

# Business Valuation Report

## XYZ Accounting Pty Ltd

**Date of Report:** 30 July 2024

**Date of Valuation:** 30 June 2024

**Prepared For:** John Smith  
Sally Smith

**Prepared By:** Demo Valuer  
Demo Firm

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## Executive Summary

| Table - Executive Summary |  |
|---------------------------|--|
| Date of Report            | 30 July 2024   |
| Relevant Entities         | XYZ Accounting Pty Ltd<br>Smith Family Trust   |
| Date of Valuation         | 30 June 2024   |
| Prepared For              | John Smith<br>Sally Smith  |
| Report Purpose            | Family Law   |
| Standard of Value         | Fair Market Value  |
| Premise of Value          | Going Concern  |
| Scope of Engagement       | Valuation Engagement   |
| Question #1               | What is the value of the Goodwill and Unidentified Intangible Assets of XYZ Accounting Ltd at 30 June 2024?  |
| Answer #1                 | \$1,452,811  |
| Question #2               | What is the Total Equity Value of XYZ Accounting Ltd at 30 June 2024?  |
| Answer #2                 | \$1,880,568  |
| Question #3               | What is the Total Equity Value of Smith Family Trust at 30 June 2024?  |
| Answer #3                 | \$915,384  |
| Question #4               | What is the total value of the Equity and Debt Interests of John Smith & Sally Smith at 30 June 2024?  |
| Answer #4                 | \$756,540  |
| Important Notes           | <ul style="list-style-type: none"><li>• This report considers the value of the enterprise, goodwill and equity at a specific date. The valuation outcomes will need to be adapted if they are required for a different date.</li></ul> |

|                             |   |
|-----------------------------|---|
| Key Assumptions             | <ul style="list-style-type: none"> <li>• Financial information provided shows a true and fair view of the performance and position of the relevant business.</li> <li>• All related-party transactions are at commercial values unless specifically adjusted in the appendices.</li> <li>• Assets and liabilities are shown at fair market value in the financial statements unless otherwise adjusted.</li> <li>• The business has no significant strategic value separate to its core value as a going concern.</li> <li>• A reasonable handover period would be offered to a purchaser.</li> </ul> |
| Key Limitations             | <ul style="list-style-type: none"> <li>• Financial information is unaudited and unverified.</li> <li>• Accounting standards were not applied to the financial statements.</li> <li>• Detailed long-term future forecasts have not been provided or considered.</li> <li>• Independent valuations of physical assets were not provided.</li> <li>• Separate valuations of intellectual property have not been undertaken.</li> <li>• A remuneration expert has not been engaged.</li> </ul>  |
| Professional Standards      | <ul style="list-style-type: none"> <li>• International Valuation Standards</li> <li>• APES 225 - Valuation Services</li> </ul>  |
| Prepared By                 | <p>Demo Valuer<br/>Demo Firm</p>  |
| Professional Qualifications | <ul style="list-style-type: none"> <li>• Business Valuation Specialist (CAANZ)</li> <li>• Chartered Accountant (CAANZ)</li> <li>• Bachelor of Commerce</li> <li>• Bachelor of Economics</li> <li>• Diploma of Financial Planning</li> <li>• Certificate IV in Business Broking</li> </ul>   |

## **Background and Summary**

I have been engaged by John Smith & Sally Smith to undertake a valuation of the following entities in accordance with the terms of our engagement agreement:

- XYZ Accounting Pty Ltd
- Smith Family Trust

Refer to the engagement agreement included in the source documents at the end of this report for full details on the agreed scope of this report.

I have considered the various business valuation methods that could be applied and I have adopted the most reasonable methods in the circumstances based on the information available and best practice valuation theory and techniques.

The valuation is based on the financial and non-financial information provided. Adjustments have been made to the financial information based on additional information and assumptions where appropriate.

Refer to the key source documents at the end of this report for information considered in the course of the valuation work.

## Question Summary

### Question #4 - What is the total value of the Equity and Debt Interests of John Smith & Sally Smith at 30 June 2024?

| Equity and Debt Interests of John Smith & Sally Smith at 30-Jun-24                                       |                    |                  |                    |
|--|--------------------|------------------|--------------------|
|  | John Smith         | Sally Smith      | Total              |
| <b>Equity Holdings</b>   |                    |                  |                    |
| 50% Discretionary Trust Hypothetical Equity in Smith Family Trust  | \$457,692          | -                | \$457,692          |
| 50% Discretionary Trust Hypothetical Equity in Smith Family Trust  | -                  | \$457,692        | \$457,692          |
| <b>Total Equity Interests</b>  | <b>\$457,692</b>   | <b>\$457,692</b> | <b>\$915,384</b>   |
| <b>Debt Holdings</b>   |                    |                  |                    |
| Debt in XYZ Accounting Pty Ltd - "Loan - John Smith" (Asset of the Entity & Liability of the Individual) | (\$210,433)        | -                | (\$210,433)        |
| Debt in Smith Family Trust - "Loan - John Smith" (Liability of the Entity & Asset of the Individual)     | \$25,795           | -                | \$25,795           |
| Debt in Smith Family Trust - "Loan - Sally Smith" (Liability of the Entity & Asset of the Individual)    | -                  | \$25,795         | \$25,795           |
| <b>Total Debt Interests</b>  | <b>(\$184,639)</b> | <b>\$25,795</b>  | <b>(\$158,844)</b> |
| <b>Total Equity and Debt Interests</b>   | <b>\$273,053</b>   | <b>\$483,486</b> | <b>\$756,540</b>   |

## Summary of Each Equity Holding

| Equity Holding Value - 50% held by John Smith in Smith Family Trust (class: Discretionary Trust Hypothetical Equity) at 30-Jun-24 |           |
|---|-----------|
| Total Equity Value  | \$915,384 |
| Proportion Percentage   | 50%       |
| Proportional Value  | \$457,692 |

| Equity Holding Value - 50% held by Sally Smith in Smith Family Trust (class: Discretionary Trust Hypothetical Equity) at 30-Jun-24 |           |
|--|-----------|
| Total Equity Value   | \$915,384 |

|                       |           |
|-----------------------|-----------|
| Proportion Percentage | 50%       |
| Proportional Value    | \$457,692 |



## Source Information Considered

The information listed below was provided by the instructing parties or has been sourced from third parties. Unless otherwise stated, assume that the information has been reviewed but not independently verified or audited and therefore should not be relied upon without first undertaking independent verification. Only excerpts of key relevant information have been attached in the source documents due to size limitations. No other source information has been used to prepare this report unless specifically identified in another section of the report.

- Instruction Letter/General Correspondence
- Business Valuation Questionnaire
- Financial Statements
- Income Tax Returns

Should any additional information be later provided that challenges the accuracy or relevance of the above information, I am open to modifying the valuation opinion where materially relevant to the outcome.

## General Valuation Comments

If a purchaser was considering buying only selected assets and liabilities of the business or entity, they would ignore the overall entity value and simply add the fair value of each asset to be purchased and deduct the fair value of each liability (if any) to be assumed as part of the purchase. To be clear, the purchaser would typically purchase the goodwill (if any) of the business in addition to the other identifiable assets they required. This is relevant because the equity value of this entity cannot be simply compared to the sale price of the goodwill component of even a similar entity without further analysis of the earnings and the full balance sheet of that business. Goodwill, Enterprise Value and Equity Value refer to different combinations of components of the entity and are not interchangeable terms.

I recommend that before any financial decisions are made, that the relevant stakeholders perform their own due diligence on the financial and other information provided to me to undertake this engagement, or instruct me to do the same. This report is only as reliable as the information given to me and the assumptions I have explicitly made.

Should further information be available or a different set of assumptions be more appropriate, the valuation report can be amended or updated accordingly. Usually this will incur an additional fee unless it is the rectification of a gross error or omission made by me.

Where the current values of individual assets or liabilities vary from the amounts stated in this report, these variances may need to be taken into account where appropriate. This will often be necessary where the valuation date is not the same as the relevant date for the purpose of the valuation. I am available to prepare such bridging calculations if required, but I would need current values of assets and liabilities.

The date of the financial information used is a key sensitivity for this business valuation assessment. That is, if the business valuation was to be assessed at a different date, the business may have a significantly lower or higher value.

For the purposes of this report it has been estimated that the current owner's duties can be replaced effectively with employees at the values estimated (see the appendices for details). In reality, a potential investor would have to make their own enquiries and use their own judgement on this very subjective matter. This estimate includes labour, management and entrepreneurial tasks of the owners and associates.

It is worth considering that a hypothetical 'financial buyer' may base their purchase decision on how they expect the business to perform in the future, so if a potential buyer could be persuaded that the financial returns would increase significantly in the future, for whatever reason, then they may be willing to invest a greater amount than the valuation calculated in this report. Equally, if the potential buyer believed that the returns would be lower, they would likely only be willing to invest a lower amount than the valuation calculated in this report.

It is also worth considering that a 'strategic buyer' may have plans to utilise the business's assets or intellectual property in a different way than currently, which may be expected to result in a higher financial return than is currently being achieved, especially if there are potential synergies between the strategic buyer's current business and this business. For example, a strategic buyer may see value in obtaining the customer database or other intellectual property for their own purposes. They may then take into account the increased profitability of their existing business in addition to the one being valued here. This is outside the scope of this engagement.

The aim of this report is to simulate the process that may be undertaken by a purchaser or passive investor who may be interested in acquiring the whole of this business purely for a financial return on investment. Accordingly, the profitability and risk attributes of the business have been assessed to estimate an investment amount that may provide a satisfactory return to a generic, unnamed financial investor. In reality it is my experience that many purchasers of small businesses have other non-financial and often emotional or strategic motives that materially affect the price they are willing to pay to obtain ownership or control of a business. This report does not attempt to take these factors into account and so the report should be read with this in mind.

On the other hand, it is also possible for a good business to have a hypothetical financial value but have no interested parties willing or financially able to purchase it at the time. The only reliable way to identify the market value of a business is in hindsight and only in a sufficiently active market. The valuation process aims to simulate that outcome.

# **Business Valuation Methods**

## **Overview**

This report uses a combination of quantitative and qualitative factors relevant to the business to provide an opinion of its value based on the available evidence.

Commonly used business valuation approaches/methods are briefly described below.

### **Income Approach - Discounted Cash Flow**

The discounted cash flow method of business valuation is a theoretically strong approach to valuing a business or any other financial asset. This approach considers the magnitude and timing of all future cash flows and converts them to a present value at an appropriate risk-adjusted rate of return. The discount rate or required rate of return takes into account various risks from general investment risks to company-specific risks and is weighted with the cost of debt where applicable to the business structure.

Whilst the underlying theory is sound, in practice this method is difficult to apply due to the sensitivity of the method to the underlying assumptions. Certainly the greatest limitation in using this method is to predict the various cash inflows and cash outflows for a business between the valuation date and the future cessation of the business, including any expected sale of the business.

This method is most useful when there is some level of certainty around the future cash flow expectations for the business going forward at least 5 and ideally 10 years. This method is also useful for creating hypothetical valuations under assumptions about potential future cash flow scenarios.

Where the valuation result is greater than the net operating assets of the core business, the surplus is commonly attributed to goodwill and other intangibles. Surplus excessive and non-operating assets and debts are typically adjusted to the valuation result when valuing the equity in the entity.

### **Income Approach - Capitalisation of Future Maintainable Earnings**

This method is a modified version of the discounted cash flow method, but which predominantly uses historical profitability to formulate an assumed future maintainable earnings figure. This method is most useful when the historical earnings are relatively stable and expected to increase at a constant rate. To be clear, this is still a forward-looking assessment, but based largely on past performance as an indicator of future performance.

The capitalisation of earnings method uses a capitalisation multiple that the valuer determines to be reasonably appropriate, reflecting a risk-adjusted required rate of return and a constant growth rate of earnings. To calculate the business value, the future maintainable earnings are simply multiplied by the capitalisation multiple. The capitalisation multiple may be different to one that would be applied using the discounted cash flow method as the future maintainable earnings method often (but not always) uses earnings before interest and taxes, whilst the discounted cash flow method often (but not always) uses net cash flow to invested capital after tax.

This method is often used when valuing small businesses due to its perceived simplicity, but it needs to be used with great care as it is extremely sensitive to the assumptions used. In fact, the

underlying mathematics can be proven to precisely correlate with the discounted cash flow method and so it is subject to the same types of misuse of earnings bases and discount rates.

Where the Enterprise Value is greater than the ordinary net operating assets of the core business, the surplus is commonly attributed to goodwill and other intangibles. Surplus and non-operating assets and debts are typically subsequently adjusted to the valuation result when valuing the equity in the whole entity.

### **Market Approach - Publicly Listed Securities**

This method involves the comparison of the business being valued with other businesses that have publicly traded securities, ideally in an informed and liquid market.

This method is useful where there are similar businesses listed on the open market. When using this method, the valuer will analyse the comparable companies and calculate implied valuation multiples (e.g. Enterprise Value/EBIT) for a range of companies. The valuer will then use their judgement to choose a multiplier within the range, then adjust the multiplier for additional size and company-specific risks and apply it to the adjusted earnings of the business being valued.

This method is difficult to apply to small businesses in practice due to the absence of comparable businesses being publicly traded. The differences in size, scale and structure cause the comparisons to be unreliable and the subsequent discounts too arbitrary.

### **Market Approach - Comparable Transactions**

This method involves the comparison of the business being valued with other businesses that have recently undergone a transaction that provides evidence of how the market perceives value in such a business.

This method does not necessarily need the comparable businesses to be listed on the open market. Often transaction information is available from business brokers, industry associations and other sources. When using this method, the valuer will analyse the comparable companies and calculate implied valuation multiples from the transactions (e.g. Enterprise Value/EBITDA).

This method can be unreliable in situations where the comparable businesses have been subject to transactions involving strategic value, which cannot be separated from the underlying financial value, making the comparisons false.

### **Market Approach - Rule of Thumb**

This method involves researching and gathering anecdotal evidence on established norms in a particular industry relating to the value of businesses.

This method is a market approach (as opposed to an income approach) because it simulates the activities of seller and buyers based on knowledge and discussions from market participants and observers.

The market approach most often considers a metric of some kind and a multiplier to calculate a probable market value. The interest valued is often, but not always goodwill. Other assets and liabilities are then added and subtracted as relevant.

## **Asset Based Approach - Summation of Net Asset Values**

An asset-based approach is commonly used for specific assets that do not produce business income (e.g. property) or for whole businesses where the valuation of the business under the income and market based approaches produces a value less than the net tangible operating assets used by the business.

This method is also commonly used in conjunction with an income or market-based approach to calculate the equity value of the entity where the other method has calculated the value of goodwill and other intangible assets.

Business valuers typically rely on the opinions of directors or independent valuers for the valuations of individual tangible assets.

## **Asset Based Approach - Unadjusted Net Assets**

This method simply uses the net assets from the financial statements, being the total assets less the total liabilities on the balance sheet.

This method is only typically used when there is no information known about the business other than what is shown on its financial statements.

## Capitalisation Multiple Considerations (Generally)

This section outlines the process a business valuer must undertake when estimating an appropriate multiple under the Capitalisation of Future Maintainable Earnings method.

The capitalisation multiple is inversely proportional to the required rate of return on the investment in the business and is positively affected by the implied constant annual growth rate. That is, the higher the required rate of return, the lower the capitalisation multiple. The higher the expected long-term growth rate, the higher the multiple.

The capitalisation multiple used in the Capitalisation of Future Maintainable Earnings method results in the Enterprise Value of the business. The enterprise value includes all of the operating assets and operating liabilities ordinarily required to operate the business. The capitalisation multiple does not result in goodwill directly and should not be compared to goodwill in comparative transactions. Any method or calculation that compares goodwill directly is a market approach and not an income approach.

There are many qualitative factors that influence the required rate of return when assessing the value of any business. Some of which are as follows:

- The assumed risk-free rate of return.
- The relative riskiness of investing in businesses compared to other types of alternative investments.
- The availability, suitability and cost of debt funding.
- The lack of marketability of unlisted businesses generally.
- Anticipated changes to government policies generally.
- Anticipated changes to macroeconomic conditions.
- The length of time the business has been operating.
- The level of competition in the relevant industry.
- How well the business is systemised.
- How much the business relies on a few individuals.
- The potential for growth of the business and the relevant industry as a whole.
- The business's reliance on its location and premises.
- The size of the current and forecast profit margins.
- The volatility, trends and recurring nature of income and profits.
- Any other internal or external factor that may cause risk or volatility in the future earnings or the assumptions used in the valuation calculations.

The judgement of the capitalisation multiple is not an exact science and is not a formula. The valuer attempts to estimate the rate of return that would be commensurate with the anticipated risks in the future cash flows of the business, relative to the future maintainable earnings amount adopted.

