660,116.00	386,018.00	434,758.00	433,096.00
LESS OPERATING EXPENSES					
Accountancy	0.00	7,920.00	5,950.00	5,810.00	0.00
Advertising and promotion	0.00	0.00	11,095.00	15,636.00	967.00
Bank Fees	1,402.47	2,645.00	2,643.00	3,157.00	1,268.00
Body Corporate	764.17	2,814.00	1,903.00	940.00	940.00
Cleaning	2,357.34	779.00	1,557.00	1,725.00	2,400.00
Computer & Photocopier expenses	1,001.57	250.00	693.00	1,225.00	6,255.00
Consultants fees	0.00	0.00	2,775.00	3,200.00	13,329.00
Depreciation - General Pool	0.00	0.00	2,790.00	25,283.00	6,095.00
Depreciation - Leasehold Improvements	0.00	1,884.00	2,095.00	2,326.00	2,584.00

Director's fees	4,300.00	3,350.00	4,300.00	2,150.00	6,450.00
Entertainment	125.90	0.00	0.00	359.00	62.00
Filing Fees	0.00	273.00	267.00	263.00	254.00
Fines	0.00	0.00	0.00	1,470.00	420.00
Freight & Courier	-108.03	0.00	0.00	0.00	0.00
General Expenses	97.50	0.00	0.00	0.00	945.00
Insurance	12,763.18	17,800.00	20,274.00	21,298.00	10,429.00
Interest - ATO	0.00	1,673.00	102.00	4,608.00	689.00
Interest Expense	0.00	0.00	0.00	0.00	0.00
Lease payments	0.00	1,620.00	1,620.00	1,620.00	0.00
Light & power	0.00	435.00	0.00	0.00	509.00
Management fees	0.00	94,819.00	92,002.00	94,837.00	97,247.00
Motor Vehicle Expenses	4,287.55	2,719.00	8,876.00	10,513.00	11,582.00
Payroll processing	372.81	0.00	0.00	0.00	0.00
Printing & Stationery	27.00	465.00	212.00	1,295.00	894.00
Rates	0.00	3,064.00	2,845.00	2,594.00	1,678.00
Recruitment Costs	0.00	0.00	0.00	10,486.00	3,915.00
Rent	21,000.00	36,000.00	36,000.00	36,000.00	36,000.00
Repairs & maintenance	0.00	0.00	790.00	4,736.00	957.00
Salaries - ordinary	73,718.76	71,321.00	116,901.00	110,633.00	112,549.00
Salary processing fees	0.00	618.00	807.00	682.00	555.00
Sales Expenses	0.00	60.00	203.00	1,012.00	14,995.00
Security	652.48	623.00	839.00	440.00	599.00

Staff amenities	0.00	939.00	524.00	333.00	346.00
Staff expenses	252.00	0.00	0.00	0.00	0.00
Staff training	0.00	0.00	67.00	534.00	618.00
Subscriptions	10,224.74	2,759.00	8,314.00	8,623.00	4,194.00
Superannuation	14,842.01	29,682.00	39,667.00	39,261.00	30,058.00
Superannuation - Assoc Person	0.00	318.00	0.00	0.00	0.00
Telephone & Internet	2,772.20	5,669.00	6,490.00	6,700.00	6,233.00
Travel - domestic	958.22	4,661.00	7,942.00	0.00	0.00
Travel - International	0.00	1,605.00	2,301.00	8,263.00	6,672.00
Travel, accom & conference	0.00	0.00	0.00	12,048.00	12,343.00
Worker's comp	0.00	2,632.00	3,166.00	0.00	0.00
TOTAL OPERATING EXPENSES	151,811.87	299,397.00	386,010.00	440,060.00	395,031.00
NET PROFIT	-62,871.58	360,719.00	8.00	-5,302.00	38,065.00

Balance Sheet Statements

Item	Jan 2022	Jun 2021	Jun 2020	Jun 2019	Jun 2018
BANK					
ANZ	274.78	2,959.00	3,733.00	933.00	63,287.00
Cheque Account	0.00	111,809.00	50,739.00	25,108.00	63,157.00
Local Bank Funds	9,253.93	0.00	0.00	0.00	0.00
Saver Account	0.00	251,481.00	52,762.00	175,245.00	71,653.00
TOTAL BANK	9,528.71	366,249.00	107,234.00	201,286.00	198,097.00
CURRENT ASSETS					
ATO - JobKeeper receivable	0.00	0.00	16,500.00	0.00	0.00
Deferred Expenses	301,663.41	61,764.00	41,310.00	21,112.00	14,590.00
Goods in Transit	0.00	16,880.00	99,524.00	81,282.00	0.00
Inventory	229,192.64	56,327.00	142,052.00	174,992.00	224,589.00
Prepayments	1,499.13	0.00	0.00	0.00	440.00
Raw materials	0.00	0.00	0.00	16,509.00	0.00
Sundry Debtors	679.81	0.00	675.00	823.00	644.00
Taxation	0.00	0.00	0.00	12,750.00	57,145.00
Trade debtors	124,548.58	228,334.00	182,559.00	482,200.00	204,545.00
TOTAL CURRENT ASSETS	657,583.57	363,305.00	482,620.00	789,668.00	501,953.00
NON-CURRENT ASSETS					
Computer Equipment	62.45	0.00	0.00	0.00	0.00
Formation Expenses	1,200.00	1,200.00	1,200.00	1,200.00	1,200.00

