

Business Valuations Online

Your Business Valuation Report



Chief Financial Officer
Tech Start Up Co (SAMPLE)
1 Technology Street
Sydney NSW 2000
Australia

Our Ref: BVO000663
3 May 2022
Sent by email to: CFO@techstartup.com

YOUR ENTITY VALUATION REPORT

Dear SIR/MADAM,

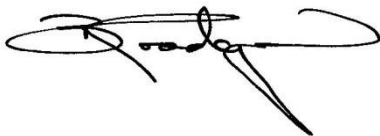
I refer to your instruction received via our website www.businessvaluations.online, and note that you have agreed with our terms of engagement by checking the “agreed” box.

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 Tech Start Up Co (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

TECH START UP CO (SAMPLE)

As requested by Chief Financial Officer of Tech Start Up Co (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

Sydney, NSW 2000

Entity Type

Telecommunications Services in Australia

ABN: 111333555777999

Primary Business

Per your responses to our online questionnaire, you have advised that Tech Start Up Co (SAMPLE) is located in Sydney, NSW 2000 and that it operates in the Telecommunications Services 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

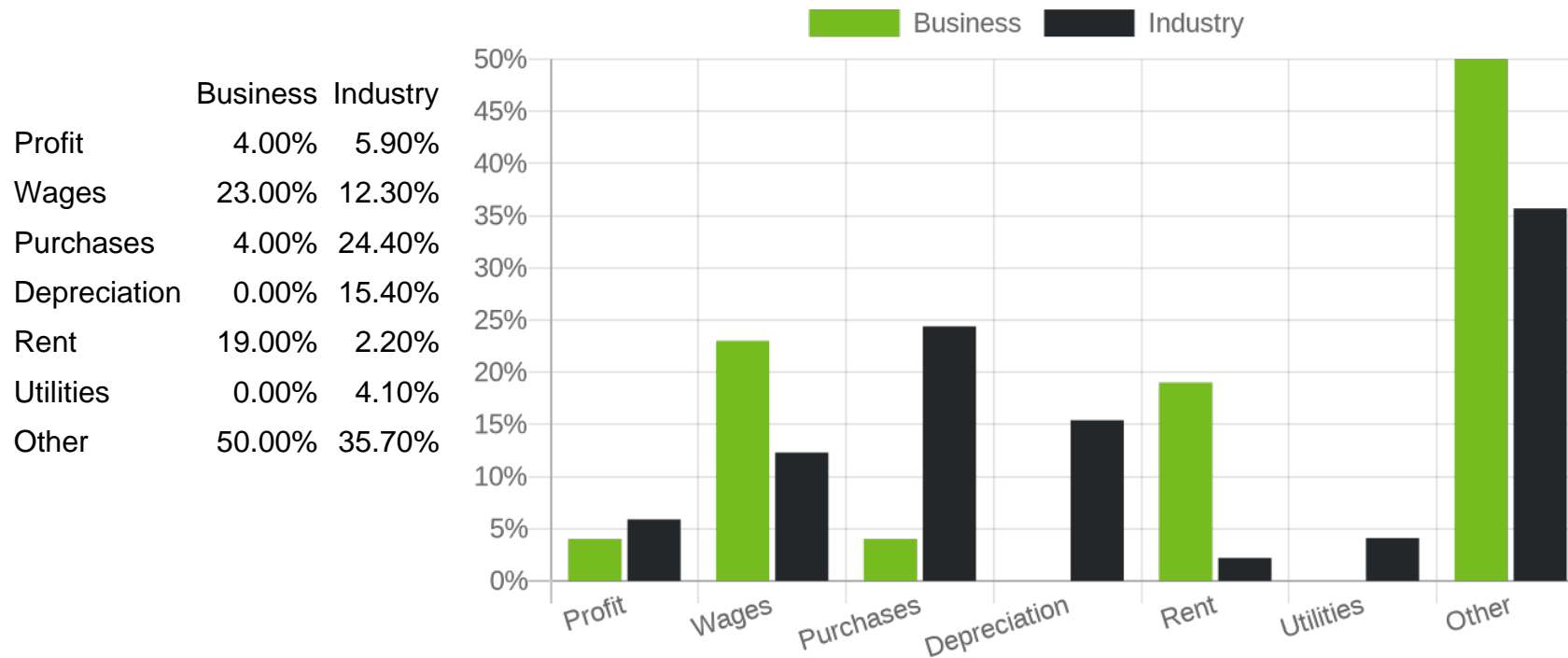
You have indicated that Tech Start Up Co (SAMPLE) operates in the Telecommunications Services in Australia industry. An analysis of the Telecommunications Services in Australia industry provides the following key industry insights:

Revenue \$37.57bn	Profit \$2.22bn	Avg Turnover \$15.59m	
Businesses 2410	Avg # Employees 22.00	Avg Revenue / Employee \$710.00k	
Life Cycle Stage Decline	Revenue Volatility Steady	Capital Intensity High	Technology Change High
Growth Risk Level Medium	Sensitivity Risk Level Very Low	Structural Risk Level Low	Overall Risk Level Low

Overview of Business

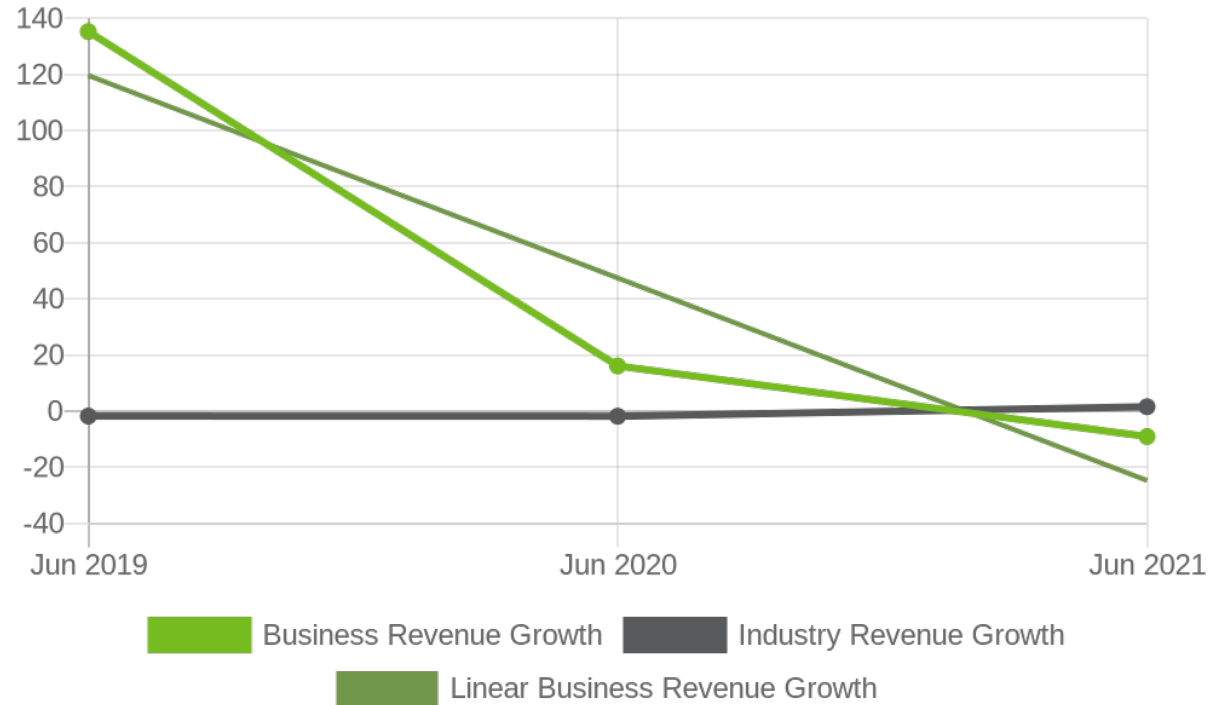
We have undertaken an assessment of Tech Start Up Co (SAMPLE) relative to the performance of the rest of the industry to allow us to consider the performance of Tech Start Up Co (SAMPLE) within the context of the rest of the industry.