## Entity Analysis - XYZ Accounting Pty Ltd

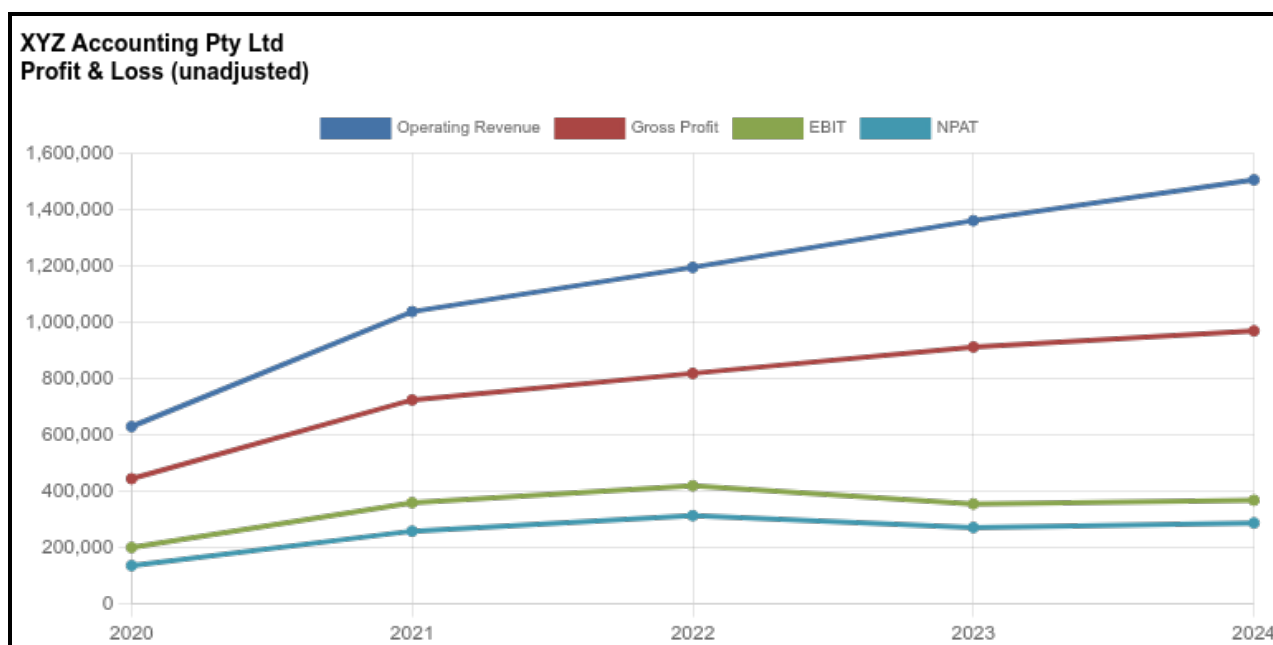
The table below summarises the key relevant details for XYZ Accounting Pty Ltd based on the information provided and the analysis undertaken in the course of the business valuation work.

| Entity Analysis Table - XYZ Accounting Pty Ltd |  |
|--|--|
| Legal Name                                     | XYZ Accounting Ltd   |
| Business Number                                | 12 345 678 910   |
| Address  | 456 Numbers Lane Sydney NSW 200  |
| Directors                                      | <ul style="list-style-type: none"> <li>• John Smith</li> <li>• Emma Jones</li> </ul> |
| Industry                                       | Accounting   |

The table below summarises the equity structure for XYZ Accounting Pty Ltd.

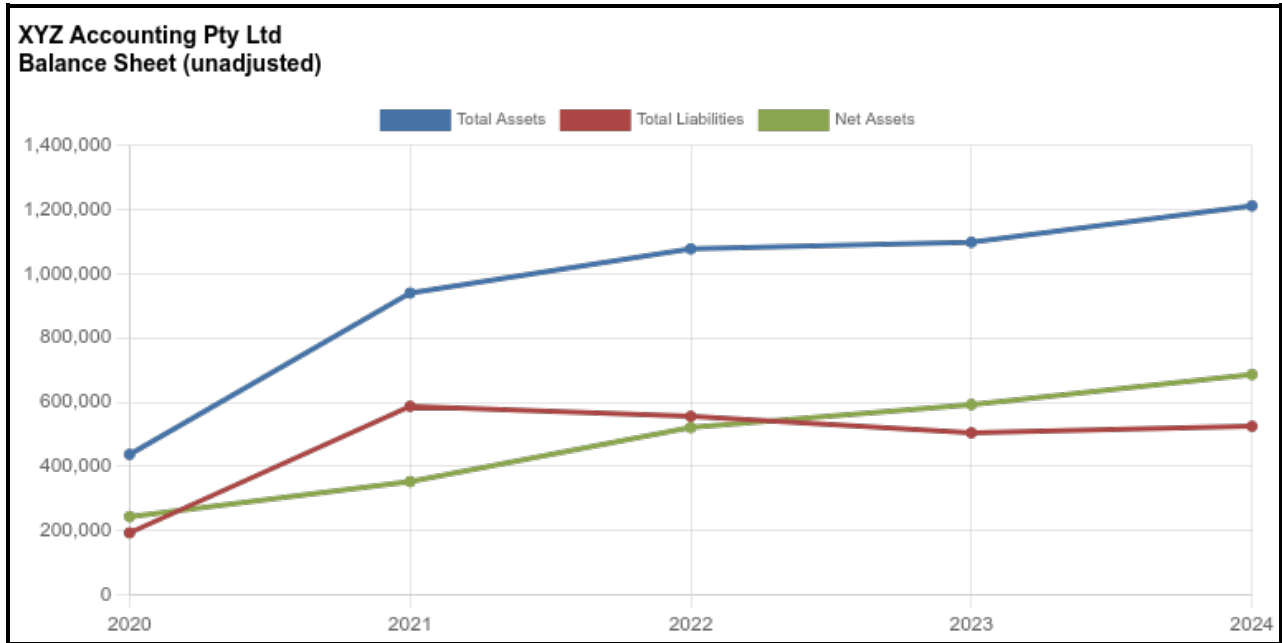
| Equity Structure at 30 June 2024 - XYZ Accounting Pty Ltd |               |                 |
|---|---------------|-----------------|
| Equity Class  | Number Issued | Class Weighting |
| Ordinary Shares   | 50,000        | 100.00%         |
| Equity Holding  | Number Held   | % of Class      |
| John Smith (in trust for Smith Family Trust)              | 25,000        | 50.00%          |
| Emma Jones (in trust for Jones Family Trust)              | 25,000        | 50.00%          |

The charts below summarise the key financial trends for XYZ Accounting Pty Ltd before any normalisation adjustments.

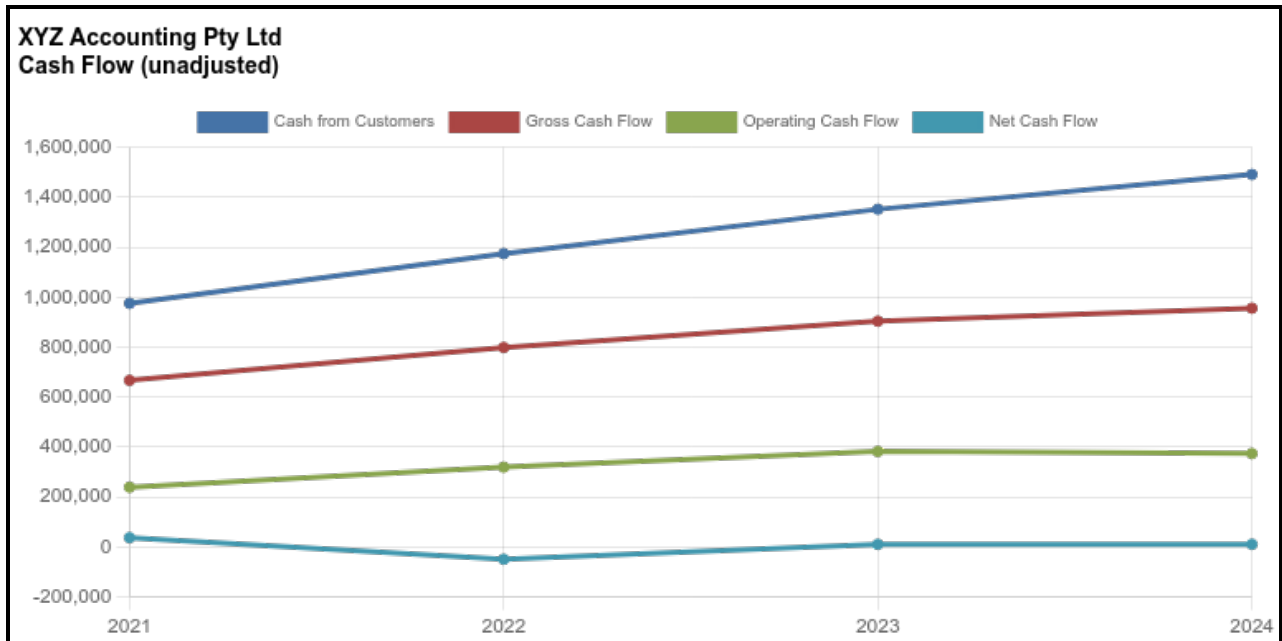




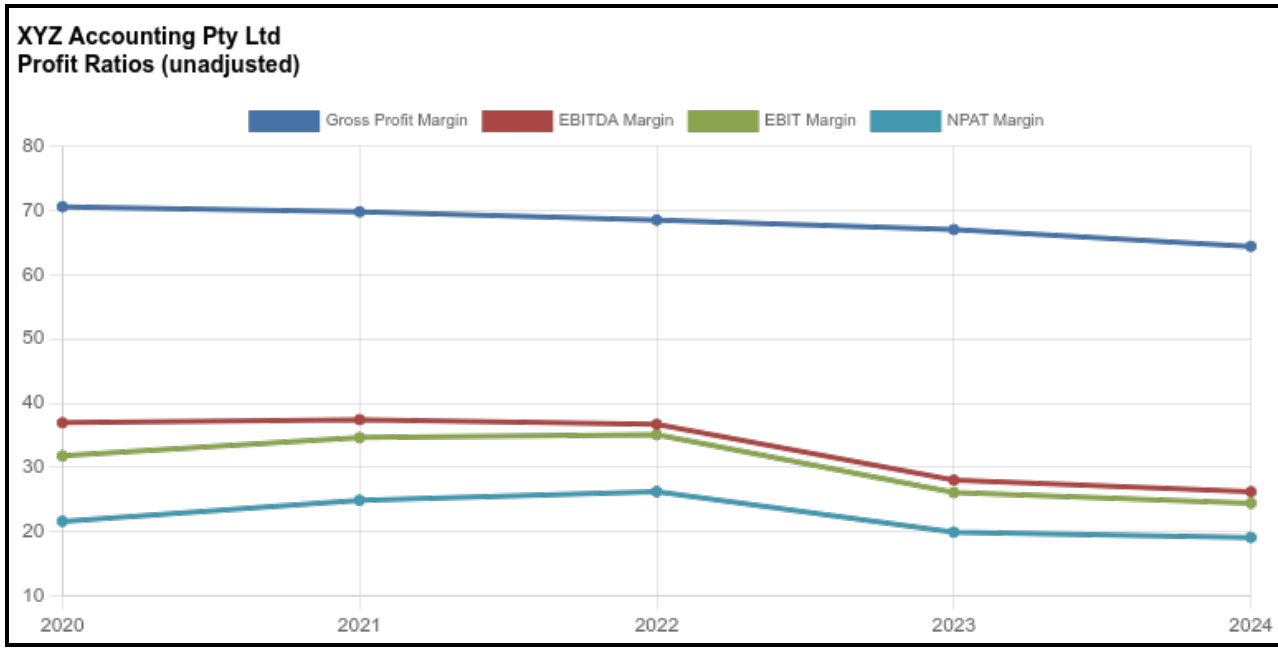
|                   | 2020    | 2021      | 2022      | 2023      | 2024      |
|-------------------|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 629,965 | 1,038,164 | 1,195,440 | 1,361,513 | 1,506,192 |
| Gross Profit      | 444,700 | 724,648   | 818,954   | 912,635   | 970,256   |
| EBIT              | 200,374 | 359,694   | 419,896   | 355,360   | 368,540   |
| NPAT              | 136,267 | 258,615   | 313,699   | 271,671   | 287,996   |



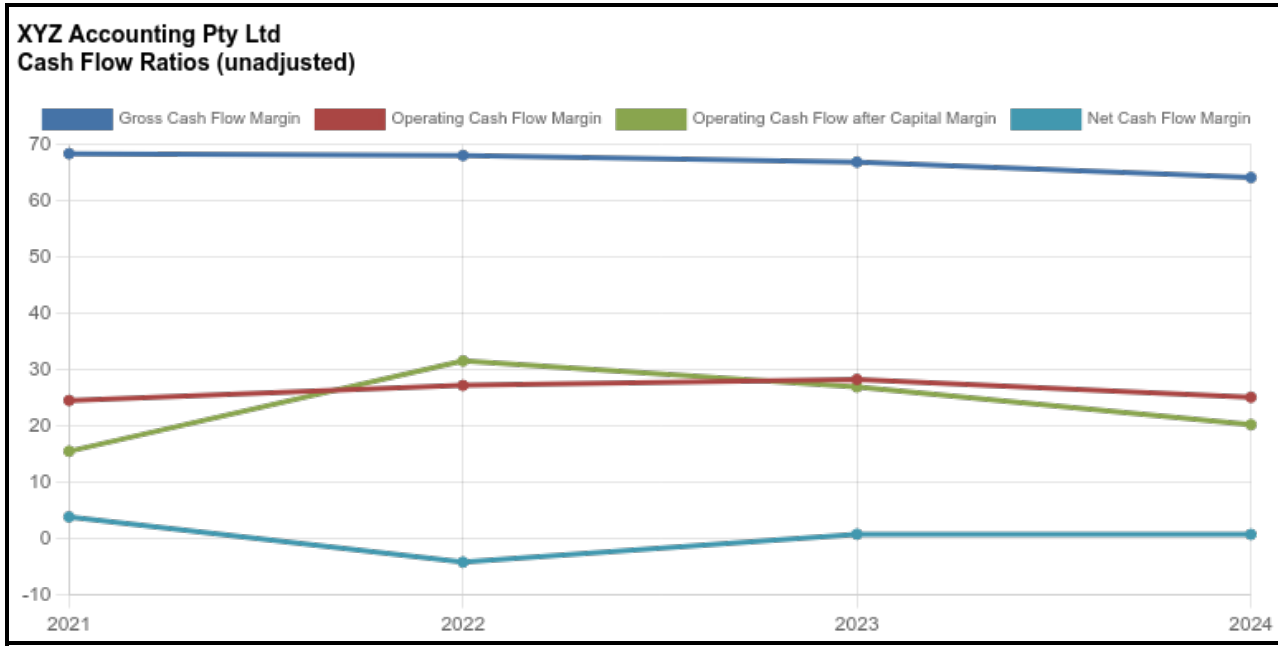
|                   | 2020    | 2021    | 2022      | 2023      | 2024      |
|-------------------|---------|---------|-----------|-----------|-----------|
| Total Assets      | 437,575 | 939,993 | 1,077,418 | 1,097,688 | 1,211,069 |
| Total Liabilities | 193,525 | 587,328 | 556,054   | 504,653   | 525,039   |
| Net Assets        | 244,050 | 352,665 | 521,364   | 593,035   | 686,030   |



|                     | 2021    | 2022      | 2023      | 2024      |
|---------------------|---------|-----------|-----------|-----------|
| Cash from Customers | 975,389 | 1,174,260 | 1,351,718 | 1,490,886 |
| Gross Cash Flow     | 666,890 | 798,826   | 903,766   | 955,967   |
| Operating Cash Flow | 239,349 | 319,452   | 382,221   | 374,004   |
| Net Cash Flow       | 37,684  | (49,093)  | 10,786    | 11,227    |



|                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 70.59% | 69.80% | 68.51% | 67.03% | 64.42% |
| EBITDA Margin       | 36.97% | 37.45% | 36.72% | 28.03% | 26.22% |
| EBIT Margin         | 31.81% | 34.65% | 35.12% | 26.10% | 24.47% |
| NPAT Margin         | 21.63% | 24.91% | 26.24% | 19.95% | 19.12% |



|  | 2021   | 2022    | 2023   | 2024   |
|--|--------|---------|--------|--------|
| Gross Cash Flow Margin                   | 68.37% | 68.03%  | 66.86% | 64.12% |
| Operating Cash Flow Margin               | 24.54% | 27.20%  | 28.28% | 25.09% |
| Operating Cash Flow after Capital Margin | 15.51% | 31.55%  | 26.94% | 20.25% |
| Net Cash Flow Margin                     | 3.86%  | (4.18%) | 0.80%  | 0.75%  |

Refer to the Appendices for detailed reports regarding the income, expenses, cash flows, assets and liabilities of the entity over the periods analysed.

## Business Valuation Methods Adopted

I have considered the business valuation methods that could reasonably be applied to this business based on the nature of the business, the information provided and other publicly available information in accordance with the scope of the valuation engagement.

I have valued the business under 2 different scenarios using different methods and applied a weighted average to the outcomes to form the basis for the valuation of the business.

Detailed calculations and assumptions for these methods are included in the following sections.

