Business Valuations Online

Your Business Valuation Report

Referrer Accountant
Accountants for the Client
123 Street Avenue
Adelaide SA 5000
Australia

Our Ref: BVO000020
16 Oct 2019
Sent by email to: referrer@accountant.com.au

YOUR BUSINESS 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 Business Valuation Report, as defined by APES 225, pertaining to the value of the business known as Vege Partnership.

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,

Brett Goodyer
Director
FCPA B.Com MForAccy

Limited Scope Business Valuation Report

VEGE PARTNERSHIP

As requested by Referrer Accountant of Accountants for the Client

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 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 C 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

Adelaide Park, QLD 4703

Entity Type

Fruit and Vegetable Retailing in Australia

ABN: 12345678911

Primary Business

Per your responses to our online questionnaire, you have advised that Vege Partnership is located in Adelaide Park, QLD 4703 and that it operates in the Fruit and Vegetable Retailing 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 Vege Partnership operates in the Fruit and Vegetable Retailing in Australia industry. An analysis of the Fruit and Vegetable Retailing in Australia industry provides the following key industry insights:

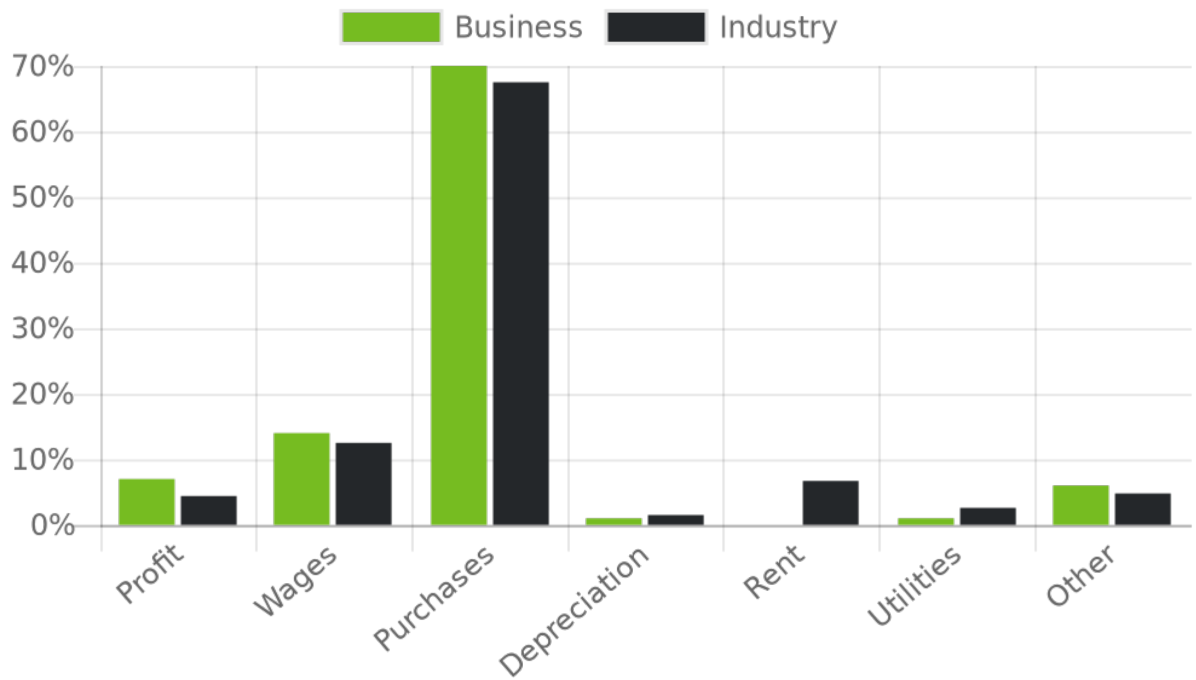
Revenue	Profit	Avg Turnover	
$3.97bn	$174.71m	$1.56m	
Businesses	**Avg # Employees**	**Avg Revenue / Employee**	
2538	6.00	$260.00k	
Life Cycle Stage	**Revenue Volatility**	**Capital Intensity**	**Technology Change**
Decline	Steady	Low	Low
Growth Risk Level	**Sensitivity Risk Level**	**Structural Risk Level**	**Overall Risk Level**
Medium - High	Very Low	High	Low

Overview of Business

We have undertaken an assessment of Vege Partnership relative to the performance of the rest of the industry to allow us to consider the performance of Vege Partnership within the context of the rest of the industry.