Unadjusted Business Cost Structure Relative to Industry

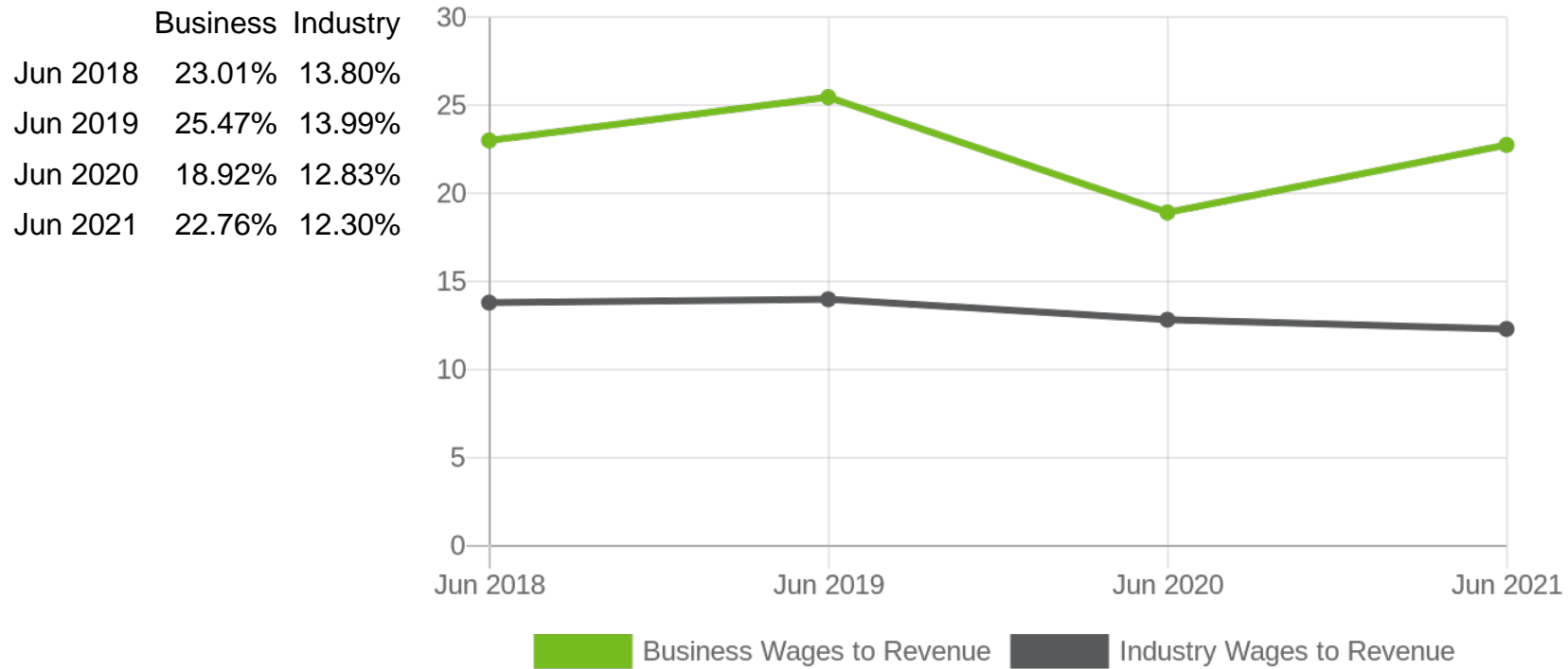


Business vs Industry Revenue Growth

	Business	Industry
Jun 2019	135.31%	-1.78%
Jun 2020	16.10%	-1.82%
Jun 2021	-9.07%	1.56%



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 2021, with the following results:

Financial Statement Assessments

Efficiency and solvency tests

Liquidity Ratio	Current Assets	\$790,632.22	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	\$30,312.76	
		26.08 : 1	
Quick Ratio	Quick Assets	\$790,632.22	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	\$30,312.76	
		26.08 : 1	
Net Asset Position	Total Assets	\$840,632.22	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	\$706,306.48	
		1.19 : 1	