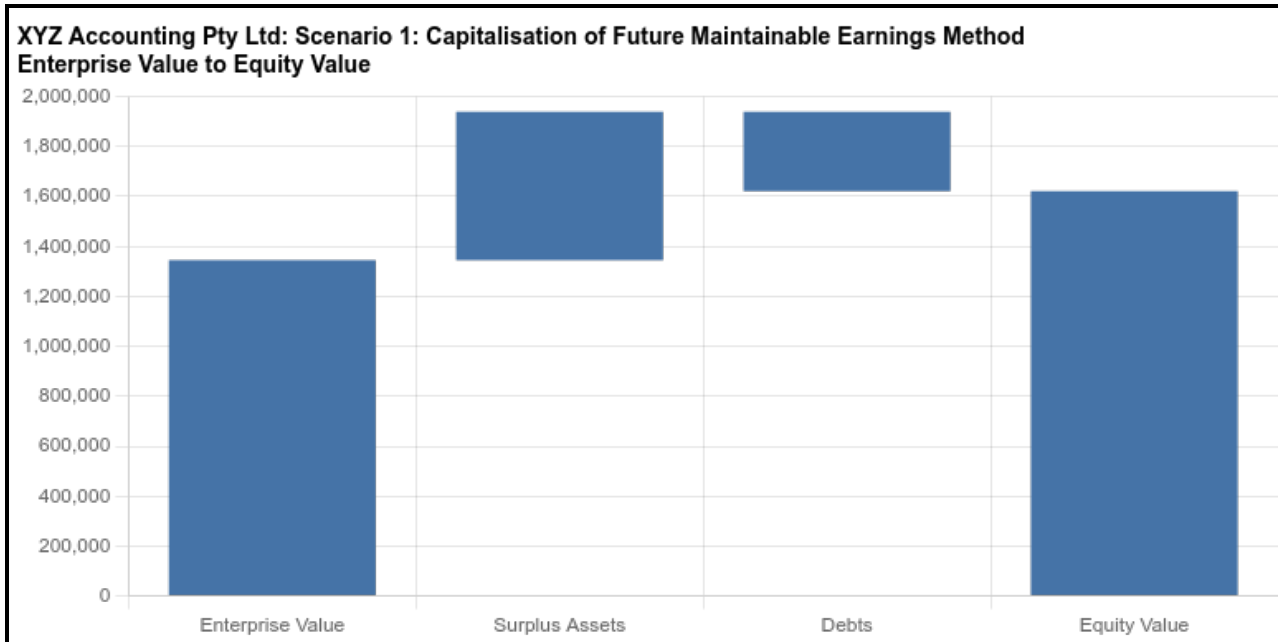
The table below outlines the total weighted average from the different methods.

| <b>Business Weighted Scenario Values at 30-Jun-24 - XYZ Accounting Pty Ltd</b> |   |                                  |
|--|---|----------------------------------|
|  | Scenario 1: Capitalisation of Future Maintainable Earnings Method | Scenario 2: Rule of Thumb Method |
| Goodwill & Unidentified Intangibles  | \$1,193,371   | \$1,564,000                      |
| Scenario Weightings  | 30.00%  | 70.00%                           |
| <b>Weighted Goodwill</b>   | <b>\$1,452,811</b>  |                                  |
| <b>Total Equity Value</b>  | <b>\$1,621,127</b>  | <b>\$1,991,756</b>               |
| Scenario Weightings  | 30.00%  | 70.00%                           |
| <b>Weighted Total Equity Value</b>   | <b>\$1,880,568</b>  |                                  |

## Valuation Analysis - Scenario 1: Capitalisation of Future Maintainable Earnings Method

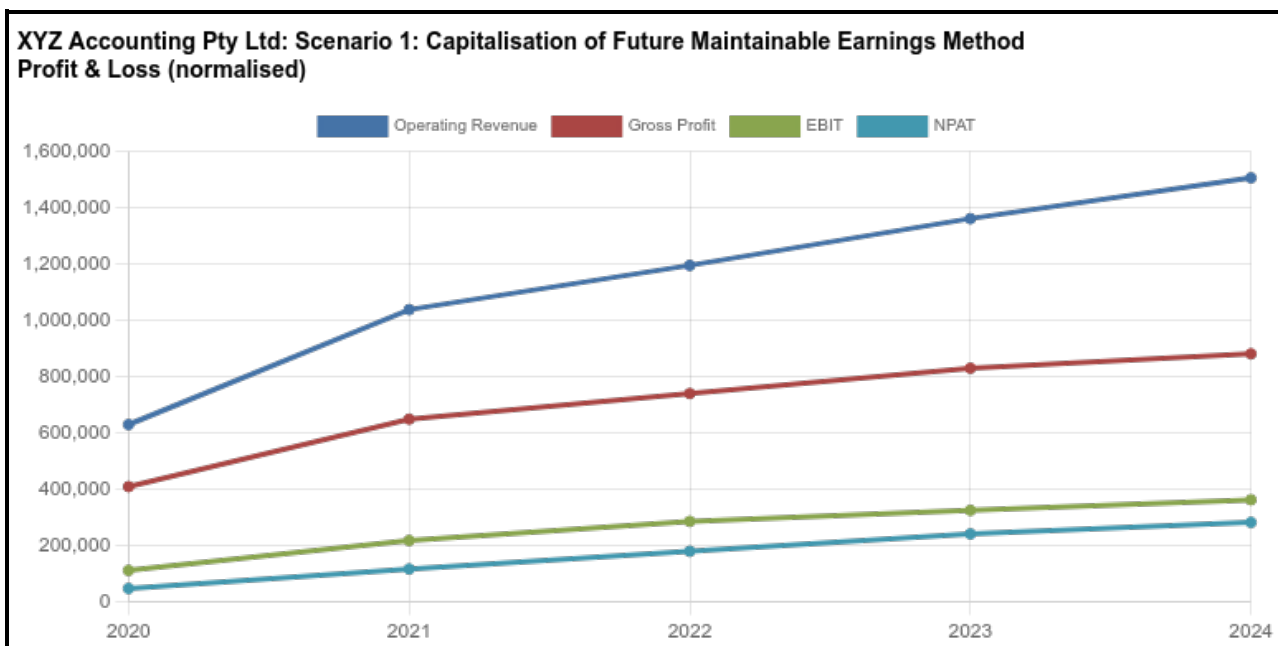
The table below summarises the key components of the valuation calculations adopted under the Capitalisation of Future Maintainable Earnings method.

| Scenario 1 - Valuation Summary - XYZ Accounting Pty Ltd |  |                              |                              |                              |                              |
|---|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Valuation Method  | Capitalisation of Future Maintainable Earnings |                              |                              |                              |                              |
| Valuation As At   | 30 June 2024                                   |                              |                              |                              |                              |
| Years Analysed  | 01-Jul-19<br>to<br>30-Jun-20                   | 01-Jul-20<br>to<br>30-Jun-21 | 01-Jul-21<br>to<br>30-Jun-22 | 01-Jul-22<br>to<br>30-Jun-23 | 01-Jul-23<br>to<br>30-Jun-24 |
| Actual/Forecast   | Actual   | Actual                       | Actual                       | Actual                       | Actual                       |
| Operating Revenue                                       | \$629,965                                      | \$1,038,164                  | \$1,195,440                  | \$1,361,513                  | \$1,506,192                  |
| <b>Original EBIT</b>                                    | <b>\$200,374</b>                               | <b>\$359,694</b>             | <b>\$419,896</b>             | <b>\$355,360</b>             | <b>\$368,540</b>             |
| Normalisation Adjustments                               | (\$88,526)                                     | (\$141,542)                  | (\$133,629)                  | (\$30,239)                   | (\$5,686)                    |
| <b>Normalised EBIT</b>                                  | <b>\$111,848</b>                               | <b>\$218,152</b>             | <b>\$286,268</b>             | <b>\$325,121</b>             | <b>\$362,854</b>             |
| Weightings  | 0%   | 0%                           | 20%                          | 30%                          | 50%                          |
| <b>Future Maintainable Earnings</b>                     | <b>\$336,216</b>                               |                              |                              |                              |                              |
| Capitalisation Multiple                                 | 4.00   |                              |                              |                              |                              |
| <b>Enterprise Value</b>                                 | <b>\$1,344,866</b>                             |                              |                              |                              |                              |
| Add: Surplus Assets                                     | \$595,087                                      |                              |                              |                              |                              |
| Less: Debt  | (\$318,826)                                    |                              |                              |                              |                              |
| <b>Equity Value</b>                                     | <b>\$1,621,127</b>                             |                              |                              |                              |                              |



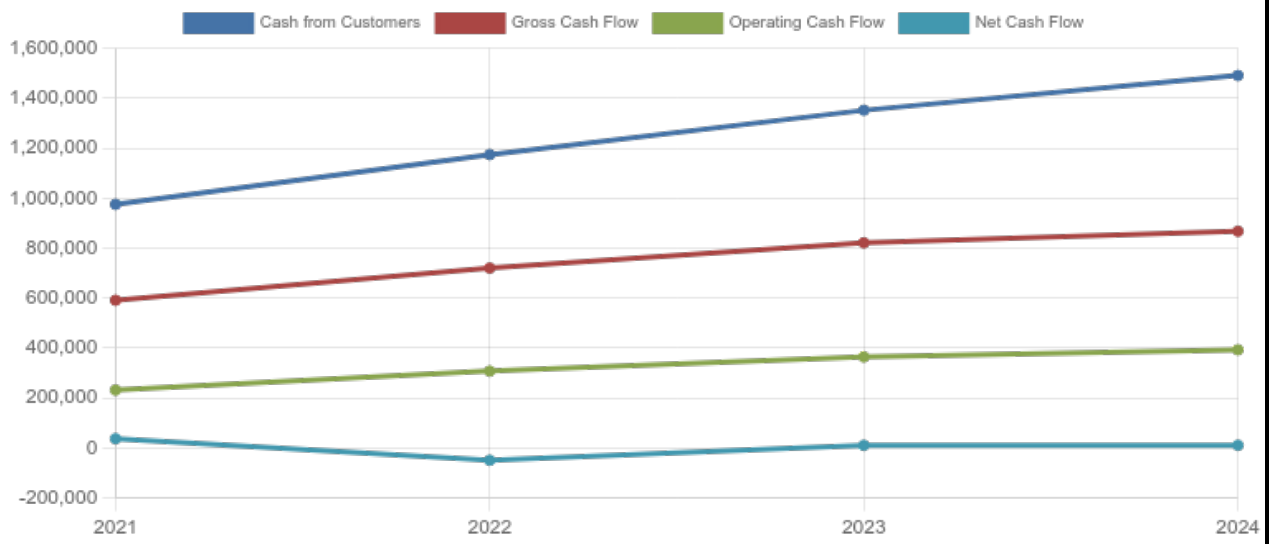
|                  | Enterprise Value | Surplus Assets | Debts       | Equity Value |
|------------------|------------------|----------------|-------------|--------------|
| Value Components | \$1,344,866      | \$595,087      | (\$318,826) | \$1,621,127  |

The charts below summarise the key financial trends for this valuation scenario after any normalisation adjustments.



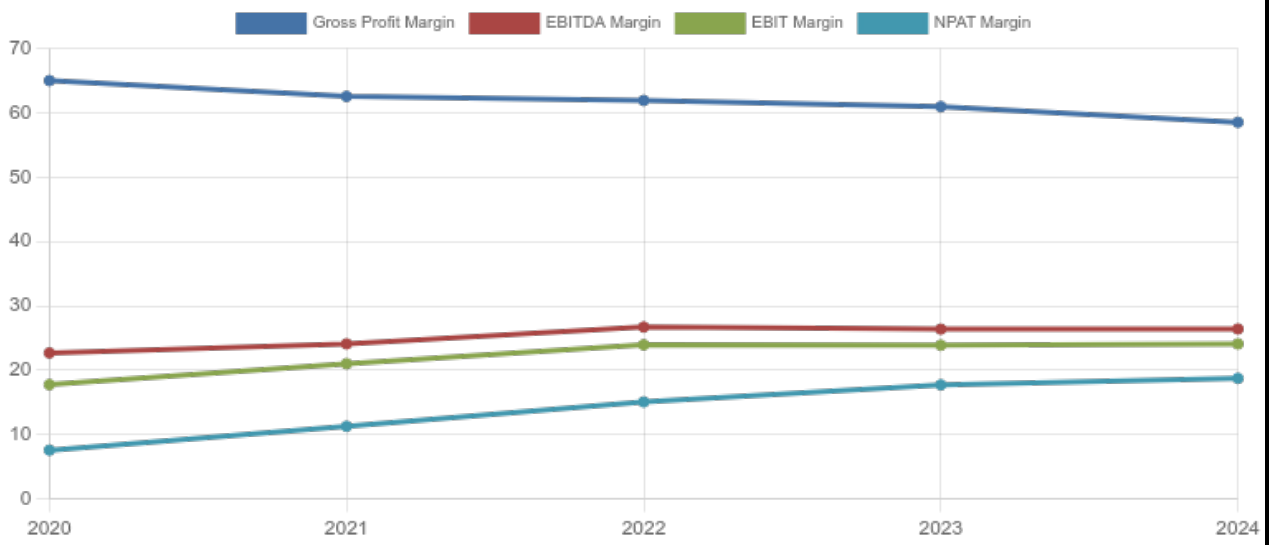
|                   | 2020    | 2021      | 2022      | 2023      | 2024      |
|-------------------|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 629,965 | 1,038,164 | 1,195,440 | 1,361,513 | 1,506,192 |
| Gross Profit      | 409,487 | 649,263   | 740,160   | 830,114   | 881,456   |
| EBIT              | 111,848 | 218,152   | 286,268   | 325,121   | 362,854   |
| NPAT              | 47,741  | 117,073   | 180,071   | 241,432   | 282,310   |

**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Cash Flow (normalised)**

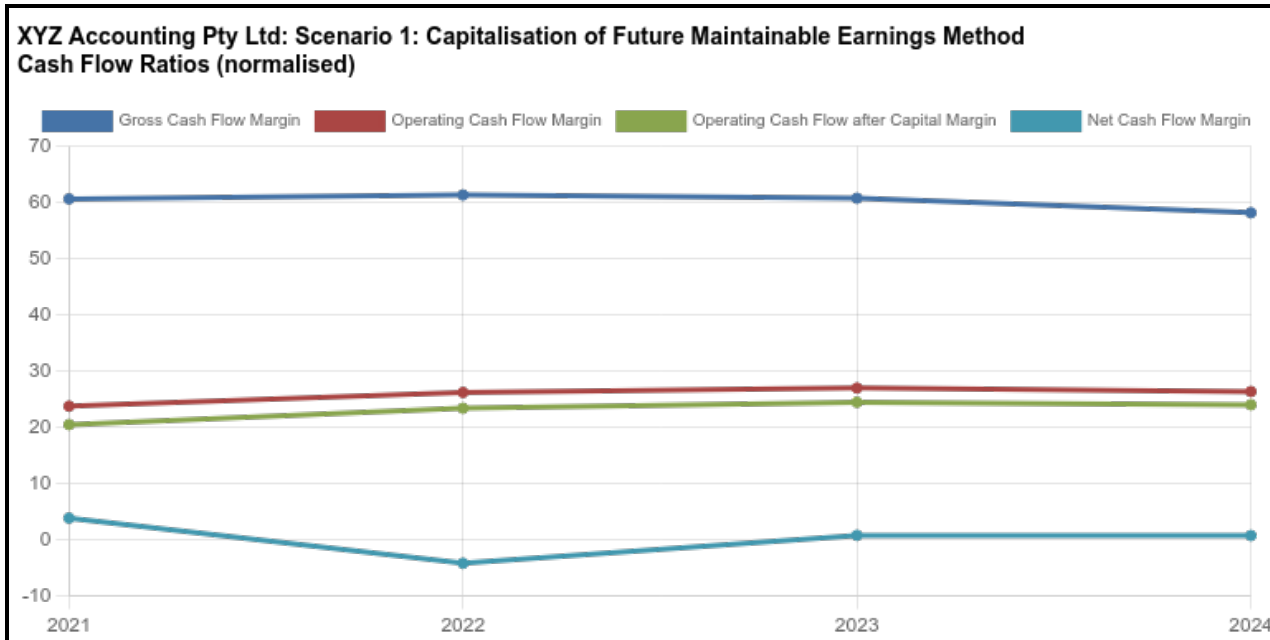


|                     | 2021    | 2022      | 2023      | 2024      |
|---------------------|---------|-----------|-----------|-----------|
| Cash from Customers | 975,389 | 1,174,260 | 1,351,718 | 1,490,886 |
| Gross Cash Flow     | 591,505 | 720,032   | 821,245   | 867,167   |
| Operating Cash Flow | 231,814 | 307,763   | 364,792   | 393,085   |
| Net Cash Flow       | 37,684  | (49,093)  | 10,786    | 11,227    |

**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Profit Ratios (normalised)**



|                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 65.00% | 62.54% | 61.92% | 60.97% | 58.52% |
| EBITDA Margin       | 22.69% | 24.10% | 26.71% | 26.38% | 26.41% |
| EBIT Margin         | 17.75% | 21.01% | 23.95% | 23.88% | 24.09% |
| NPAT Margin         | 7.58%  | 11.28% | 15.06% | 17.73% | 18.74% |



|  | 2021   | 2022    | 2023   | 2024   |
|--|--------|---------|--------|--------|
| Gross Cash Flow Margin                   | 60.64% | 61.32%  | 60.76% | 58.16% |
| Operating Cash Flow Margin               | 23.77% | 26.21%  | 26.99% | 26.37% |
| Operating Cash Flow after Capital Margin | 20.48% | 23.40%  | 24.47% | 24.02% |
| Net Cash Flow Margin                     | 3.86%  | (4.18%) | 0.80%  | 0.75%  |

Refer to the Appendices for detailed reports including the financial analysis of the business and the assumptions adopted under this valuation method.