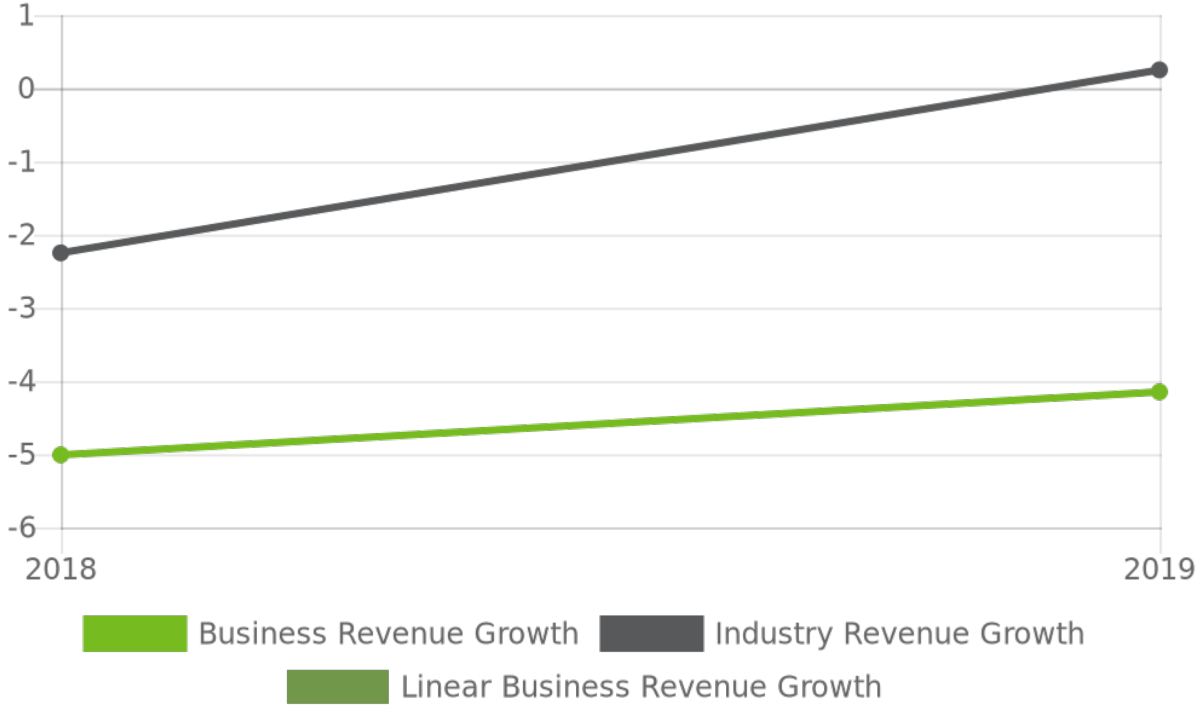
Unadjusted Business Cost Structure Relative to Industry

	Business	Industry
Profit	7.00%	4.40%
Wages	14.00%	12.50%
Purchases	70.00%	67.50%
Depreciation	1.00%	1.50%
Rent	0.00%	6.70%
Utilities	1.00%	2.60%
Other	6.00%	4.80%