Accounts Receivable Turnover Ratio	Current Accounts Receivable	\$20,613.78	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	\$1,278,590.68	
		62.03 : 1	
EBIT Margin	Earnings Before Interest & Tax	\$49,687.93	An EBIT Margin of less than 10% indicates that the business is making a modest 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 limited 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	\$1,278,590.68	
		3.89%	
Return on Assets	Net Assets	\$134,325.74	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	\$49,687.93	
		36.99%	
Gross Margin	Gross Profit	\$1,225,837.60	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	\$1,278,590.68	
		95.87%	

Operating Cash Flow to Current Liabilities

Operating Cash Flow

\$49,458.04

Current Liabilities

\$30,312.76

1.63 : 1

An Operating Cash Flow to Current Liabilities ratio of between one and two is indicative that more 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 outlook for the business in the short to medium term is not one of substantial profits and the business should turn its attention to either improving cash flows or reducing costs if it is to remain viable.

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 11
- Total revenue has grown an average of 47.45% 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 10.99% since Jun 2018
- Wages as a proportion of revenue for the entity has increased an average of 1.77% since Jun 2018
- Costs of goods sold as a proportion of revenue for the entity has decreased an average of 48.08% since Jun 2018
- The business operates in the Telecommunications Services in Australia industry

Based upon the factors discussed above, the Net Tangible Assets ("NTA") method of valuation (refer to Appendix D) provides the most appropriate method to determine the value of the business.

An NTA method of valuation assumes that all the assets and liabilities of the business are realisable at their carrying value. The NTA basis of valuation is utilised where it is apparent that there is no goodwill component to the value of a business or entity.

Other methods, such as the Capitalisation of Future Maintainable Earnings ("FME") or the Discounted Cash Flows methodology each assume a profitable business with relatively stable earnings patterns, as they each rely to some extent upon forecast earnings. In this instance, I believe that the earnings of the business have shown substantial volatility and cannot be forecast with any degree of comfort.

Calculation of the Value of the Business

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.

Given that the business' revenue and profitability are minimal (if not negative after considering a commercial wages and rental position), in my opinion, the business does not have value as a going concern over and above the value of its income producing assets and liabilities.

Having considered the attributes of the business, including the nature, length of trade, asset base and profitability, in my view, the value of the realisable assets and liabilities including the property, plant and equipment will be the most appropriate indicator of the value of the business and the entity over all.

It is my opinion that any prospective purchaser of the business would not purchase the business including all assets and liabilities of the company unless the goodwill position of the company is known and quantifiable.

Any such purchase will be conducted based upon the sale of the business as a going concern without any surplus debt; that is, debt that is not necessary in the day to day operation of the business.

Based upon my analysis of the information provided, I have adopted an NTA valuation approach and have calculated the value of the business based upon a theoretical sale of business in an arm's-length transaction.

The NTA methodology assumes that all assets and liabilities as shown on the financial statements for the business represent a true and fair assessment of the realisable value of the assets and liabilities of the entity, except where otherwise stated. I have therefore assumed that all such assets and liabilities are utilised in the production of the business' income.

Analysis of the financial statements of the business indicates that the net assets of the business are reflected within the most recent unaudited balance sheet as at Jun 2021.

For the purpose of determining the NTA for the business, I have assumed all of its assets and liabilities to be realisable at their carrying values i.e. cost less any depreciation, amortisation or impairments.

It is therefore my opinion that the NTA value of Tech Start Up Co (SAMPLE) can be represented by the net assets as shown in the Statement of Position below:

Item	Entity	Business NTA	Jun 2021
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BANK

NAB Cheque Account	65,061.29	0.00	65,061.29
TOTAL BANK	65,061.29	0.00	65,061.29

CURRENT ASSETS

Accounts Receivable	44,515.78	44,515.78	44,515.78
Cash on Hand	100.00	0.00	100.00
GST clearing	0.00	0.00	0.00
Less Provision for Doubtful debts	-23,902.00	-23,902.00	-23,902.00
Loan - Related Co #1	2,857.15	0.00	2,857.15
Loan - Related Co #2	702,000.00	0.00	702,000.00
TOTAL CURRENT ASSETS	725,570.93	20,613.78	725,570.93