The remainder of this section outlines and discusses the key variables and assumptions adopted where they have a material impact on the valuation outcome.

## Valuation Method Explanation

The Capitalisation of Future Maintainable Earnings method aims to simulate a value that rational, hypothetical purchasers and sellers would agree on in an efficient market.

The method is an Income Approach in that it considers the profitability and/or cash flows of the business and the risks of the business to ascertain a return on investment commensurate with those cash flows and risks.

Although this method is still forward-looking, it is often adopted where reliable forecasts are not provided by management or where reliable forecasts may otherwise not be feasible to create or be any more informative of the future than the past performance.

Generally, the past performance of the business is analysed and normalisation adjustments are applied to calculate normalised profits or cash flows for each past period analysed.

Where forecasts are provided or readily inferred, it is also common to consider those forecasts and normalise as appropriate, to enable a comparison to the past periods.

A Future Maintainable Earnings amount is then determined based on the valuer's judgement of the most probable ongoing level of profitability or cash flow looking forward from the valuation date.

A common approach is to use a weighted average calculation where each past period (and forecast period if applicable) is given a relative weighting. The weighted outcomes are then aggregated to calculate the Future Maintainable Earnings amount.

The attribution of the weightings is not an exact science, but is an approximation of how rational, hypothetical purchasers and sellers would use all of the available evidence to estimate the most probable future earnings.

Once the Future Maintainable Earnings amount is adopted, a Capitalisation Multiple is then applied to calculate the Enterprise Value.

The Capitalisation Multiple under the Capitalisation of Future Maintainable Earnings method represents the risk/return relationship of the return on investment. That is, the greater the assumed risks in the future earnings, the lower the Capitalisation Multiple and vice versa.

The assumed ongoing constant growth rate of the business can also affect the Capitalisation Multiple. Technically the Capitalisation Multiple can be derived by the following formula:  $1 / (\text{discount rate} - \text{constant growth rate})$ .

In the above formula the discount rate is the risk-adjusted rate of return a capital provider would expect to be compensated for the risks in the future earnings. Again, the higher the risks, the higher the discount rate and the lower the Capitalisation Multiple.

In summary, if an investment at the Enterprise Value is made, and the earnings are achieved based on the Future Maintainable Earnings, and the constant growth rate is achieved, the capital provider (purchaser or investor) will achieve a return on investment equal to the risk-adjusted discount rate.

To be clear, the Capitalisation Multiple is not a goodwill multiple, it is an Enterprise Value multiple. It is also not an inferred market multiple in that it is not derived from evidence of comparable business sales or market prices on public markets. If reliable market evidence is available other Market Approaches should be considered in addition to or instead of this method.

The Enterprise Value already includes all of the assets and liabilities ordinarily required by the business to earn the Future Maintainable Earnings. The valuer needs to make an assessment of each asset and liability held by the business (or that should ordinarily be held by the business). Those assets and liabilities are referred to in this report as Ordinary Net Operating Assets.

To calculate the implied goodwill (and any other unidentified intangible assets) value the Enterprise Value is compared to the value of the Ordinary Net Operating Assets. If the Enterprise Value is higher, the goodwill is simply the amount of the difference.

However, if the Enterprise Value is lower than the Ordinary Net Operating Assets, there is no evidence of goodwill and the valuation often reverts back to the higher Ordinary Net Operating Assets. In this situation it is implied that the business is not expected to generate a sufficient return on investment to justify paying more than the value of the ordinary Net Operating Assets. However in some cases, valuers may use their judgement to decide that negative goodwill is an allowable outcome. Further, if the Ordinary Net Operating Assets are negative, the valuer must make a judgement as to whether to treat them as effectively nil (thereby capping the Goodwill at the Enterprise Value) or to leave the Ordinary Net Operating Assets as negative resulting in the implied Goodwill being higher than the Enterprise Value.



If the value of the equity in the entity is required to be calculated, then surplus assets and liabilities need to be added and subtracted to the Enterprise Value to calculate the Equity Value.

Surplus Assets and Surplus Liabilities (also referred to as Debts) are those assets and liabilities where the market value is higher or lower than the Ordinary amounts assumed to be needed to operate the business. These amounts are adjusted for as they are surplus to the needs of the business and could be otherwise dealt with as windfall gains and losses of the purchaser/investor in the equity of the entity.

The Equity Value of the Entity can be calculated and cross-checked using two approaches:

- Enterprise Value + Surplus Assets - Surplus Liabilities (Debts); or
- All Assets - All Liabilities + Goodwill & Unidentified Intangibles.

The above relationships will hold unless the valuer makes certain choices regarding the existence of negative Goodwill or negative Equity values in the circumstances, based upon the facts or situation.

## **Key Valuation Notes and Assumptions**

The Standard of Value considered under this valuation method is Fair Market Value.

The Premise of Value is the Going Concern basis.

It is assumed that all financial data provided is free from material misstatement unless otherwise adjusted in the appendices.

EBIT is the key earnings measure used to analyse the performance of the core business operations. Normalisation adjustments are then made to assess the real underlying performance of the business for each period analysed.

The normalised earnings have been calculated for each period analysed, incorporating the normalisation adjustments adopted. Refer to the appendices for a full detailed list of all normalisation adjustments made for each period.

Normalisation adjustments have been made to the following types of income and expenses:

- Amortisation
- Consultants
- COVID Stimulus & Grants
- Depreciation - Equipment
- Depreciation - Immediate W/Off
- Depreciation - Motor Vehicles
- Dividends Received
- Donations
- Entertainment Expenses
- Fines

- Fringe Benefits Tax
- Insurance Proceeds
- Legal Costs
- Motor Vehicle Expenses
- Profit on Sale of Assets
- Recruitment Expenses
- Relocation Costs
- Repairs & Maintenance
- Superannuation - Direct
- Wages - Direct

Weighting percentages have been applied to each relevant period to calculate the weighted average normalised EBIT.

More recent years typically have a higher percentage than previous years due to their relevance for estimating future profitability. In this case I have applied the following weightings:

- 01-Jul-23 to 30-Jun-24 - 50%
- 01-Jul-22 to 30-Jun-23 - 30%
- 01-Jul-21 to 30-Jun-22 - 20%

The weighted average EBIT of \$336,216 has been calculated based on the weightings above and is deemed to equate to the Future Maintainable Earnings. The Future Maintainable Earnings value is my professional judgement of the future earnings that a rational purchaser would anticipate the business to generate after the valuation date, based on the CFME method and the assumptions used in this report.

A Capitalisation Multiple of 4.00 has been adopted. The multiple provides a return to capital providers commensurate with the perceived risks in the future profits and cash flows of the enterprise.

The Enterprise Value of \$1,344,866 is calculated as the product of the Future Maintainable Earnings and the Capitalisation Multiple.

Surplus Assets of \$595,087 are added to the Enterprise Value on the assumption that these assets are surplus to needs of the business and would be a windfall gain to a purchaser.

Debts of \$318,826 are subtracted from the Enterprise Value on the assumption that these liabilities are not part of the ordinary working capital cycle and are part of the debt capital provided to the entity.

The Total Equity Value of \$1,621,127 is the aggregation of the previous amounts and includes the value of the assets (including any Goodwill and unidentified intangibles) less the value of the liabilities of the entity at the valuation date.

The following table shows the calculation of the implied Goodwill and unidentified intangibles included in the valuation. Refer to the appendices for a detailed breakdown of Ordinary Net

Operating Assets.

| Scenario 1 - Implied Goodwill & Unidentified Intangibles |                    |
|--|--------------------|
| <b>Enterprise Value</b>                                  | <b>\$1,344,866</b> |
| Less: Ordinary Net Operating Assets Value                | (\$151,495)        |
| <b>Goodwill and Unidentified Intangibles</b>             | <b>\$1,193,371</b> |

The following table lists the assets and liabilities included in the valuation of the total equity in the entity at the valuation date.

| Equity Value at 30 June 2024 - XYZ Accounting Pty Ltd |                  |                           |                    |
|---|------------------|---------------------------|--------------------|
| Assets  |                  | Liabilities               |                    |
| Bank - Business                                       | \$51,476         | Accounts Payable          | \$15,030           |
| Bank - Savings  | \$13,546         | Credit Card               | \$16,069           |
| Prepaid Expenses                                      | \$9,050          | GST Payable               | \$32,070           |
| Trade Receivables                                     | \$137,973        | Income in Advance         | \$18,082           |
| Work in Progress                                      | \$75,685         | Income Tax Payable        | \$50,999           |
| Vehicles at Estimated Value                           | \$105,000        | Provision for Holiday Pay | \$100,540          |
| Equipment at Estimated Value                          | \$50,000         | Wages Tax Withheld        | \$19,477           |
| Loan - Emma Jones                                     | \$209,632        | Hire Purchase             | \$70,048           |
| Loan - John Smith                                     | \$210,433        | Less Unexpired Interest   | (\$7,311)          |
| Rental Bond Paid                                      | \$10,000         | Bank Loan                 | \$210,035          |
| Share Portfolio at Cost                               | \$80,000         |                           |                    |
| <b>Total Assets</b>                                   | <b>\$952,795</b> | <b>Total Liabilities</b>  | <b>\$525,039</b>   |
| <b>Value Net Assets</b>                               |                  |                           | <b>\$427,756</b>   |
| Goodwill & Unidentified Intangibles                   |                  |                           | \$1,193,371        |
| <b>Equity Value</b>                                   |                  |                           | <b>\$1,621,127</b> |

## Valuation Analysis - Scenario 2: Rule of Thumb Method

The table below summarises the key components of the valuation calculations adopted under the Rule of Thumb method.

| Scenario 2 - Valuation Summary - XYZ Accounting Pty Ltd |                    |
|---|--------------------|
| Annual Recurring Revenue                                | \$1,421,818        |
| Typical Range 0.8 - 1.2                                 | 1.10               |
| <b>Goodwill</b>   | <b>\$1,564,000</b> |
| Value Net Assets  | \$427,756          |
| <b>Equity Value</b>                                     | <b>\$1,991,756</b> |

| Recurring Revenue                  |                    |
|------------------------------------|--------------------|
| 2024 Total Operating Revenue       | \$1,506,192        |
| Less Disbursements                 | \$34,374           |
| Less Non-Recurring Abnormal Income | \$50,000           |
| <b>Assumed Recurring Revenue</b>   | <b>\$1,421,818</b> |

Refer to the Appendices for detailed reports including the financial analysis of the business and the assumptions adopted under this valuation method.

The remainder of this section outlines and discusses the key variables and assumptions adopted where they have a material impact on the valuation outcome.

### Valuation Method Explanation

The Rule of Thumb method aims to simulate a value that rational, hypothetical purchasers and sellers would agree on in an efficient market.

The method is a Market Approach in that it considers evidence of transactions or anecdotal evidence of established norms in the industry for the sales of businesses and/or equity interests of similar businesses.

The outcome of the adopted multiple is applied to the subject business in order to calculate one of the following values:

- Enterprise Value
- Goodwill
- Equity Value

The basis of the value should be the same as the basis used for the rule of thumb multiple. For example if the multiple of Enterprise Value to Annual Recurring Revenue is used as the basis for

the multiple, then the outcome should be the Enterprise Value of the subject company.

If the calculated outcome from the rule of thumb multiple is Enterprise Value, the value already includes all of the assets and liabilities ordinarily required by the business to operate. The valuer needs to make an assessment of each asset and liability held by the business (or that should ordinarily be held by the business). Those assets and liabilities are referred to in this report as Ordinary Net Operating Assets.

To calculate the implied goodwill (and any other unidentified intangible assets) value the Enterprise Value is compared to the value of the Ordinary Net Operating Assets. If the Enterprise Value is higher, the goodwill is simply the amount of the difference.

The above relationships will hold unless the valuer makes certain choices regarding the existence of negative Goodwill or negative Equity values in the circumstances, based upon the facts or situation.

However, if the Enterprise Value is lower than the Ordinary Net Operating Assets, there is no evidence of goodwill and the valuation often reverts back to the higher Ordinary Net Operating Assets. In this situation it is implied that the business is not expected to generate a sufficient return on investment to justify paying more than the value of the ordinary Net Operating Assets. However in some cases, valuers may use their judgement to decide that negative goodwill is an allowable outcome. Further, if the Ordinary Net Operating Assets are negative, the valuer must make a judgement as to whether to treat them as effectively nil (thereby capping the Goodwill at the Enterprise Value) or to leave the Ordinary Net Operating Assets as negative resulting in the implied Goodwill being higher than the Enterprise Value.

The Equity Value of the Entity can be calculated and cross-checked using two approaches:

- Enterprise Value + Surplus Assets - Surplus Liabilities (Debts); or
- All Assets - All Liabilities + Goodwill & Unidentified Intangibles.

If the calculated outcome from the rule of thumb multiple is Goodwill, to calculate the Equity Value of the Entity, the market values of all assets and all liabilities need to be included on top of the Goodwill value.

If the calculated outcome from the rule of thumb multiple is Equity Value no further adjustments may be necessary as the Equity Value is already obtained.

## **Key Valuation Notes and Assumptions**

The Standard of Value considered under this valuation method is Fair Market Value.

The Premise of Value is the Going Concern basis.

It is assumed that all financial data provided is free from material misstatement unless otherwise adjusted in the appendices.

The valuation outcome from the rule of thumb multiple is Goodwill.

The Goodwill for the subject business is \$1,564,000.

The value of the Net Assets is \$427,756.

The Total Equity Value of \$1,991,756 is the sum of the Goodwill (if any) and the value of the Net Assets at the valuation date.

The following table lists the assets and liabilities included in the valuation of the total equity in the entity at the valuation date.

| <b>Equity Value at 30 June 2024 - XYZ Accounting Pty Ltd</b> |                  |                           |                    |
|--|------------------|---------------------------|--------------------|
| <b>Assets</b>  |                  | <b>Liabilities</b>        |                    |
| Bank - Business  | \$51,476         | Accounts Payable          | \$15,030           |
| Bank - Savings   | \$13,546         | Credit Card               | \$16,069           |
| Prepaid Expenses   | \$9,050          | GST Payable               | \$32,070           |
| Trade Receivables  | \$137,973        | Income in Advance         | \$18,082           |
| Work in Progress   | \$75,685         | Income Tax Payable        | \$50,999           |
| Vehicles at Estimated Value                                  | \$105,000        | Provision for Holiday Pay | \$100,540          |
| Equipment at Estimated Value                                 | \$50,000         | Wages Tax Withheld        | \$19,477           |
| Loan - Emma Jones  | \$209,632        | Hire Purchase             | \$70,048           |
| Loan - John Smith  | \$210,433        | Less Unexpired Interest   | (\$7,311)          |
| Rental Bond Paid   | \$10,000         | Bank Loan                 | \$210,035          |
| Share Portfolio at Cost                                      | \$80,000         |                           |                    |
| <b>Total Assets</b>  | <b>\$952,795</b> | <b>Total Liabilities</b>  | <b>\$525,039</b>   |
| <b>Value Net Assets</b>                                      |                  |                           | <b>\$427,756</b>   |
| Goodwill & Unidentified Intangibles                          |                  |                           | \$1,564,000        |
| <b>Equity Value</b>  |                  |                           | <b>\$1,991,756</b> |

## Entity Analysis - Smith Family Trust

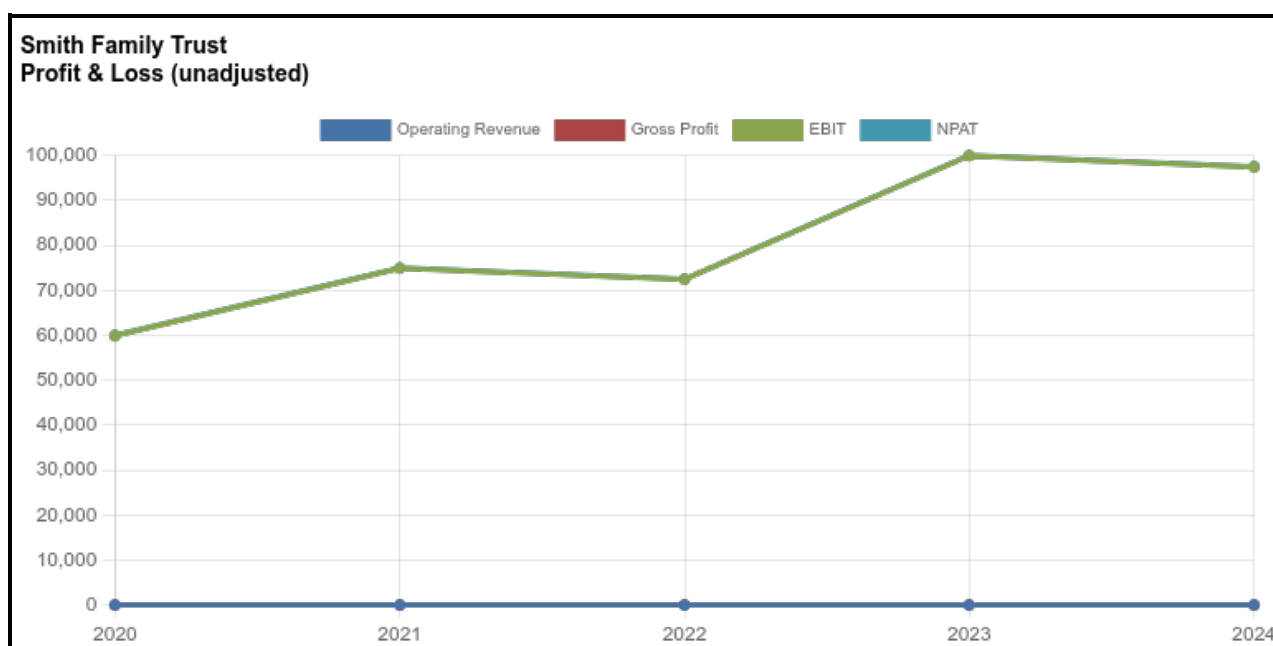
The table below summarises the key relevant details for Smith Family Trust based on the information provided and the analysis undertaken in the course of the business valuation work.

| Entity Analysis Table - Smith Family Trust |   |
|--|---|
| Legal Name                                 | Smith Family Trust  |
| Trustee                                    | John Smith  |
| Beneficiaries                              | <ul style="list-style-type: none"> <li>• John Smith</li> <li>• Sally Smith</li> </ul> |

The table below summarises the equity structure for Smith Family Trust.