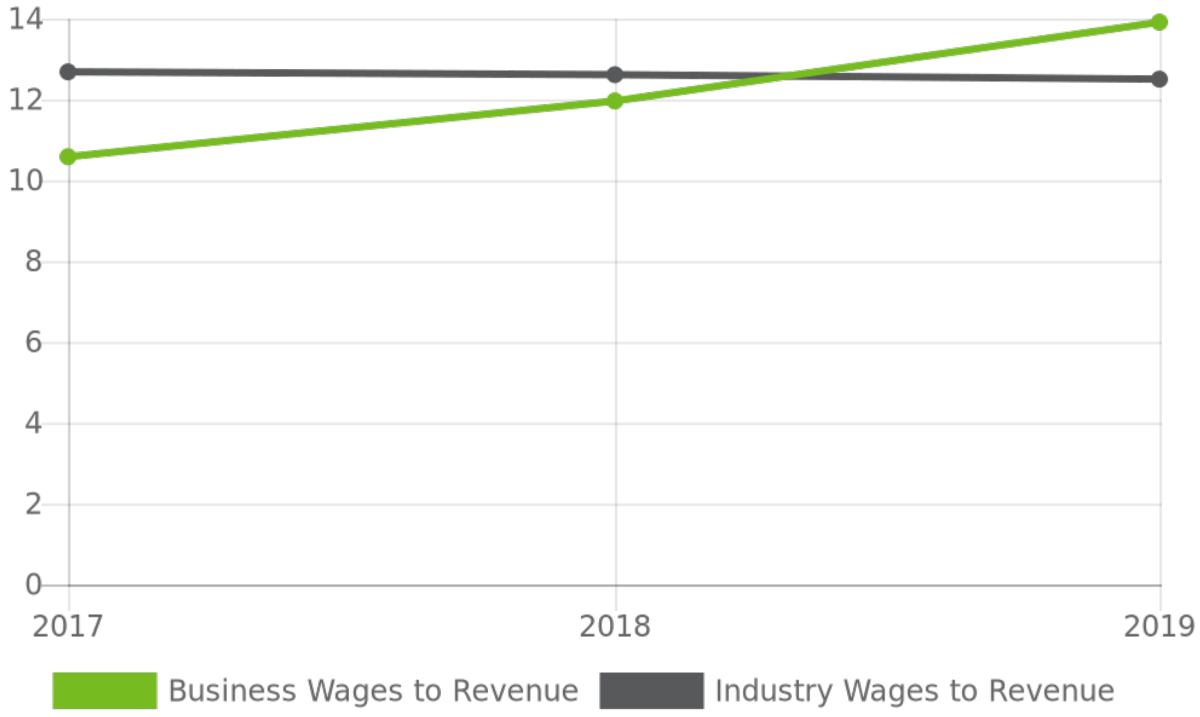
Business vs Industry Revenue Growth

	Business	Industry
2018	-5.01%	-2.25%
2019	-4.15%	0.25%



Business vs Industry Wages to Revenue

	Business	Industry
2017	10.58%	12.68%
2018	11.96%	12.61%
2019	13.91%	12.50%



Consideration of the Financial Statements of the Business

An examination of the key financial ratios of the business has been undertaken as at the date of this report, with the following results:

Financial Statement Assessments

Efficiency and solvency tests

Liquidity Ratio	Current Assets Current Liabilities	$6,102,719.13 $532,043.37 11.47 : 1	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.
Quick Ratio	Quick Assets Current Liabilities	$610,116.66 $532,043.37 1.15 : 1	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.
Net Asset Position	Total Assets Total Liabilities	$7,990,453.08 $671,005.81 11.91 : 1	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'.

Accounts Receivable Turnover Ratio	Current Accounts Receivable Total Revenue	$212,558.15 $10,304,398.16 48.48 : 1	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'.
EBIT Margin	Earnings Before Interest & Tax Total Revenue	$767,960.37 $10,304,398.16 7.45%	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.
Return on Assets	Net Assets Earnings Before Interest & Tax	$7,319,447.27 $767,960.37 10.49%	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%.
Gross Margin	Gross Profit Net Revenue	$3,116,297.76 $760,144.76 30.24%	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 busines 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.

Operating Cash Flow to Current Liabilities	Operating Cash Flow Current Liabilities	$1,001,342.10 $532,043.37 1.88 : 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 1949
- Total revenue has decreased an average of 4.58% since 2017
- Revenue earned by the business has shown reasonable consistency since year 2017
- Total profit generated by the business has decreased an average of 3.96% since 2017
- Wages as a proportion of revenue for the business has increased an average of 12.88% since 2017
- Costs of goods sold as a proportion of revenue for the business has decreased an average of 1.31% since 2017
- The business operates in the Fruit and Vegetable Retailing in Australia industry

Based upon the factors discussed above, the Future Maintainable Earnings ("FME") method of valuation (refer to Appendix C) 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 2017, 2018 and 2019 financial years as provided by you.