NON-CURRENT ASSETS

Goodwill	0.00	0.00	50,000.00
Setup Costs	1,500.00	0.00	1,500.00
Setup Costs Expiry	-1,500.00	0.00	-1,500.00
TOTAL NON-CURRENT ASSETS	0.00	0.00	50,000.00

TOTAL ASSETS	790,632.22	20,613.78	840,632.22
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CURRENT LIABILITIES

Clients Overpayment	5,112.30	5,112.30	5,112.30
PAYG Withholdings Payable	0.00	0.00	0.00
Rounding	0.00	0.00	0.00
Taxation	0.00	0.00	0.00
Trade creditors	25,200.46	25,200.46	25,200.46

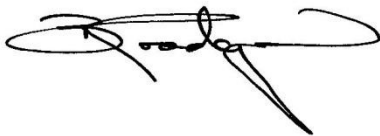
TOTAL CURRENT LIABILITIES	30,312.76	30,312.76	30,312.76
NON-CURRENT LIABILITIES			
GST	-46,736.70	-46,736.70	-46,736.70
Loan - Related Co #3	697,927.12	0.00	697,927.12
PAYG Withholdings Payable	36,086.00	36,086.00	36,086.00
Provision for Income Tax	-11,282.70	0.00	-11,282.70
TOTAL NON-CURRENT LIABILITIES	675,993.72	-10,650.70	675,993.72
TOTAL LIABILITIES	706,306.48	19,662.06	706,306.48
NET ASSETS	84,325.74	951.72	134,325.74

On the basis of the balance sheet position of Tech Start Up Co (SAMPLE), the business that is operated by Tech Start Up Co (SAMPLE) is valued at \$951.72 as at 30 Jun 2021.

The total value of all shares in Tech Start Up Co (SAMPLE), as per the balance sheet position, is therefore valued at \$84,325.74 as at 30 Jun 2021.

Based upon the above calculations, I consider the value of 100.00% of the shares in Tech Start Up Co (SAMPLE) to be \$84,325.74.

Yours faithfully,



Brett Goodyer
 Director
 FCPA B.Com MForAccy

APPENDIX A

Client information as provided via businessvaluations.online

Client Details

Name	Tech Start Up Co (SAMPLE)
Address	1 Techology Street Sydney NSW 2000 Australia
Phone	
Email	

Your Accountants Details

Accountant details are the same as my details	No
Name	Numbers McGee
Firm	Bean Count
Address	
Phone	8888888888
Email	Numbers.McGee@beancount.com
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	Tech Start Up Co (SAMPLE)

Address	1 Techology Street Sydney NSW 2000 Australia
Website	www.techstartup.com
ABN or ACN	111333555777999
Business operates at the same location	Yes

Valuation Overview

Purpose of valuation	Transfer of the business for restructuring purposes
Require a valuation of the value of all shares in the entity	Yes

Entity Business Overview

Year Commenced Trading	11
Industry Classification	Information Media and Telecommunications
Business Description	Telecommunications Services in Australia
Does the business keep stock?	No
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)?	

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?	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?	No
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?	No
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	The owner(s)
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?	
Do the owner(s) work in the business?	Yes
Is the business reliant upon the skills, knowledge and/or contacts of the owner?	
Owner 1 role	Owner 1, Technical Director
Owner 1 current pay	\$0.00
Owner 1 equivalent commercial salary	\$100,000.00
Owner 2 role	Owner 2, Managing Director
Owner 2 current pay	\$0.00
Owner 2 equivalent commercial salary	\$116,333.33

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? No

The outstanding balance of Superannuation Guarantee Contributions owed at the date of valuation is \$0.00

Does the entity have an outstanding tax liability? Yes

The outstanding tax liability is 0.00

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? 75 %

What percentage of your turnover does your biggest customer represent? 10 %

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 Small early stage business, operating in the highly competitive



environment . The business was materially impacted by Covid-19.