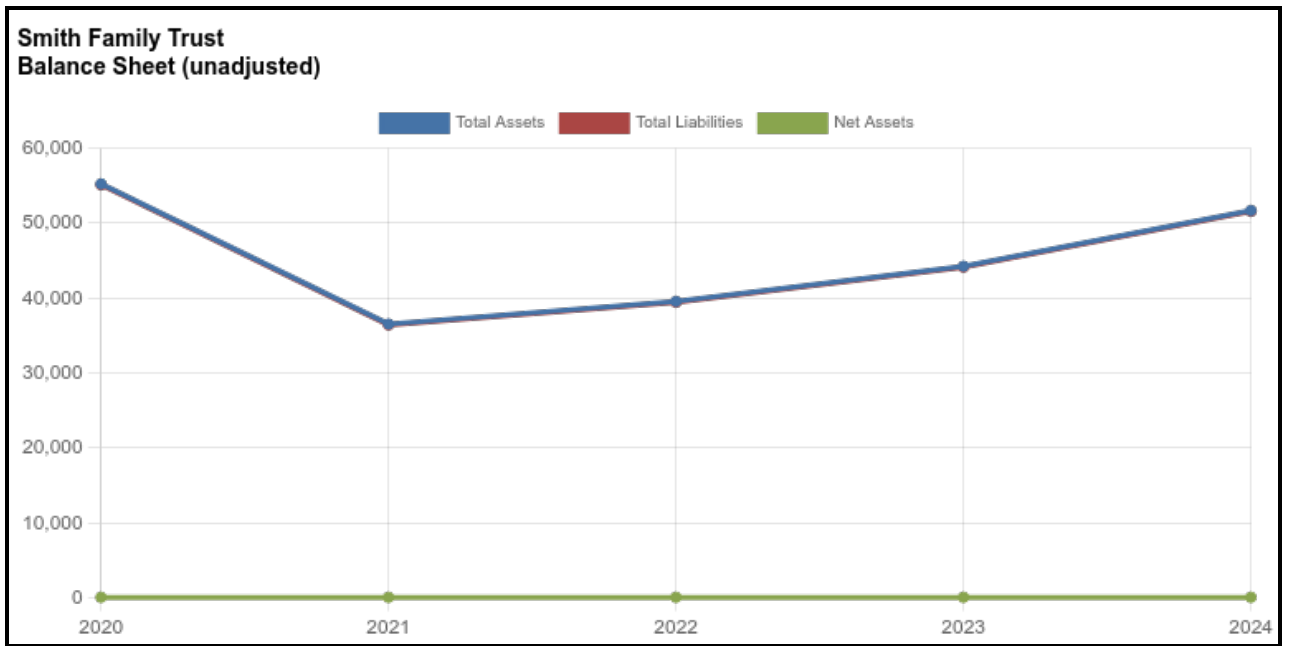
| Equity Structure at 30 June 2024 - Smith Family Trust |                 |
|---|-----------------|
| Equity Class (Proportions Based on Percentages)       | Class Weighting |
| Discretionary Trust Hypothetical Equity               | 100.00%         |
| Equity Holding  | % of Class      |
| John Smith  | 50.00%          |
| Sally Smith   | 50.00%          |

The charts below summarise the key financial trends for Smith Family Trust before any normalisation adjustments.

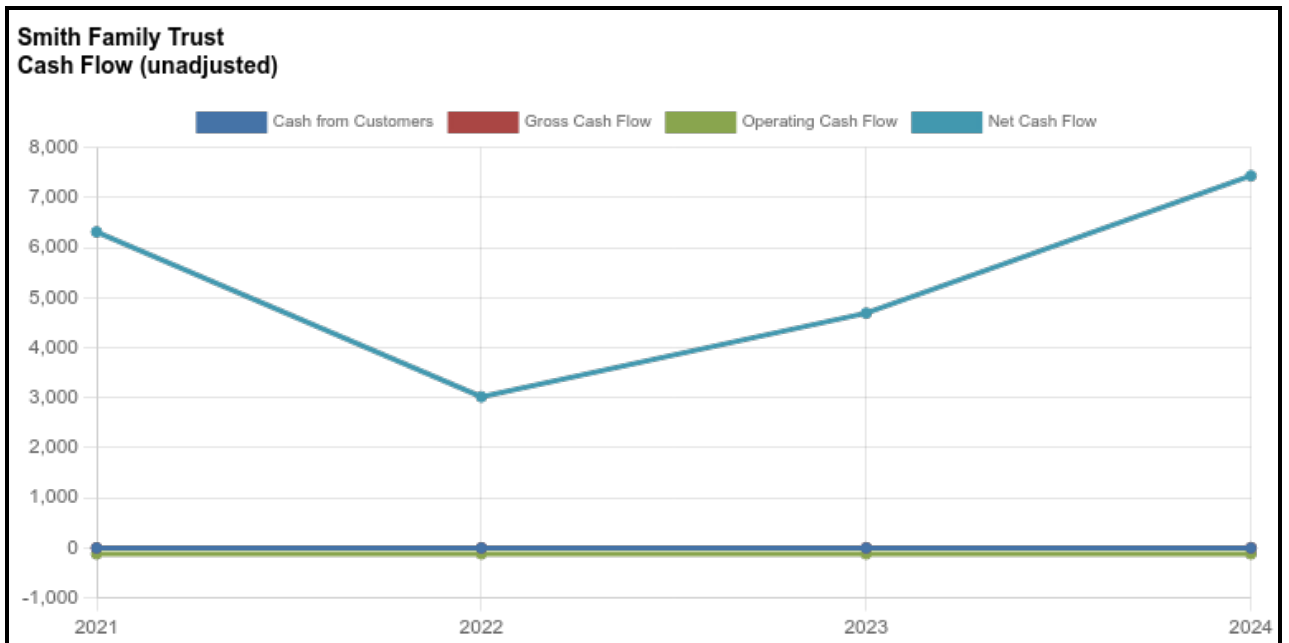


|                   | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------|------|------|------|------|------|
| Operating Revenue | 0    | 0    | 0    | 0    | 0    |

|              |        |        |        |        |        |
|--------------|--------|--------|--------|--------|--------|
| Gross Profit | 0      | 0      | 0      | 0      | 0      |
| EBIT         | 59,880 | 74,880 | 72,380 | 99,880 | 97,380 |
| NPAT         | 59,940 | 74,950 | 72,460 | 99,970 | 97,480 |



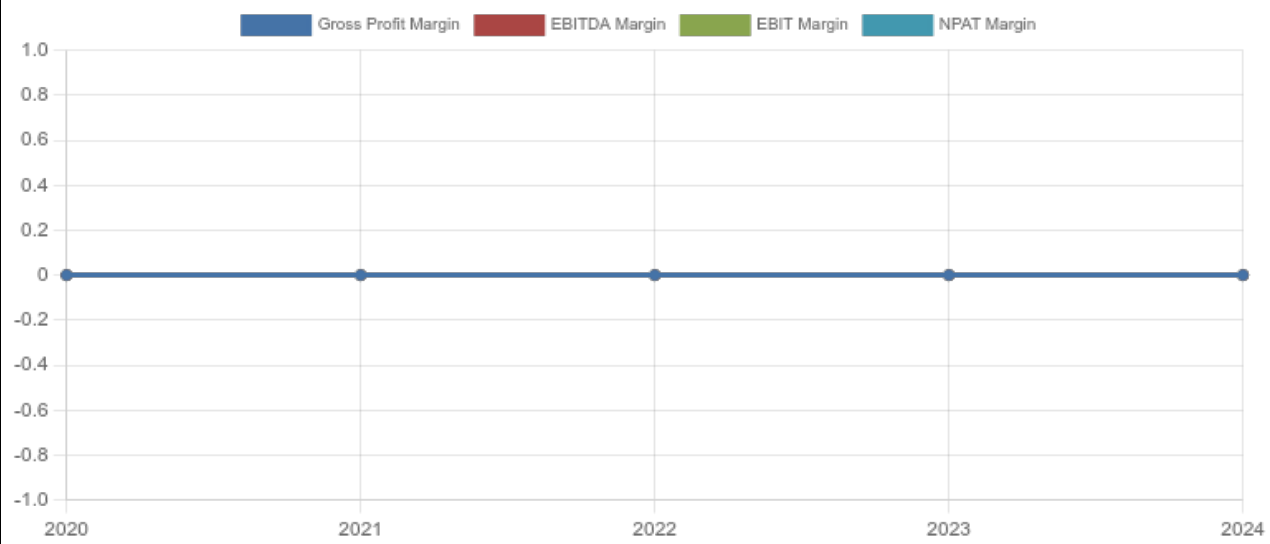
|                   | 2020   | 2021   | 2022   | 2023   | 2024   |
|-------------------|--------|--------|--------|--------|--------|
| Total Assets      | 55,234 | 36,546 | 39,564 | 44,254 | 51,689 |
| Total Liabilities | 55,134 | 36,446 | 39,464 | 44,154 | 51,589 |
| Net Assets        | 100    | 100    | 100    | 100    | 100    |



|                     | 2021  | 2022  | 2023  | 2024  |
|---------------------|-------|-------|-------|-------|
| Cash from Customers | 0     | 0     | 0     | 0     |
| Gross Cash Flow     | 0     | 0     | 0     | 0     |
| Operating Cash Flow | (120) | (120) | (120) | (120) |
| Net Cash Flow       | 6,312 | 3,018 | 4,690 | 7,435 |

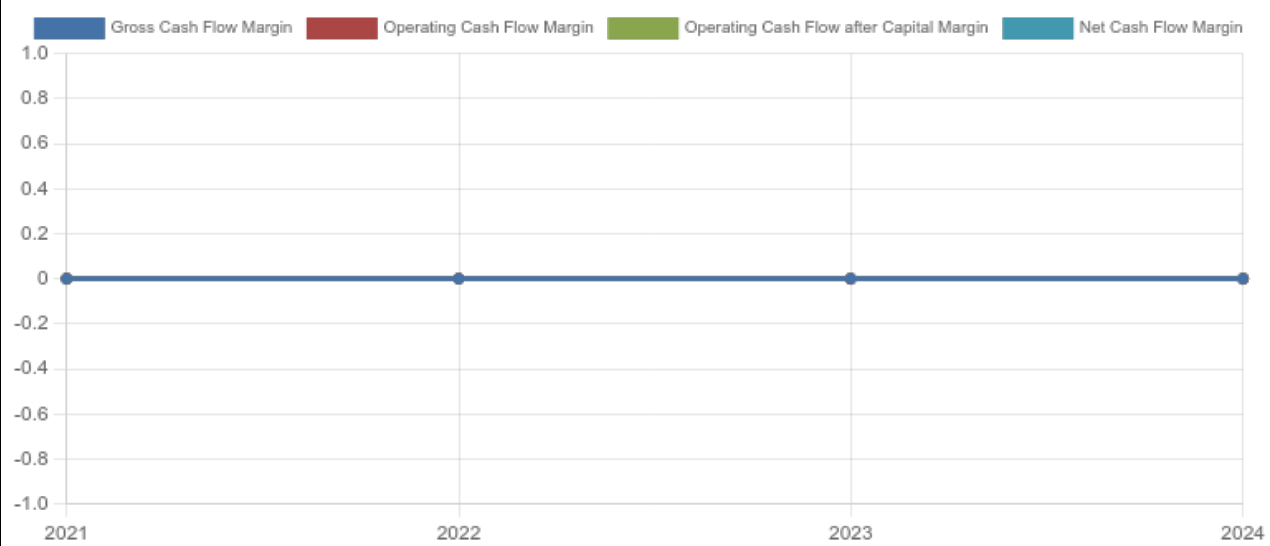


**Smith Family Trust  
Profit Ratios (unadjusted)**



|                     | 2020  | 2021  | 2022  | 2023  | 2024  |
|---------------------|-------|-------|-------|-------|-------|
| Gross Profit Margin | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| EBITDA Margin       | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| EBIT Margin         | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| NPAT Margin         | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**Smith Family Trust  
Cash Flow Ratios (unadjusted)**



|  | 2021  | 2022  | 2023  | 2024  |
|--|-------|-------|-------|-------|
| Gross Cash Flow Margin                   | 0.00% | 0.00% | 0.00% | 0.00% |
| Operating Cash Flow Margin               | 0.00% | 0.00% | 0.00% | 0.00% |
| Operating Cash Flow after Capital Margin | 0.00% | 0.00% | 0.00% | 0.00% |
| Net Cash Flow Margin                     | 0.00% | 0.00% | 0.00% | 0.00% |

Refer to the Appendices for detailed reports regarding the income, expenses, cash flows, assets and liabilities of the entity over the periods analysed.

## **Business Valuation Method Adopted**

I have considered the business valuation methods that could reasonably be applied to this business based on the nature of the business, the information provided and other publicly available information in accordance with the scope of the valuation engagement.

I have adopted the Summation of Net Asset Values method as the primary method to value the business in this report due to the following key reasons:

- The entity either does not operate a trading business or the historical income and expenses of the business were not deemed to be a reliable predictor of future performance.
- Detailed reasonable long-term forecasts were not provided by management.
- Publicly available comparable market evidence was not available or included under the scope of the engagement.
- I am not aware of any compelling and sufficiently active rule-of-thumb methodology for this type business that would provide appropriate evidence of its value.

Detailed calculations and assumptions for this method are included in the following sections.

## Valuation Analysis - Summation of Net Asset Values Method

The table below summarises the key components of the valuation calculations adopted under the Summation of Net Asset Values method.

| Equity Value at 30 June 2024 (by Category) - Smith Family Trust |                  |                                   |                  |
|---|------------------|-----------------------------------|------------------|
| Assets  |                  | Liabilities                       |                  |
| Cash at Bank  | \$26,689         | Associate Loans (related parties) | \$51,589         |
| Investments   | \$940,284        |                                   |                  |
| <b>Total Assets</b>   | <b>\$966,973</b> | <b>Total Liabilities</b>          | <b>\$51,589</b>  |
| <b>Equity Value</b>   |                  |                                   | <b>\$915,384</b> |

Refer to the Appendices for detailed reports including the financial analysis of the business and the assumptions adopted under this valuation method.

The remainder of this section outlines and discusses the key variables and assumptions adopted where they have a material impact on the valuation outcome.

### Valuation Method Explanation

The Summation of Net Asset Values method is typically used where the entity does not operate a business or where for any other reason the value of the intangible assets of the business are not required to be valued or have already been valued.

This method is categorised as an Asset Approach as opposed to an Income or Market Approach in that it does not typically directly consider the overall return on investment or comparable market evidence of value.

The Net Assets are commonly derived from the balance sheet provided as at the valuation date. The assets and liabilities on the balance sheet are then adjusted where there is evidence that book values are materially different to the market values of each asset or liability.

Evidence of Market Values of each asset or liability can come from various sources, including estimates by the directors or other stakeholders, independent valuations or other work undertaken by the valuer.

It is possible that the balance sheet does not include all assets and liabilities of the entity and the valuer will commonly consider whether specific assets or liabilities need to be included. Typical examples may include but are not limited to prepayments, accruals, provisions, deferred tax assets/liabilities, contingent assets/liabilities and other off-balance sheet assets/liabilities.

The outcome of this method is the sum of the values of the assets less the sum of the values of the liabilities at the valuation date.