On the basis of information made available to me, it is my opinion that the 2017, 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 33.00% for 2017,33.00% for 2018 and 34.00% 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 Vege Partnership as follows:

- Add Proprietor Salary: Remove proprietor salary
- Add Bad Debts Written Off: Extraordinary item (unlikely to repeat in the future)
- Add Fines: Extraordinary item (unlikely to repeat in the future)
- Add ATO: Not incurred in the ordinary course of business
- Add Cost of Planning Consultants - Shop & Carpark: Not incurred in the ordinary course of business
- Less Commercial Salary: Add back salary for 7 partners at average of $50,000 each plus superannuation

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 $631,000.00.

The Following table provides a summary of the calculation of the FME for Vege Partnership.

Vege Partnership	2019	2018	2017
Profit before Income Adjustments	**$760,144.76**	**$1,055,728.74**	**$1,116,691.00**
Add: Interest Paid	$8,171.50	$0.00	$0.00
Add: Interest Paid	$0.00	$1,847.67	$167.97
Add: Interest Paid	$0.00	$5,002.91	$5,912.53
Less: Interest Received	$355.89	$551.04	$1,002.04
EBIT	**$767,960.37**	**$1,062,028.28**	**$1,121,769.46**
Normalisation Adjustments			
Add			
Proprietor Salary	$0.00	$0.00	$0.00
Bad Debts Written Off	$3,007.00	$0.00	$0.00
Fines	$5,720.93	$0.00	$0.00
ATO	$0.00	$255.86	$0.00
Cost of Planning Consultants - Shop & Carpark	$0.00	$21,601.01	$67,414.27
Less			
Commercial Salary	$383,250.00	$383,250.00	$383,250.00
Adjusted EBIT	**$393,438.30**	**$700,635.15**	**$805,933.73**
EBIT Margin	12.63%	20.10%	25.54%
Weighting	34.00%	33.00%	33.00%
Calculated FME	$630,936.75		
FME Value	**$631,000.00**		

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 3.10 to 3.50 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 Fruit and Vegetable Retailing 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	$631,000.00	$631,000.00
EBIT Multiple	3.10	3.50
Enterprise Value	$1,956,100.00	$2,208,500.00

Based upon the calculation in the above table, it is my opinion that the business that is known as Vege Partnership is valued at between $1,956,100.00 and $2,208,500.00. Expressed as a midpoint, the business of Vege Partnership is valued at $2,082,300.00, as at the indicated date.

On the basis of a calculated business value of $2,082,300.00 and a net tangible business assets of $507,005.73, the goodwill of the business of Vege Partnership is $1,575,294.27. 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 Vege Partnership is valued at $2,082,300.00, as at 30 June 2019.

On the basis of the above business valuation I have calculated the total goodwill held within the business as $1,575,294.27, as shown at Appendix C.

Yours faithfully,

Brett Goodyer
Director
FCPA B.Com MForAccy

APPENDIX A

Client information as provided via businessvaluations.online

Client Details	
Name	Accountants for the Client
Address	123 Street Avenue Adelaide SA 5000 Australia
Phone	
Email	
Your Accountants Details	
Accountant details are the same as my details	Yes
Subject Entity	
I am the entity contact	No
Contact	Client Owner
Phone	
Email	Client@owner.com.au
Name	Vege Partnership
Address	123 Main Street Adelaide Park QLD 4703 Australia
Website	

ABN or ACN	12345678911
Business operates at the same location	Yes

Valuation Overview

Purpose of valuation	Transfer of the business for restructuring purposes
Require a valuation of the business that is operated by the entity	Yes

Entity Business Overview

Year Commenced Trading	1949
Industry Classification	Retail trade
Business Description	Fruit and Vegetable Retailing in Australia
Does the business keep stock?	Yes
Date of last stocktake	30 Jun 2019
Are the premises leased or owned?	Owned
Ownership Type	Other controlled entity

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?	Yes
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	Yes

records on at least a monthly basis?	
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	The owner(s)
How many employees does the buess have (including owners if they work in the business) on a Full Time Equivalent basis?	25
Does the business undertake annual employee performance reviews?	No
Are all employment contracts up-to-date?	No
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	Various roles for 7 partners
Owner 1 current pay	$0.00
Owner 1 equivalent commercial salary	$383,225.00
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?	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?	7 %

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	restructuring purposes. family run fruit and veg shop and wholesaling operation.