APPENDIX B

Financial Information Supplied

Profit and Loss Statements

Item	Jun 2021	Jun 2020	Jun 2019	Jun 2018
INCOME				
Cash Flow Boost (non assessable)	45,938.00	13,794.00	0.00	0.00
Network Access Charges	1,225,255.20	1,392,277.23	1,211,048.37	505,577.08
Other Revenue	7,397.48	0.00	0.00	9,090.91
TOTAL INCOME	1,278,590.68	1,406,071.23	1,211,048.37	514,667.99
LESS COGS				
Computer Hardware & Equipment - Clients	312.27	0.00	250.00	0.00
Computer Software & Subscriptions Clients	0.00	10,881.81	13,734.30	0.00
Consultants & Contractors (GST)	0.00	0.00	238,900.00	68,181.82
Consultants & Contractors (No GST)	0.00	0.00	8,100.00	0.00
Telecom Services	52,440.81	177,284.13	272,363.46	171,572.25
TOTAL COGS	52,753.08	188,165.94	533,347.76	239,754.07
GROSS PROFIT	1,225,837.60	1,217,905.29	677,700.61	274,913.92
LESS OPERATING EXPENSES				
Accountant Fees	3,600.00	0.00	2,510.00	2,143.75
Advertising & Promotion	0.00	4,545.45	0.00	0.00

Bad Debts	8,359.76	7,615.46	8,451.94	0.00
Bank Fees	149.22	166.76	123.33	26.20
Bookkeeping Fees	0.00	0.00	3,650.01	0.00
Computer Supplies	0.00	63.18	3.41	0.00
Doubtful Debt Provision	23,902.00	0.00	0.00	0.00
Equipment Under \$1000	859.62	756.79	0.00	0.00
Filing Fees	273.00	267.00	263.00	0.00
Foreign Currency Gains and Losses	683.16	1,586.37	0.00	0.00
Insurance - Workers Compensation	1,787.63	691.28	0.00	1,159.35
Interest - ATO	229.89	695.80	0.00	0.00
Management Fees - Nexthop	600,000.00	750,000.00	150,000.00	0.00
Merchant Fees	1,587.63	1,577.50	1,702.47	567.13
Misc expenses	0.00	0.00	0.00	1,600.00
Office Supplies	426.18	75.32	465.81	0.00
Postage	0.00	0.00	143.92	0.00
Rent	240,000.00	140,000.00	140,000.00	100,000.00
Rent Expense	0.00	2,318.54	11,839.73	7,907.74
Repairs & Maintenance	45.44	290.00	9.07	0.00
Setup Costs Expired	0.00	0.00	0.00	1,500.00
Subscriptions & Memberships	2,802.05	525.35	12,290.07	4,151.78
Superannuation - Staff	25,248.68	23,084.42	26,741.49	10,034.29
Telephone Mobile & Internet	237.12	1,283.90	1,128.96	0.00
Travel - Accomodation - Domestic	0.00	779.07	331.36	0.00
Travel - Car Hire	113.95	7.24	140.11	0.00

Travel - Meals - Domestic	0.00	449.98	733.57	0.00
Travel - Meals - Overseas	0.00	0.00	45.70	0.00
Travel - Parking & Tolls	38.14	201.83	34.75	0.00
Travel - Taxis & Public Transport	260.61	765.56	598.64	0.00
Wages & Salaries - Staff	265,775.48	242,992.63	281,761.06	108,368.20
TOTAL OPERATING EXPENSES	1,176,379.56	1,180,739.43	642,968.40	237,458.44
NET PROFIT	49,458.04	37,165.86	34,732.21	37,455.48