## Key Valuation Notes and Assumptions

The Standard of Value considered under this valuation method is Fair Market Value.

The Premise of Value is the Going Concern basis.

It is assumed that the balance sheet provided at the valuation date is a true and fair representation of the position of the entity at the valuation date.

Please note that I have not undertaken a formal audit of the financial statements and can not give assurance as to the accuracy of the balance sheet. Nor can I give assurance that accidental or deliberate misstatement or fraud has not occurred. If this is a concern please seek advice in this regard.

The unadjusted Net Assets from the balance sheet at the valuation date were \$100. Refer to the Appendices for a full list of the assets and liabilities on the balance sheet.

Refer to the Appendices for detailed market value adjustments (if any) to the assets and liabilities of the entity at the valuation date.

The Total Equity Value of \$915,384 is the sum of all assets less the sum of all liabilities at the valuation date.

The following table lists the assets and liabilities included in the valuation of the total equity in the entity at the valuation date after adjustments have been made.

| Equity Value at 30 June 2024 - Smith Family Trust |                  |                          |                  |
|---|------------------|--------------------------|------------------|
| Assets  |                  | Liabilities              |                  |
| Bank - Savings                                    | \$26,689         | Loan - John Smith        | \$25,795         |
| Shares Held in XYZ Accounting Ltd                 | \$940,284        | Loan - Sally Smith       | \$25,795         |
| <b>Total Assets</b>                               | <b>\$966,973</b> | <b>Total Liabilities</b> | <b>\$51,589</b>  |
| <b>Equity Value</b>                               |                  |                          | <b>\$915,384</b> |

## **Professional and Ethical Standards**

This report has been prepared in accordance with the following professional standards:

- International Valuation Standards
- APES 225 - Valuation Services

## **Statement of Independence**

This report has been prepared on an independent basis as much as practicably possible within the scope of the engagement. The majority of the source information has been provided by the instructing parties without significant independent verification being undertaken. The fee for this engagement is in no way contingent on the outcome of the valuation report. At no time was I instructed nor did I feel pressured to provide a certain opinion. My work is my own.

## **Disclaimer**

No person (including the instructing parties) should rely on the information contained in this report to make any business or financial decisions without further verification of the information supplied.

This report indicates the value of the business should the source information be complete and correct, and all assumptions be accurate.

Neither the author nor the firm accept liability for any consequences resulting from any party relying on the information contained in this report to the extent allowed by law.

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## **Glossary**

This glossary defines certain terms used in the International Glossary of Business Valuation Terms.

### **Adjusted Book Value Method**

A method within the asset approach whereby all assets and liabilities (including off-balance sheet, intangible, and contingent) are adjusted to their fair market values. (Note: In Canada on a going concern basis).

### **Adjusted Net Asset Method**

See Adjusted Book Value Method.

### **Appraisal**

See Valuation.

### **Appraisal Approach**

See Valuation Approach.

### **Appraisal Date**

See Valuation Date.

### **Appraisal Method**

See Valuation Method.

### **Appraisal Procedure**

See Valuation Procedure.

### **Arbitrage Pricing Theory**

A multivariate model for estimating the cost of equity capital, which incorporates several systematic risk factors.

### **Asset (Asset-Based) Approach**

A general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities.

### **Beta**

A measure of systematic risk of a stock; the tendency of a stock's price to correlate with changes in a specific index.

## **Blockage Discount**

An amount or percentage deducted from the current market price of a publicly traded stock to reflect the decrease in the per share value of a block of stock that is of a size that could not be sold in a reasonable period of time given normal trading volume.

## **Book Value**

See Net Book Value.

## **Business**

See Business Enterprise.

## **Business Enterprise**

A commercial, industrial, service, or investment entity (or a combination thereof) pursuing an economic activity.

## **Business Risk**

The degree of uncertainty of realising expected future returns of the business resulting from factors other than financial leverage. See Financial Risk.

## **Business Valuation**

The act or process of determining the value of a business enterprise or ownership interest therein.

## **Capital Asset Pricing Model (CAPM)**

A model in which the cost of capital for any stock or portfolio of stocks equals a risk-free rate plus a risk premium that is proportionate to the systematic risk of the stock or portfolio.

## **Capitalisation**

A conversion of a single period of economic benefits into value.

## **Capitalisation Factor**

Any multiple or divisor used to convert anticipated economic benefits of a single period into value.

## **Capitalisation of Earnings Method**

A method within the income approach whereby economic benefits for a representative single period are converted to value through division by a capitalisation rate.

## **Capitalisation Rate**

Any divisor (usually expressed as a percentage) used to convert anticipated economic benefits of a single period into value.



## **Capital Structure**

The composition of the invested capital of a business enterprise; the mix of debt and equity financing.

## **Cash Flow**

Cash that is generated over a period of time by an asset, group of assets, or business enterprise. It may be used in a general sense to encompass various levels of specifically defined cash flows. When the term is used, it should be supplemented by a qualifier (for example, "discretionary" or "operating") and a specific definition in the given valuation context.

## **Common Size Statements**

Financial statements in which each line is expressed as a percentage of the total. On the balance sheet, each line item is shown as a percentage of total assets, and on the income statement, each item is expressed as a percentage of sales.

## **Control**

The power to direct the management and policies of a business enterprise.

## **Control Premium**

An amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a noncontrolling interest in a business enterprise to reflect the power of control.

## **Cost Approach**

A general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

## **Cost of Capital**

The expected rate of return that the market requires in order to attract funds to a particular investment.

## **Debt-Free**

We discourage the use of this term. See Invested Capital.

## **Discount for Lack of Control**

An amount or percentage deducted from the pro rata share of value of 100% of an equity interest in a business to reflect the absence of some or all of the powers of control.

## **Discount for Lack of Marketability**

An amount or percentage deducted from the value of an ownership interest to reflect the relative absence of marketability.

## **Discount for Voting Rights**

An amount or percentage deducted from the per share value of a minority interest voting share to reflect the absence of voting rights.

## **Discount Rate**

A rate of return used to convert a future monetary sum into present value.

## **Discounted Cash Flow Method**

A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate.

## **Discounted Future Earnings Method**

A method within the income approach whereby the present value of future expected economic benefits is calculated using a discount rate.

## **Economic Benefits**

Inflows such as revenues, net income, net cash flows, etc.

## **Economic Life**

The period of time over which property may generate economic benefits.

## **Effective Date**

See Valuation Date.

## **Enterprise**

See Business Enterprise.

## **Equity**

The owner's interest in property after deduction of all liabilities.

## **Equity Net Cash Flows**

Those cash flows available to pay out to equity holders (in the form of dividends) after funding operations of the business enterprise, making necessary capital investments and reflecting increases or decreases in debt financing.

## **Equity Risk Premium**

A rate of return in addition to a risk-free rate to compensate or investing in equity instruments because they have a higher degree of probable risk than risk-free instruments (a component of the cost of equity capital or equity discount rate).

## **Excess Earnings**

That amount of anticipated benefits that exceeds a fair rate of return on the value of a selected asset base (often net tangible assets) used to generate those anticipated benefits.

## **Excess Earnings Method**

A specific way of determining a value indication of a business, business ownership interest or security determined as the sum of a) the value of the assets obtained by capitalising excess earnings and b) the value of the selected asset base. Also frequently used to value intangible assets. See Excess Earnings.

## **Fair Market Value**

The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts. (Note: In Canada, the term "price" should be replaced with the term "highest price").

## **Fairness Opinion**

An opinion as to whether or not the consideration in a transaction is fair from a financial point of view.

## **Financial Risk**

The degree of uncertainty of realising expected future returns of the business resulting from financial leverage. See Business Risk.

## **Forced Liquidation Value**

Liquidation value at which the asset or assets are sold as quickly as possible, such as at an auction.

## **Free Cash Flow**

We discourage the use of this term. See Net Cash Flow.

## **Going Concern**

An ongoing operating business enterprise.

## **Going Concern Value**

The value of a business enterprise that is expected to continue to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained work force, an operational plant and the necessary licenses, systems and procedures in place.

## **Goodwill**

That intangible asset arising as a result of name, reputation, customer loyalty, location, products and similar factors not separately identified.

## **Goodwill Value**

The value attributable to goodwill.

## **Guideline Public Company Method**

A method within the market approach whereby market multiples are derived from market prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market.

## **Income (Income-Based) Approach**

A general way of determining a value indication of a business, business ownership interest, security or intangible asset using one or more methods that convert anticipated benefits into a present single amount.

## **Intangible Assets**

Non-physical assets (such as franchises, trademarks, patents, copyrights, goodwill, equities, mineral rights, securities and contracts as distinguished from physical assets) that grant rights, privileges and have economic benefits for the owner.

## **Internal Rate of Return**

A discount rate at which the present value of the future cash flows of the investment equals the cost of the investment.

## **Intrinsic Value**

The value that an investor considers, on the basis of an evaluation or available facts, to be the "true" or "real" value that will become the market value when other investors reach the same conclusion. When the term applies to options, it is the difference between the exercise price and strike price of an option and the market value of the underlying security.

## **Invested Capital**

The sum of equity and debt in a business enterprise. Debt is typically a) long-term liabilities or b) the sum of short-term interest-bearing debt and long-term liabilities. When the term is used, it should be supplemented by a definition of exactly what it means in the given valuation context.

## **Invested Capital Net Cash Flows**

Those cash flows available to pay out to equity holders (in the form of dividends) and debt investors (in the form of principal and interest) after funding operations of the business enterprise and making necessary capital investments.

## **Investment Risk**

The degree of uncertainty as to the realisation of expected returns.

## **Investment Value**

The value to a particular investor based on individual investment requirements and expectations. (Note: In Canada, the term used is "Value to the Owner").

## **Key Person Discount**

An amount or percentage deducted from the value of an ownership interest to reflect the reduction in value resulting from the actual or potential loss of a key person in a business enterprise.

## **Levered Beta**

The beta reflecting a capital structure that includes debt.

## **Limited Appraisal**

The act or process of determining the value of a business, business ownership interest, security, or intangible asset with limitations in analyses, procedures, or scope.

## **Liquidity**

The ability to quickly convert property to cash or pay a liability.

## **Liquidation Value**

The net amount that can be realised if the business is terminated and the assets are sold piecemeal. Liquidation can be either "orderly" or "forced".

## **Majority Control**

The degree of control provided by a majority position.

## **Majority Interest**

An ownership interest greater than 50% of the voting interest in a business enterprise.

## **Market (Market-Based) Approach**

A general way of determining a value indication of a business, business ownership interest, security or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities or intangible assets that have been sold.

## **Market Capitalisation of Equity**

The share price of a publicly traded stock multiplied by the number of shares outstanding.

## **Market Capitalisation of Invested Capital**

The market capitalisation of equity plus the market value of the debt component of invested capital.

## **Market Multiple**

The market value of a company's stock or invested capital divided by a company measure (such as economic benefits, number of customers).

## **Marketability**

The ability to quickly convert property to cash at minimal cost.

## **Marketability Discount**

See Discount for Lack of Marketability.

## **Merger and Acquisition Method**

A method within the market approach whereby pricing multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.

## **Mid-Year Discounting**

A convention used in the Discounted Future Earnings Method that reflects economic benefits being generated at midyear, approximating the effect of economic benefits being generated evenly throughout the year.

## **Minority Discount**

A discount for lack of control applicable to a minority interest.

## **Minority Interest**

An ownership interest less than 50% of the voting interest in a business enterprise.

## **Multiple**

The inverse of the Capitalisation Rate.

## **Net Book Value**

With respect to a business enterprise, the difference between total assets (net of accumulated depreciation, depletion and amortisation) and total liabilities of a business enterprise as they appear on the balance sheet (synonymous with Shareholder's Equity); with respect to an intangible asset, the capitalised cost of an intangible asset less accumulated amortisation as it appears on the books of account of the business enterprise.

## **Net Cash Flows**

When the term is used, it should be supplemented by a qualifier. See Equity Net Cash Flows and Invested Capital Net Cash Flows.

## **Net Present Value**

The value, as of a specified date, of future cash inflows less all cash outflows (including the cost of investment) calculated using an appropriate discount rate.

## **Net Tangible Asset Value**

The value of the business enterprise's tangible assets (excluding excess assets and non-operating assets) minus the value of its liabilities. (Note: In Canada, tangible assets also include identifiable intangible assets).

## **Non-Operating Assets**

Assets not necessary to ongoing operations of the business enterprise. (Note: In Canada, the term used is "Redundant Assets").

## **Normalised Earnings**

Economic benefits adjusted for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

## **Normalised Financial Statements**

Financial statements adjusted for nonoperating assets and liabilities and/or for nonrecurring, noneconomic, or other unusual items to eliminate anomalies and/or facilitate comparisons.

## **Orderly Liquidation Value**

Liquidation value at which the asset or assets are sold over a reasonable period of time to maximise proceeds received.

## **Premise of Value**

An assumption regarding the most likely set of transactional circumstances that may be applicable to the subject valuation; e.g. going concern, liquidation.

## **Present Value**

The value, as of a specified date, of future economic benefits and/or proceeds from sale, calculated using an appropriate discount rate.

## **Portfolio Discount**

An amount or percentage that may be deducted from the value of a business enterprise to reflect the fact that it owns dissimilar operations or assets that may not fit well together.

## **Price/Earnings Multiple**

The price of a share of stock divided by its earnings per share.

## **Rate of Return**

An amount of income (loss) and/or change in value realised or anticipated on an investment, expressed as a percentage of that investment.

## **Redundant Assets**

see "Non-Operating Assets".

## **Report Date**

The date conclusions are transmitted to the client.

## **Replacement Cost New**

The current cost of a similar new property having the nearest equivalent utility to the property being valued.

## **Reproduction Cost New**

The current cost of an identical new property.

## **Required Rate of Return**

The minimum rate of return acceptable by investors before they will commit money to an investment at a given level of risk.

## **Residual Value**

The value as of the end of the discrete projection period in a discounted future earnings model.

## **Return on Equity**

The amount, expressed as a percentage, earned on a company's common equity for a given period.

## **Return on Investment**

See Return on Invested Capital and Return on Equity.

## **Return on Invested Capital**

The amount, expressed as a percentage, earned on a company's total capital for a given period.

## **Risk-Free Rate**

The rate of return available in the market on an investment free of default risk.



## **Risk Premium**

A rate of return added to a risk-free rate to reflect risk.

## **Rule of Thumb**

A mathematical formula developed from the relationship between price and certain variables based on experience, observation, hearsay, or a combination of these; usually industry specific.

## **Special Interest Purchasers**

Acquirers who believe they can enjoy post-acquisition economies of scale, synergies or strategic advantages by combining the acquire business interest with their own.

## **Standard of Value**

The identification of the type of value being utilised in a specific engagement; e.g. fair market value, fair value, investment value.

## **Sustaining Capital Reinvestment**

The periodic capital outlay required to maintain operations at existing levels, net of the tax shield available from such outlays.

## **Systematic Risk**

The risk that is common to all risky securities and cannot be eliminated through diversification. The measure of systematic risk in stocks is the beta coefficient.

## **Tangible Assets**

Physical assets (such as cash, accounts receivable, inventory, property, plant and equipment, etc.)

## **Terminal Value**

See Residual Value.

## **Transaction Method**

See Merger and Acquisition Method.

## **Unlevered Beta**

The beta reflecting a capital structure without debt.

## **Unsystematic Risk**

The risk specific to an individual security that can be avoided through diversification.

## **Valuation**

The act or process of determining the value of a business, business ownership interest, security or intangible asset.

## **Valuation Approach**

A general way of determining a value indication of a business, business ownership interest, security or intangible asset using one or more valuation methods.

## **Valuation Date**

The specific point in time as of which the valuator's opinion of value applies (also referred to as "Effective Date" or "Appraisal Date").

## **Valuation Method**

Within approaches, a specific way to determine value.

## **Valuation Procedure**

The act, manner and technique of performing the steps of an appraisal method.

## **Valuation Ratio**

A fraction in which a value or price serves as the numerator and financial operating or physical data serve as the denominator.

## **Value to the Owner**

See Investment Value.