APPENDIX B

Financial Information Supplied

Profit and Loss Statements

Item	2019	2018	2017
INCOME			
Interest Income	355.89	551.04	1,002.04
Diesel Fuel Rebate	13,849.00	11,166.00	8,001.00
Sales	10,290,549.16	10,739,186.07	11,309,064.98
TOTAL INCOME	**10,304,754.05**	**10,750,903.11**	**11,318,068.02**
LESS COGS			
Purchases	7,344,502.66	7,272,809.63	8,183,470.99
Opening Stock	100,109.37	92,197.46	71,285.29
Closing Stock	-256,155.74	-100,109.37	-92,197.46
TOTAL COGS	**7,188,456.29**	**7,264,897.72**	**8,162,558.82**
GROSS PROFIT	**3,116,297.76**	**3,486,005.39**	**3,155,509.20**
LESS OPERATING EXPENSES			
General Expenses	1,188.99	2,709.33	2,315.00
Light, Power, Heating	78,074.53	100,676.97	50,784.36
Quality Control	410.00	0.00	0.00
Seed, Sprays & Plants	1,607.28	3,208.38	0.00

Bank Fees	37,805.19	40,558.00	35,333.23
Van & Truck Expenses - Repairs	8,524.39	6,041.59	9,504.20
Depreciation	120,598.67	205,097.73	143,529.00
General	0.00	4,717.64	20,392.00
Licences & Registrations	14,726.78	12,772.24	14,922.79
Printing & Stationery	9,485.51	10,760.89	14,517.80
Rubbish Removal	6,392.71	7,152.50	5,409.10
Bad Debts Written Off	3,007.00	0.00	0.00
Van & Truck Expenses - Registration & Third Party	0.00	0.00	9,164.42
Council Rates	8,690.75	5,950.70	7,811.95
Gas	725.54	835.00	911.31
Legal expenses	11,393.25	0.00	3,039.00
Plumbing	5,829.36	13,566.08	8,704.21
Repairs and Maintenance	19,008.39	15,862.84	6,091.25
ATO	0.00	255.86	0.00
Uniforms Replaced	7,895.13	2,378.81	2,673.87
Cost of Planning Consultants - Shop & Carpark	0.00	21,601.01	67,414.27
Freight & Courier	6,160.41	6,093.48	2,423.40
Interest Paid - Motor Vehicle Finance	0.00	1,847.67	167.97
Petrol for Van	8,680.91	9,240.10	10,065.56
Repairs & Maintenance - Shop & Buildings	99,472.00	84,984.86	85,411.81
Advertising	15,297.01	24,391.69	11,704.59
Travelling & Entertainment	1,916.44	4,303.18	3,390.38
Consulting & Accounting	74,111.56	12,640.00	11,290.00

Interest Paid - ANZ Banking Group Ltd	0.00	5,002.91	5,912.53
Payroll Tax Expense	20,583.66	144,087.36	4,932.83
Repairs & Maintenance - Plant & Equipment	48,263.19	93,565.05	11,549.27
Telephone & Internet	15,140.67	18,812.65	19,016.14
Computer Software	12,527.79	11,579.72	26,674.17
Work Cover	20,914.86	21,136.21	20,941.00
Fines	5,720.93	0.00	0.00
Interest Expense	8,171.50	0.00	0.00
Packing Materials	79,209.34	69,772.26	59,514.32
Repairs & Maintenance - Electrical	14,267.44	15,317.91	24,835.83
Superannuation	116,012.48	109,828.03	96,171.69
Computer Requisites	4,275.91	5,160.13	5,031.06
Water Rates	8,530.56	7,827.23	8,127.47
Fees Paid Away	263.00	82.00	249.00
Insurance	13,657.60	39,758.77	41,906.88
Motor Vehicle Expenses	6,079.02	0.00	0.00
Rent	43,942.21	47,050.31	48,032.34
Subscriptions	8,313.39	9,772.47	5,277.64
Cleaning	8,924.05	5,110.62	4,006.68
Wages and Salaries	1,317,352.51	1,175,541.47	1,100,711.51
Emergency Services Levy	711.60	254.50	407.60
Hire of Plant & Equipment	562.62	499.39	0.00
Magazines, Journals, Periodicals	68.16	45.44	0.00
Refrigeration	0.00	1,181.82	3,324.81