Balance Sheet Statements

Item	Jun 2021	Jun 2020	Jun 2019	Jun 2018
BANK				
NAB Cheque Account	65,061.29	47,013.34	191,578.29	78,226.00
TOTAL BANK	65,061.29	47,013.34	191,578.29	78,226.00
CURRENT ASSETS				
Accounts Receivable	44,515.78	42,013.50	139,550.44	57,287.30
Cash on Hand	100.00	100.00	100.00	100.00
GST clearing	0.00	51,888.43	6,110.29	-5,382.33
Less Provision for Doubtful debts	-23,902.00	0.00	0.00	0.00
Loan - Related Co #1	2,857.15	1,354.85	92,589.14	52,416.63
Loan - Related Co #2	702,000.00	422,000.00	85,000.00	0.00
TOTAL CURRENT ASSETS	725,570.93	517,356.78	323,349.87	104,421.60
NON-CURRENT ASSETS				
Goodwill	50,000.00	50,000.00	50,000.00	50,000.00
Setup Costs	1,500.00	1,500.00	1,500.00	1,500.00
Setup Costs Expiry	-1,500.00	-1,500.00	-1,500.00	-1,500.00
TOTAL NON-CURRENT ASSETS	50,000.00	50,000.00	50,000.00	50,000.00
TOTAL ASSETS	840,632.22	614,370.12	564,928.16	232,647.60
CURRENT LIABILITIES				
Clients Overpayment	5,112.30	1,490.00	1,455.00	1,455.00
PAYG Withholdings Payable	0.00	16,072.00	16,694.00	9,976.00

Rounding	0.00	0.00	0.00	3.00
Taxation	0.00	22,129.25	19,034.95	0.00
Trade creditors	25,200.46	25,415.14	136,284.92	5,066.57
TOTAL CURRENT LIABILITIES	30,312.76	65,106.39	173,468.87	16,500.57
NON-CURRENT LIABILITIES				
GST	-46,736.70	0.00	0.00	0.00
Loan - Related Co #3	697,927.12	461,939.43	338,206.55	178,591.55
PAYG Withholdings Payable	36,086.00	0.00	0.00	0.00
Provision for Income Tax	-11,282.70	0.00	0.00	0.00
TOTAL NON-CURRENT LIABILITIES	675,993.72	461,939.43	338,206.55	178,591.55
TOTAL LIABILITIES	706,306.48	527,045.82	511,675.42	195,092.12
NET ASSETS	134,325.74	87,324.30	53,252.74	37,555.48

APPENDIX C

Goodwill Calculation

Item	Entity	Goodwill	Jun 2021
BANK			
NAB Cheque Account	65,061.29	0.00	65,061.29
TOTAL BANK	65,061.29	0.00	65,061.29
CURRENT ASSETS			
Accounts Receivable	44,515.78	44,515.78	44,515.78
Cash on Hand	100.00	0.00	100.00
GST clearing	0.00	0.00	0.00
Less Provision for Doubtful debts	-23,902.00	-23,902.00	-23,902.00
Loan - Related Co #1	2,857.15	0.00	2,857.15
Loan - Related Co #2	702,000.00	0.00	702,000.00
TOTAL CURRENT ASSETS	725,570.93	20,613.78	725,570.93
NON-CURRENT ASSETS			
Goodwill	0.00	0.00	0.00
Goodwill	0.00	0.00	50,000.00
Setup Costs	1,500.00	0.00	1,500.00
Setup Costs Expiry	-1,500.00	0.00	-1,500.00
TOTAL NON-CURRENT ASSETS	0.00	0.00	50,000.00

TOTAL ASSETS	790,632.22	20,613.78	840,632.22
CURRENT LIABILITIES			
Clients Overpayment	5,112.30	5,112.30	5,112.30
PAYG Withholdings Payable	0.00	0.00	0.00
Rounding	0.00	0.00	0.00
Taxation	0.00	0.00	0.00
Trade creditors	25,200.46	25,200.46	25,200.46
TOTAL CURRENT LIABILITIES	30,312.76	30,312.76	30,312.76
NON-CURRENT LIABILITIES			
GST	-46,736.70	-46,736.70	-46,736.70
Loan - Related Co #3	697,927.12	0.00	697,927.12
PAYG Withholdings Payable	36,086.00	36,086.00	36,086.00
Provision for Income Tax	-11,282.70	0.00	-11,282.70
TOTAL NON-CURRENT LIABILITIES	675,993.72	-10,650.70	675,993.72
TOTAL LIABILITIES	706,306.48	19,662.06	706,306.48
NET ASSETS	84,325.74	951.72	134,325.74
CFME		0.00	
GOODWILL		0.00	

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.