## **Voting Control**

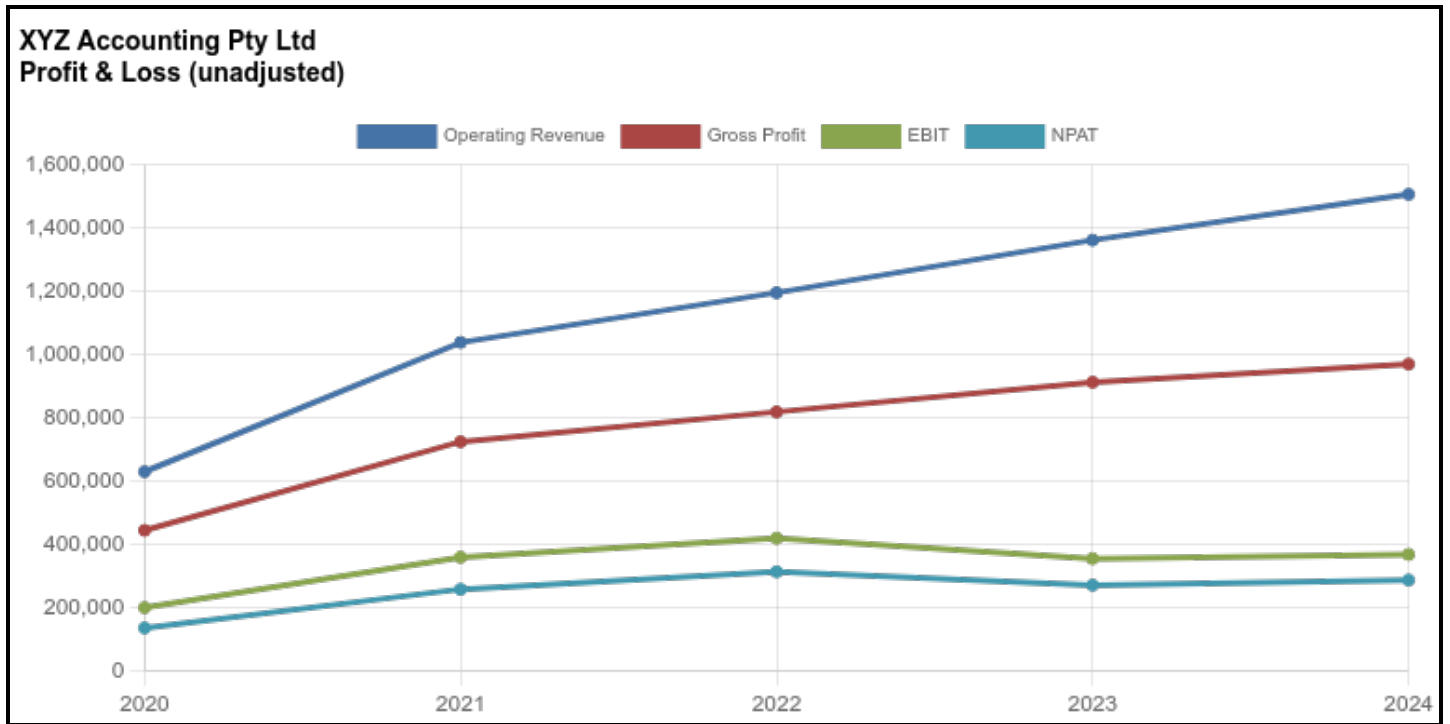
De jure control of a business enterprise.

## **Weighted Average Cost of Capital (WACC)**

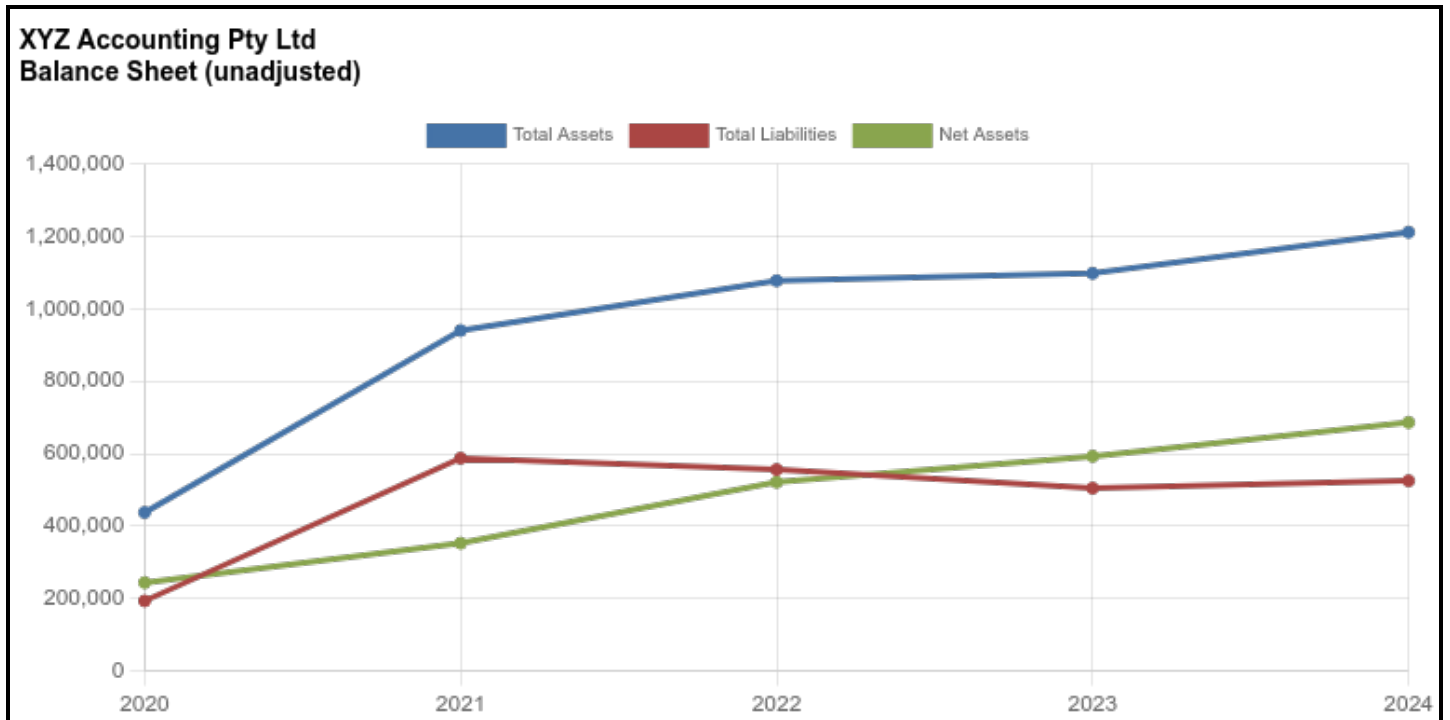
The cost of capital (discount rate) determined by the weighted average, at market value, of the cost of all financing sources in the business enterprise's capital structure.

# Appendices

Entity Charts

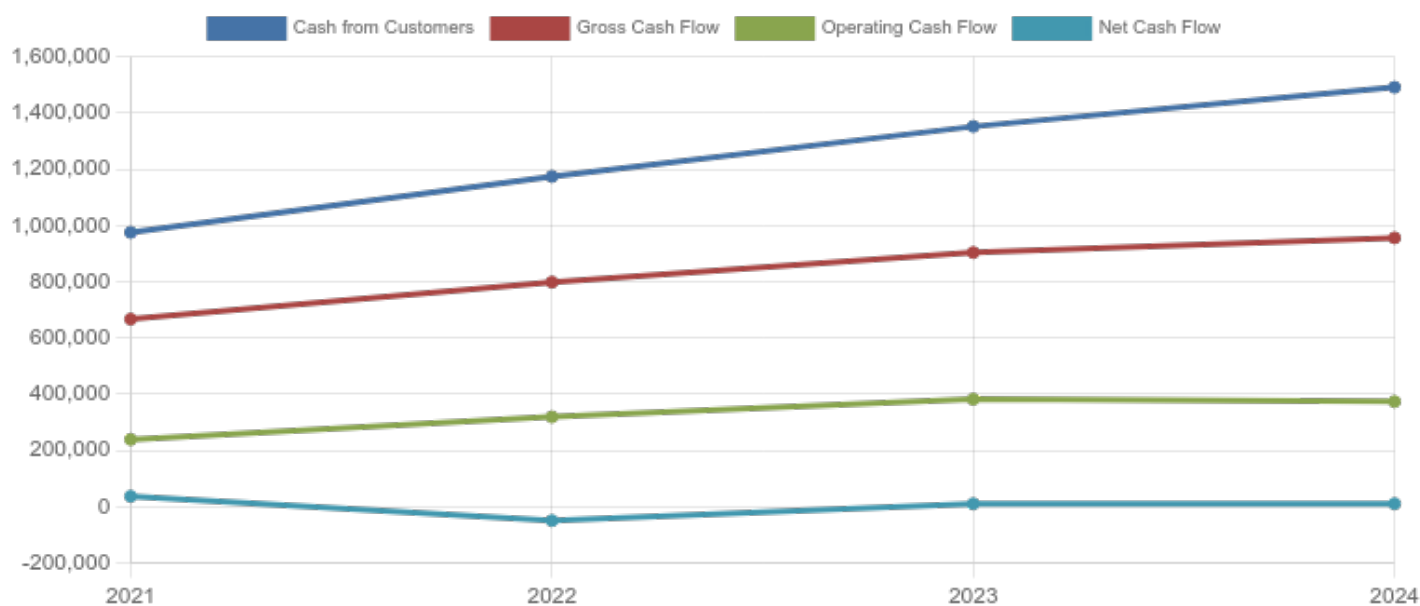


|                   | 2020    | 2021      | 2022      | 2023      | 2024      |
|-------------------|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 629,965 | 1,038,164 | 1,195,440 | 1,361,513 | 1,506,192 |
| Gross Profit      | 444,700 | 724,648   | 818,954   | 912,635   | 970,256   |
| EBIT              | 200,374 | 359,694   | 419,896   | 355,360   | 368,540   |
| NPAT              | 136,267 | 258,615   | 313,699   | 271,671   | 287,996   |



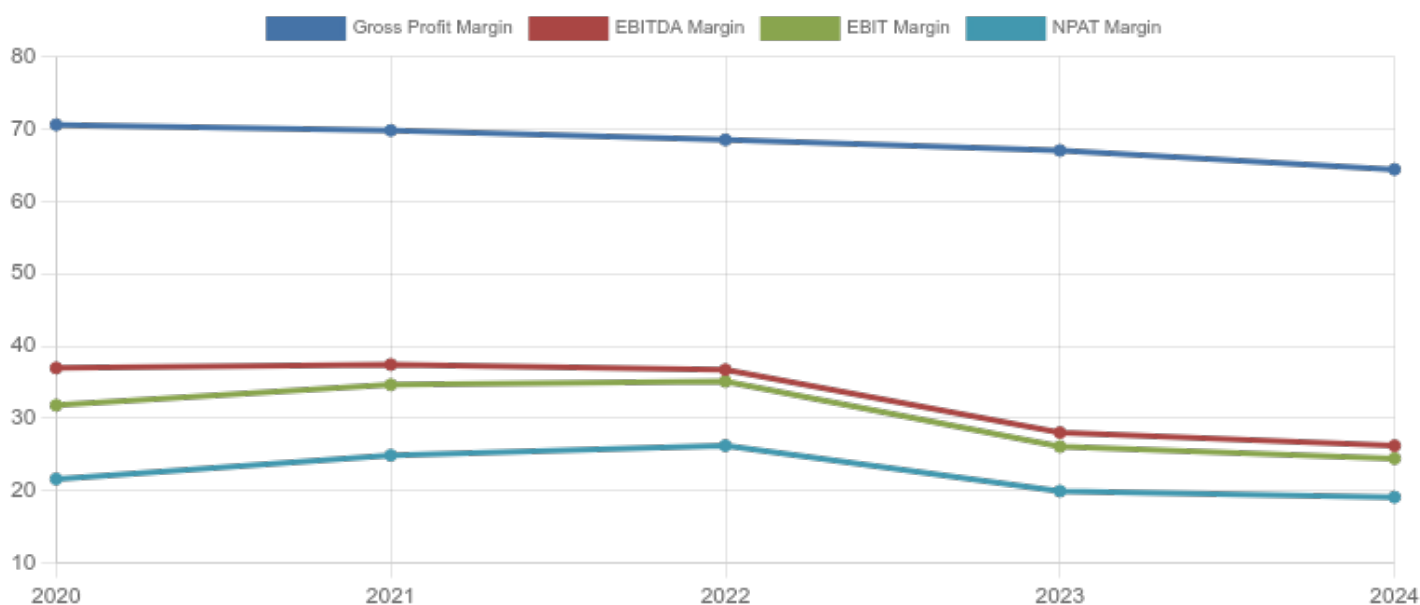
|                   | 2020    | 2021    | 2022      | 2023      | 2024      |
|-------------------|---------|---------|-----------|-----------|-----------|
| Total Assets      | 437,575 | 939,993 | 1,077,418 | 1,097,688 | 1,211,069 |
| Total Liabilities | 193,525 | 587,328 | 556,054   | 504,653   | 525,039   |
| Net Assets        | 244,050 | 352,665 | 521,364   | 593,035   | 686,030   |

### XYZ Accounting Pty Ltd Cash Flow (unadjusted)



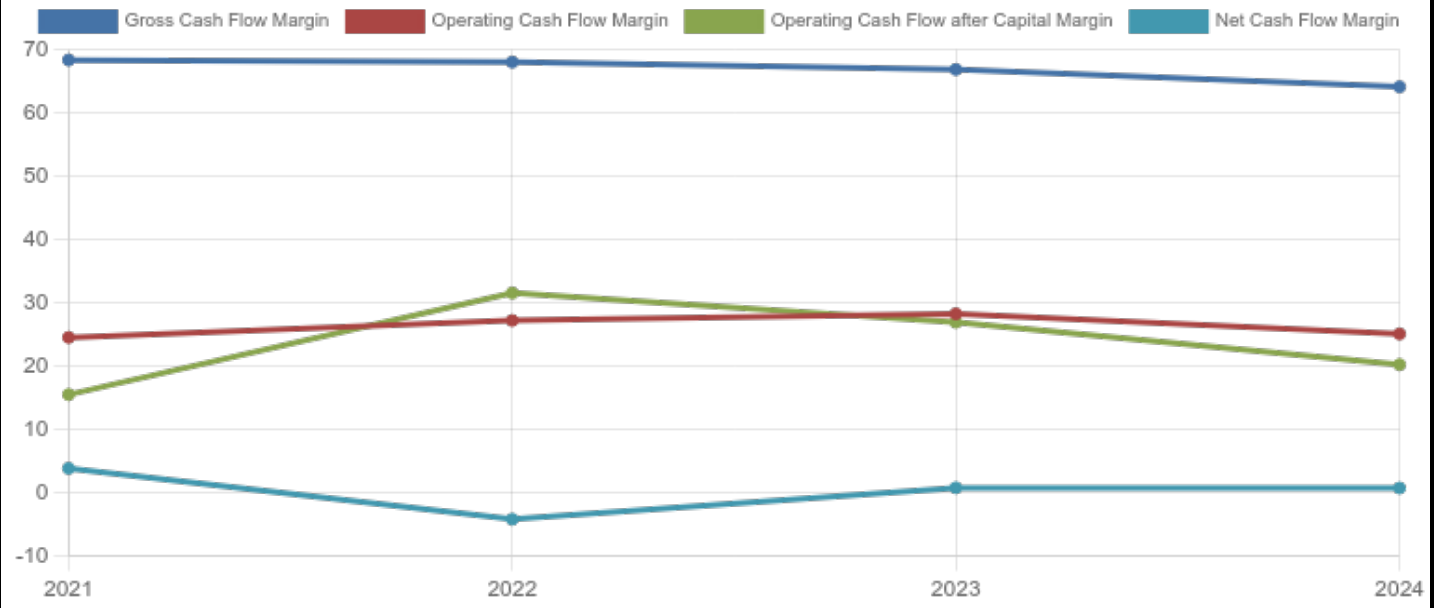
|                     | 2021    | 2022      | 2023      | 2024      |
|---------------------|---------|-----------|-----------|-----------|
| Cash from Customers | 975,389 | 1,174,260 | 1,351,718 | 1,490,886 |
| Gross Cash Flow     | 666,890 | 798,826   | 903,766   | 955,967   |
| Operating Cash Flow | 239,349 | 319,452   | 382,221   | 374,004   |
| Net Cash Flow       | 37,684  | (49,093)  | 10,786    | 11,227    |

### XYZ Accounting Pty Ltd Profit Ratios (unadjusted)



|                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 70.59% | 69.80% | 68.51% | 67.03% | 64.42% |
| EBITDA Margin       | 36.97% | 37.45% | 36.72% | 28.03% | 26.22% |
| EBIT Margin         | 31.81% | 34.65% | 35.12% | 26.10% | 24.47% |
| NPAT Margin         | 21.63% | 24.91% | 26.24% | 19.95% | 19.12% |

**XYZ Accounting Pty Ltd**  
**Cash Flow Ratios (unadjusted)**



|  | 2021   | 2022    | 2023   | 2024   |
|--|--------|---------|--------|--------|
| Gross Cash Flow Margin                   | 68.37% | 68.03%  | 66.86% | 64.12% |
| Operating Cash Flow Margin               | 24.54% | 27.20%  | 28.28% | 25.09% |
| Operating Cash Flow after Capital Margin | 15.51% | 31.55%  | 26.94% | 20.25% |
| Net Cash Flow Margin                     | 3.86%  | (4.18%) | 0.80%  | 0.75%  |