General Pool	0.00	0.00	0.00	0.00	25,283.00
Leasehold Improvements	18,848.99	37,515.00	37,515.00	37,515.00	37,515.00
Leasehold Improvements Less: Accumulated depreciation	0.00	-20,550.00	-18,666.00	-16,571.00	-14,245.00
Loan - 1	0.00	0.00	0.00	0.00	8,042.00
TOTAL NON-CURRENT ASSETS	20,111.44	18,165.00	20,049.00	22,144.00	57,795.00
TOTAL ASSETS	687,223.72	747,719.00	609,903.00	1,013,098.00	757,845.00
CURRENT LIABILITIES					
Accounts Payable	109,494.12	0.00	0.00	0.00	0.00
Accruals	0.00	0.00	0.00	20,918.00	50,279.00
ATO - Income Tax Account	0.00	-3,019.00	-12,750.00	0.00	0.00
ATO - Integrated Client Account	0.00	49,639.00	21,096.00	0.00	0.00
Deferred Income	0.00	60,988.00	2,000.00	0.00	85,454.00
GST Clearing	0.00	-5,585.00	174.00	-1,973.00	-13,581.00
GST payable control account	0.00	19,663.00	15,744.00	41,348.00	18,444.00
Input tax credit control account	0.00	-1,400.00	-1,206.00	-2,317.00	-2,051.00
Integrated Client Account	0.00	0.00	0.00	-1.00	-220.00
June (BAS)	0.00	31,148.00	7,226.00	40,144.00	19,612.00
May BAS	0.00	0.00	0.00	20,114.00	16,426.00
Provision - Annual Leave	21,218.78	23,944.00	22,516.00	23,396.00	23,366.00
Rounding	-5.04	0.00	0.00	0.00	0.00
Superannuation Payable	0.00	3,101.00	3,034.00	10,319.00	-100.00
Taxation	-7,405.68	46,981.00	-3,019.00	0.00	0.00
Trade Creditors	0.00	25,098.00	117,148.00	281,118.00	189,445.00
TOTAL CURRENT LIABILITIES	123,302.18	250,558.00	171,963.00	433,066.00	387,074.00

NON-CURRENT LIABILITIES					
Loan - 2	30,000.00	42,236.00	273,394.00	413,669.00	222,875.00
Loan - 3	24,705.17	24,254.00	24,705.00	26,530.00	0.00
TOTAL NON-CURRENT LIABILITIES	54,705.17	66,490.00	298,099.00	440,199.00	222,875.00
TOTAL LIABILITIES	178,007.35	317,048.00	470,062.00	873,265.00	609,949.00
NET ASSETS	509,216.37	430,671.00	139,841.00	139,833.00	147,896.00

APPENDIX C

Goodwill Calculation

Item	Entity	Goodwill	Jan 2022
BANK			
ANZ	274.78	0.00	274.78
Cheque Account	0.00	0.00	0.00
Local Bank Funds	9,253.93	0.00	9,253.93
Saver Account	0.00	0.00	0.00
TOTAL BANK	9,528.71	0.00	9,528.71
CURRENT ASSETS			
ATO - JobKeeper receivable	0.00	0.00	0.00
Deferred Expenses	301,663.41	0.00	301,663.41
Goods in Transit	0.00	0.00	0.00
Inventory	229,192.64	229,192.64	229,192.64
Prepayments	1,499.13	1,499.13	1,499.13
Raw materials	0.00	0.00	0.00
Sundry Debtors	679.81	679.81	679.81
Taxation	0.00	0.00	0.00
Trade debtors	124,548.58	124,548.58	124,548.58
TOTAL CURRENT ASSETS	657,583.57	355,920.16	657,583.57
NON-CURRENT ASSETS			

Goodwill	554,337.48	0.00	0.00
Computer Equipment	62.45	62.45	62.45
Formation Expenses	1,200.00	0.00	1,200.00
General Pool	0.00	0.00	0.00
Leasehold Improvements	18,848.99	18,848.99	18,848.99
Leasehold Improvements Less: Accumulated depreciation	0.00	0.00	0.00
Loan - 1	0.00	0.00	0.00
TOTAL NON-CURRENT ASSETS	574,448.92	18,911.44	20,111.44
TOTAL ASSETS	1,241,561.20	374,831.60	687,223.72
CURRENT LIABILITIES			
Accounts Payable	109,494.12	109,494.12	109,494.12
Accruals	0.00	0.00	0.00
ATO - Income Tax Account	0.00	0.00	0.00
ATO - Integrated Client Account	0.00	0.00	0.00
Deferred Income	0.00	0.00	0.00
GST Clearing	0.00	0.00	0.00
GST payable control account	0.00	0.00	0.00
Input tax credit control account	0.00	0.00	0.00
Integrated Client Account	0.00	0.00	0.00
June (BAS)	0.00	0.00	0.00
May BAS	0.00	0.00	0.00
Provision - Annual Leave	21,218.78	0.00	21,218.78
Rounding	-5.04	-5.04	-5.04

Superannuation Payable	0.00	0.00	0.00
Taxation	-7,405.68	0.00	-7,405.68
Trade Creditors	0.00	0.00	0.00
TOTAL CURRENT LIABILITIES	123,302.18	109,489.08	123,302.18
NON-CURRENT LIABILITIES			
Loan - 2	30,000.00	0.00	30,000.00
Loan - 3	24,705.17	0.00	24,705.17
TOTAL NON-CURRENT LIABILITIES	54,705.17	0.00	54,705.17
TOTAL LIABILITIES	178,007.35	109,489.08	178,007.35
NET ASSETS	1,063,553.85	265,342.52	509,216.37
CFME		819,680.00	
GOODWILL		554,337.48	

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.