Shop Displays & Fit-out	25,525.17	22,467.18	4,931.84
Borrowing Costs	80.36	80.36	80.36
Vermin Control	1,318.18	1,068.18	225.00
Diesel Fuel for Truck	34,735.00	27,628.13	19,986.76
TOTAL OPERATING EXPENSES	**2,356,153.00**	**2,430,276.65**	**2,038,818.20**
NET PROFIT	**760,144.76**	**1,055,728.74**	**1,116,691.00**

Balance Sheet Statements

Item	2019	2018	2017
BANK			
Cash at Bank - ANZ Banking Group Ltd	363,926.31	441,147.81	648,534.24
TOTAL BANK	**363,926.31**	**441,147.81**	**648,534.24**
CURRENT ASSETS			
Cash on Hand	7,342.20	7,342.20	6,358.70
Loan - RELATED 6 Pty Ltd	1,834,954.18	1,827,794.18	1,575,839.08
Sundry Debtors	212,558.15	313,749.74	330,550.77
Loan - RELATED 5 Pty Ltd	11,867.60	8,742.60	6,003.60
Stock on Hand - Cattle	0.00	0.00	8,661.66
Loan - RELATED 4	465,690.50	462,731.50	459,650.50
Stock on Hand	256,155.74	100,109.37	92,197.46
Loan - RELATED 3 Pty Ltd	389,961.09	386,980.09	383,877.09
Shares - XXXX Produce Market	4,000.00	4,000.00	4,000.00
Loan - RELATED 2 Pty Ltd	178,943.00	176,941.00	175,060.00
Payroll Tax Payable	3,521.14	0.00	0.00
Loan - RELATED 1 Pty Ltd	2,322,868.00	2,319,777.00	2,316,575.00
Loan Approval fees	160.72	241.08	321.44
EFTPOS on Hand	26,290.00	50,614.04	20,883.55
Loan - RELATED 8	11,500.00	11,500.00	11,500.00
Diesel Fuel Rebate Receivable	2,704.00	0.00	0.00

Loan - RELATED 7 Pty Ltd	10,276.50	8,022.50	5,975.50
TOTAL CURRENT ASSETS	**5,738,792.82**	**5,678,545.30**	**5,397,454.35**
NON-CURRENT ASSETS			
Shop Extensions	1,218,454.36	1,218,454.36	1,218,454.36
Shop Building	70,464.70	70,464.70	70,464.70
Plant and Equipment	1,622,449.37	1,538,693.00	1,786,538.16
Motor vehicles	51,336.00	51,336.00	61,335.81
Low Value Pool - Australian Taxation	443.05	443.05	443.05
Less Accumulated Depreciation on Plant and Equipment	-1,010,157.37	-899,252.00	-1,082,874.24
Less Accumulated Depreciation on Motor Vehicles	-21,205.52	-12,458.00	-11,160.00
Water Connection Fee	1,526.36	1,526.36	1,526.36
Less Accumulated Depreciation - Property	-45,577.00	-45,577.00	0.00
TOTAL NON-CURRENT ASSETS	**1,887,733.95**	**1,923,630.47**	**2,044,728.20**
TOTAL ASSETS	**7,990,453.08**	**8,043,323.58**	**8,090,716.79**
CURRENT LIABILITIES			
Visa Card	14,174.83	19,864.29	3,860.03
Sundry Creditors - Super	10,329.80	9,857.02	45,622.94
Sundry Creditors - ATO	0.00	46,526.00	42,011.00
Sundry Creditors	497,091.74	294,455.11	528,394.93
PAYG Withholdings Payable	17,965.00	0.00	0.00
Goods & Services Tax	-7,518.00	-15,794.00	-9,145.46
TOTAL CURRENT LIABILITIES	**532,043.37**	**354,908.42**	**610,743.44**
NON-CURRENT LIABILITIES			

Loan - ANZ Bank	110,867.85	166,301.85	217,116.35
Loan - VW Finance	28,094.59	42,141.79	55,018.39
TOTAL NON-CURRENT LIABILITIES	**138,962.44**	**208,443.64**	**272,134.74**
TOTAL LIABILITIES	**671,005.81**	**563,352.06**	**882,878.18**
NET ASSETS	**7,319,447.27**	**7,479,971.52**	**7,207,838.61**

APPENDIX C

Goodwill Calculation

Item	Goodwill	2019
BANK		
Cash at Bank - ANZ Banking Group Ltd	0.00	363,926.31
TOTAL BANK	**0.00**	**363,926.31**
CURRENT ASSETS		
Cash on Hand	7,342.20	7,342.20
Loan - RELATED 6 Pty Ltd	0.00	1,834,954.18
Sundry Debtors	212,558.15	212,558.15
Loan - RELATED 5 Pty Ltd	0.00	11,867.60
Stock on Hand - Cattle	0.00	0.00
Loan - RELATED 4	0.00	465,690.50
Stock on Hand	256,155.74	256,155.74
Loan - RELATED 3 Pty Ltd	0.00	389,961.09
Shares - XXXX Produce Market	0.00	4,000.00
Loan - RELATED 2 Pty Ltd	0.00	178,943.00
Payroll Tax Payable	3,521.14	3,521.14
Loan - RELATED 1 Pty Ltd	0.00	2,322,868.00
Loan Approval fees	160.72	160.72
EFTPOS on Hand	26,290.00	26,290.00

Loan - RELATED 8	0.00	11,500.00
Diesel Fuel Rebate Receivable	2,704.00	2,704.00
Loan - RELATED 7 Pty Ltd	0.00	10,276.50
TOTAL CURRENT ASSETS	**508,731.95**	**5,738,792.82**
NON-CURRENT ASSETS		
Goodwill	0.00	0.00
Shop Extensions	0.00	1,218,454.36
Shop Building	70,464.70	70,464.70
Plant and Equipment	1,622,449.37	1,622,449.37
Motor vehicles	51,336.00	51,336.00
Low Value Pool - Australian Taxation	443.05	443.05
Less Accumulated Depreciation on Plant and Equipment	-1,010,157.37	-1,010,157.37
Less Accumulated Depreciation on Motor Vehicles	-21,205.52	-21,205.52
Water Connection Fee	1,526.36	1,526.36
Less Accumulated Depreciation - Property	-45,577.00	-45,577.00
TOTAL NON-CURRENT ASSETS	**669,279.59**	**1,887,733.95**
TOTAL ASSETS	**1,178,011.54**	**7,990,453.08**
CURRENT LIABILITIES		
Visa Card	14,174.83	14,174.83
Sundry Creditors - Super	10,329.80	10,329.80
Sundry Creditors - ATO	0.00	0.00
Sundry Creditors	497,091.74	497,091.74
PAYG Withholdings Payable	17,965.00	17,965.00

Goods & Services Tax	-7,518.00	-7,518.00
TOTAL CURRENT LIABILITIES	**532,043.37**	**532,043.37**
NON-CURRENT LIABILITIES		
Loan - ANZ Bank	110,867.85	110,867.85
Loan - VW Finance	28,094.59	28,094.59
TOTAL NON-CURRENT LIABILITIES	**138,962.44**	**138,962.44**
TOTAL LIABILITIES	**671,005.81**	**671,005.81**
NET ASSETS	**507,005.73**	**7,319,447.27**
CFME	**2,082,300.00**	
GOODWILL	**1,575,294.27**	

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.