**Profit and Loss**  
**XYZ Accounting Pty Ltd**

|                                | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--------------------------------|--|--|--|--|--|
| Fees - Compliance              | \$507,849  | \$853,410  | \$963,089  | \$1,005,934  | \$1,078,612  |
| Fees - Consulting              | \$122,116  | \$184,754  | \$232,351  | \$355,579  | \$427,580  |
| <b>Total Operating Revenue</b> | <b>\$629,965</b>   | <b>\$1,038,164</b>   | <b>\$1,195,440</b>   | <b>\$1,361,513</b>   | <b>\$1,506,192</b>   |
| Disbursements                  | \$12,812   | \$17,950   | \$21,440   | \$27,625   | \$34,374   |
| Superannuation - Direct        | \$14,962   | \$25,643   | \$32,277   | \$40,029   | \$49,704   |
| Wages - Direct                 | \$157,491  | \$269,923  | \$322,769  | \$381,224  | \$451,858  |
| <b>Total Direct Costs</b>      | <b>\$185,265</b>   | <b>\$313,516</b>   | <b>\$376,486</b>   | <b>\$448,878</b>   | <b>\$535,936</b>   |
| <b>Gross Profit</b>            | <b>\$444,700</b>   | <b>\$724,648</b>   | <b>\$818,954</b>   | <b>\$912,635</b>   | <b>\$970,256</b>   |
| Commissions Received           | \$6,554  | \$7,564  | \$8,536  | \$9,032  | \$9,570  |
| COVID Stimulus & Grants        | \$80,000   | \$120,000  | \$75,000   | -  | -  |
| Dividends Received             | \$10,063   | \$11,069   | \$13,062   | \$15,086   | \$16,078   |
| Insurance Proceeds             | -  | -  | -  | \$10,000   | -  |
| Profit on Sale of Assets       | -  | -  | \$20,000   | (\$10,000)   | -  |
| <b>Total Other Income</b>      | <b>\$96,617</b>  | <b>\$138,633</b>   | <b>\$116,598</b>   | <b>\$24,118</b>  | <b>\$25,648</b>  |
| Advertising                    | \$25,563   | \$30,738   | \$37,051   | \$40,388   | \$47,421   |
| Bad Debts                      | \$66   | \$3,077  | \$56   | \$1,906  | \$2,568  |
| Bank Charges                   | \$1,288  | \$1,391  | \$1,566  | \$1,608  | \$1,840  |
| Computer Expenses              | \$6,049  | \$12,032   | \$6,570  | \$5,052  | \$8,098  |
| Consultants                    | -  | -  | -  | \$15,000   | \$15,000   |
| Donations                      | \$6,085  | \$7,100  | \$10,030   | \$12,037   | \$14,099   |
| Electricity & Gas              | \$6,077  | \$7,073  | \$8,009  | \$10,059   | \$11,042   |
| Entertainment Expenses         | \$8,076  | \$9,089  | \$10,025   | \$12,005   | \$14,018   |
| Filing Fees                    | \$515  | \$539  | \$526  | \$527  | \$550  |
| Fines                          | \$4,010  | \$257  | \$404  | \$1,592  | \$1,545  |
| Fringe Benefits Tax            | \$9,082  | \$10,096   | \$12,017   | \$14,049   | \$15,096   |
| General Expenses               | \$6,067  | \$7,051  | \$8,098  | \$9,066  | \$10,028   |
| Insurance                      | \$5,009  | \$6,030  | \$7,097  | \$8,100  | \$9,068  |
| Legal Costs                    | -  | \$6,000  | -  | \$4,300  | -  |
| Motor Vehicle Expenses         | \$24,201   | \$26,621   | \$29,283   | \$24,158   | \$24,158   |
| Postage                        | \$1,570  | \$2,069  | \$3,086  | \$3,514  | \$3,645  |
| Printing & Stationery          | \$5,063  | \$6,052  | \$7,084  | \$7,527  | \$8,068  |
| Recruitment Expenses           | -  | -  | \$25,000   | -  | \$30,000   |
| Relocation Costs               | -  | \$23,454   | -  | -  | -  |
| Rent                           | \$35,053   | \$65,066   | \$68,347   | \$71,732   | \$75,312   |
| Repairs & Maintenance          | \$1,508  | \$8,089  | \$2,010  | \$15,033   | \$18,053   |
| Subscriptions                  | \$15,029   | \$25,029   | \$30,027   | \$35,085   | \$37,040   |
| Superannuation                 | \$11,876   | \$17,581   | \$19,429   | \$21,420   | \$23,558   |
| Telephone                      | \$3,521  | \$6,506  | \$7,091  | \$7,358  | \$7,548  |
| Travelling                     | \$6,108  | \$6,754  | \$7,374  | \$27,072   | \$6,118  |
| Uniforms                       | \$1,587  | \$1,743  | \$2,074  | \$2,551  | \$3,016  |
| Wages & Salaries               | \$125,009  | \$185,059  | \$194,289  | \$203,999  | \$214,164  |

|   | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|---|--|--|--|--|--|
| <b>Total Overheads</b>                              | <b>\$308,412</b>   | <b>\$474,496</b>   | <b>\$496,543</b>   | <b>\$555,138</b>   | <b>\$601,053</b>   |
| <b>EBITDA</b>                                       | <b>\$232,905</b>   | <b>\$388,786</b>   | <b>\$439,009</b>   | <b>\$381,616</b>   | <b>\$394,851</b>   |
| Depreciation - Equipment                            | \$8,090  | \$6,012  | \$12,810   | \$11,248   | \$10,002   |
| Depreciation - Immediate W/Off                      | \$4,349  | \$8,042  | \$4,027  | \$3,055  | \$7,086  |
| Depreciation - Motor Vehicles                       | \$20,092   | \$15,038   | \$1,276  | \$10,953   | \$8,223  |
| <b>Total Depreciation</b>                           | <b>\$32,531</b>  | <b>\$29,092</b>  | <b>\$18,113</b>  | <b>\$25,256</b>  | <b>\$25,311</b>  |
| <b>EBITA</b>  | <b>\$200,374</b>   | <b>\$359,694</b>   | <b>\$420,896</b>   | <b>\$356,360</b>   | <b>\$369,540</b>   |
| Amortisation  | -  | -  | \$1,000  | \$1,000  | \$1,000  |
| <b>EBIT</b>   | <b>\$200,374</b>   | <b>\$359,694</b>   | <b>\$419,896</b>   | <b>\$355,360</b>   | <b>\$368,540</b>   |
| Interest Received                                   | \$673  | \$25,861   | \$35,995   | \$41,096   | \$46,346   |
| Hire Purchase Charges                               | \$12,092   | \$11,075   | \$15,026   | \$14,028   | \$13,091   |
| Interest Paid                                       | \$1,000  | \$25,000   | \$22,600   | \$20,200   | \$17,800   |
| <b>Total Interest Expense</b>                       | <b>\$13,092</b>  | <b>\$36,075</b>  | <b>\$37,626</b>  | <b>\$34,228</b>  | <b>\$30,891</b>  |
| <b>Net Profit Before Tax</b>                        | <b>\$187,955</b>   | <b>\$349,480</b>   | <b>\$418,265</b>   | <b>\$362,228</b>   | <b>\$383,995</b>   |
| Income Tax Expense                                  | \$51,688   | \$90,865   | \$104,566  | \$90,557   | \$95,999   |
| <b>Net Profit After Tax</b>                         | <b>\$136,267</b>   | <b>\$258,615</b>   | <b>\$313,699</b>   | <b>\$271,671</b>   | <b>\$287,996</b>   |
| Dividends Paid                                      | \$60,000   | \$150,000  | \$145,000  | \$200,000  | \$195,000  |
| <b>Net Profit After Dividends and Distributions</b> | <b>\$76,267</b>  | <b>\$108,615</b>   | <b>\$168,699</b>   | <b>\$71,671</b>  | <b>\$92,996</b>  |



**Profit and Loss Common Size****XYZ Accounting Pty Ltd**

|                                | <b>01-Jul-19</b>  | <b>01-Jul-20</b>  | <b>01-Jul-21</b>  | <b>01-Jul-22</b>  | <b>01-Jul-23</b>  |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                | <b>To</b>         | <b>To</b>         | <b>To</b>         | <b>To</b>         | <b>To</b>         |
|                                | <b>30-Jun-20</b>  | <b>30-Jun-21</b>  | <b>30-Jun-22</b>  | <b>30-Jun-23</b>  | <b>30-Jun-24</b>  |
|                                | <i>Actual</i>     | <i>Actual</i>     | <i>Actual</i>     | <i>Actual</i>     | <i>Actual</i>     |
|                                | <i>Unadjusted</i> | <i>Unadjusted</i> | <i>Unadjusted</i> | <i>Unadjusted</i> | <i>Unadjusted</i> |
| Fees - Compliance              | 80.62%            | 82.20%            | 80.56%            | 73.88%            | 71.61%            |
| Fees - Consulting              | 19.38%            | 17.80%            | 19.44%            | 26.12%            | 28.39%            |
| <b>Total Operating Revenue</b> | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    | <b>100.00%</b>    |
| Disbursements                  | 2.03%             | 1.73%             | 1.79%             | 2.03%             | 2.28%             |
| Superannuation - Direct        | 2.37%             | 2.47%             | 2.70%             | 2.94%             | 3.30%             |
| Wages - Direct                 | 25.00%            | 26.00%            | 27.00%            | 28.00%            | 30.00%            |
| <b>Total Direct Costs</b>      | <b>29.41%</b>     | <b>30.20%</b>     | <b>31.49%</b>     | <b>32.97%</b>     | <b>35.58%</b>     |
| <b>Gross Profit</b>            | <b>70.59%</b>     | <b>69.80%</b>     | <b>68.51%</b>     | <b>67.03%</b>     | <b>64.42%</b>     |
| Commissions Received           | 1.04%             | 0.73%             | 0.71%             | 0.66%             | 0.64%             |
| COVID Stimulus & Grants        | 12.70%            | 11.56%            | 6.27%             | -                 | -                 |
| Dividends Received             | 1.60%             | 1.07%             | 1.09%             | 1.11%             | 1.07%             |
| Insurance Proceeds             | -                 | -                 | -                 | 0.73%             | -                 |
| Profit on Sale of Assets       | -                 | -                 | 1.67%             | (0.73%)           | -                 |
| <b>Total Other Income</b>      | <b>15.34%</b>     | <b>13.35%</b>     | <b>9.75%</b>      | <b>1.77%</b>      | <b>1.70%</b>      |
| Advertising                    | 4.06%             | 2.96%             | 3.10%             | 2.97%             | 3.15%             |
| Bad Debts                      | 0.01%             | 0.30%             | -                 | 0.14%             | 0.17%             |
| Bank Charges                   | 0.20%             | 0.13%             | 0.13%             | 0.12%             | 0.12%             |
| Computer Expenses              | 0.96%             | 1.16%             | 0.55%             | 0.37%             | 0.54%             |
| Consultants                    | -                 | -                 | -                 | 1.10%             | 1.00%             |
| Donations                      | 0.97%             | 0.68%             | 0.84%             | 0.88%             | 0.94%             |
| Electricity & Gas              | 0.96%             | 0.68%             | 0.67%             | 0.74%             | 0.73%             |
| Entertainment Expenses         | 1.28%             | 0.88%             | 0.84%             | 0.88%             | 0.93%             |
| Filing Fees                    | 0.08%             | 0.05%             | 0.04%             | 0.04%             | 0.04%             |
| Fines                          | 0.64%             | 0.02%             | 0.03%             | 0.12%             | 0.10%             |
| Fringe Benefits Tax            | 1.44%             | 0.97%             | 1.01%             | 1.03%             | 1.00%             |
| General Expenses               | 0.96%             | 0.68%             | 0.68%             | 0.67%             | 0.67%             |
| Insurance                      | 0.80%             | 0.58%             | 0.59%             | 0.59%             | 0.60%             |
| Legal Costs                    | -                 | 0.58%             | -                 | 0.32%             | -                 |
| Motor Vehicle Expenses         | 3.84%             | 2.56%             | 2.45%             | 1.77%             | 1.60%             |
| Postage                        | 0.25%             | 0.20%             | 0.26%             | 0.26%             | 0.24%             |
| Printing & Stationery          | 0.80%             | 0.58%             | 0.59%             | 0.55%             | 0.54%             |
| Recruitment Expenses           | -                 | -                 | 2.09%             | -                 | 1.99%             |
| Relocation Costs               | -                 | 2.26%             | -                 | -                 | -                 |
| Rent                           | 5.56%             | 6.27%             | 5.72%             | 5.27%             | 5.00%             |
| Repairs & Maintenance          | 0.24%             | 0.78%             | 0.17%             | 1.10%             | 1.20%             |
| Subscriptions                  | 2.39%             | 2.41%             | 2.51%             | 2.58%             | 2.46%             |
| Superannuation                 | 1.89%             | 1.69%             | 1.63%             | 1.57%             | 1.56%             |
| Telephone                      | 0.56%             | 0.63%             | 0.59%             | 0.54%             | 0.50%             |
| Travelling                     | 0.97%             | 0.65%             | 0.62%             | 1.99%             | 0.41%             |
| Uniforms                       | 0.25%             | 0.17%             | 0.17%             | 0.19%             | 0.20%             |
| Wages & Salaries               | 19.84%            | 17.83%            | 16.25%            | 14.98%            | 14.22%            |

|   | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|---|--|--|--|--|--|
| <b>Total Overheads</b>                              | <b>48.96%</b>  | <b>45.71%</b>  | <b>41.54%</b>  | <b>40.77%</b>  | <b>39.91%</b>  |
| <b>EBITDA</b>                                       | <b>36.97%</b>  | <b>37.45%</b>  | <b>36.72%</b>  | <b>28.03%</b>  | <b>26.22%</b>  |
| Depreciation - Equipment                            | 1.28%  | 0.58%  | 1.07%  | 0.83%  | 0.66%  |
| Depreciation - Immediate W/Off                      | 0.69%  | 0.77%  | 0.34%  | 0.22%  | 0.47%  |
| Depreciation - Motor Vehicles                       | 3.19%  | 1.45%  | 0.11%  | 0.80%  | 0.55%  |
| <b>Total Depreciation</b>                           | <b>5.16%</b>   | <b>2.80%</b>   | <b>1.52%</b>   | <b>1.85%</b>   | <b>1.68%</b>   |
| <b>EBITA</b>  | <b>31.81%</b>  | <b>34.65%</b>  | <b>35.21%</b>  | <b>26.17%</b>  | <b>24.53%</b>  |
| Amortisation  | -  | -  | 0.08%  | 0.07%  | 0.07%  |
| <b>EBIT</b>   | <b>31.81%</b>  | <b>34.65%</b>  | <b>35.12%</b>  | <b>26.10%</b>  | <b>24.47%</b>  |
| Interest Received                                   | 0.11%  | 2.49%  | 3.01%  | 3.02%  | 3.08%  |
| Hire Purchase Charges                               | 1.92%  | 1.07%  | 1.26%  | 1.03%  | 0.87%  |
| Interest Paid                                       | 0.16%  | 2.41%  | 1.89%  | 1.48%  | 1.18%  |
| <b>Total Interest Expense</b>                       | <b>2.08%</b>   | <b>3.47%</b>   | <b>3.15%</b>   | <b>2.51%</b>   | <b>2.05%</b>   |
| <b>Net Profit Before Tax</b>                        | <b>29.84%</b>  | <b>33.66%</b>  | <b>34.99%</b>  | <b>26.60%</b>  | <b>25.49%</b>  |
| Income Tax Expense                                  | 8.20%  | 8.75%  | 8.75%  | 6.65%  | 6.37%  |
| <b>Net Profit After Tax</b>                         | <b>21.63%</b>  | <b>24.91%</b>  | <b>26.24%</b>  | <b>19.95%</b>  | <b>19.12%</b>  |
| Dividends Paid                                      | 9.52%  | 14.45%   | 12.13%   | 14.69%   | 12.95%   |
| <b>Net Profit After Dividends and Distributions</b> | <b>12.11%</b>  | <b>10.46%</b>  | <b>14.11%</b>  | <b>5.26%</b>   | <b>6.17%</b>   |

**Balance Sheet****XYZ Accounting Pty Ltd**

|                                      | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--------------------------------------|--|--|--|--|--|
| Bank - Business                      | \$29,204   | \$76,580   | \$25,465   | \$41,250   | \$51,476   |
| Bank - Savings                       | \$25,215   | \$15,523   | \$17,545   | \$12,546   | \$13,546   |
| Prepaid Expenses                     | \$4,042  | \$6,044  | \$7,086  | \$8,069  | \$9,050  |
| Trade Receivables                    | \$60,018   | \$107,817  | \$121,729  | \$131,111  | \$137,973  |
| Work in Progress                     | \$33,562   | \$53,544   | \$62,775   | \$65,198   | \$75,685   |
| <b>Total Current Assets</b>          | <b>\$152,041</b>   | <b>\$259,508</b>   | <b>\$234,600</b>   | <b>\$258,174</b>   | <b>\$287,730</b>   |
| Equipment at Cost                    | \$35,056   | \$75,059   | \$80,056   | \$85,077   | \$90,093   |
| Accumulated Depreciation - Equipment | (\$4,995)  | (\$11,007)   | (\$23,817)   | (\$35,065)   | (\$45,067)   |
| Vehicles at Cost                     | \$80,075   | \$120,066  | \$80,047   | \$80,081   | \$140,046  |
| Accumulated Depreciation - Vehicles  | (\$19,923)   | (\$34,961)   | (\$36,237)   | (\$47,190)   | (\$55,413)   |
| Borrowing Costs at WDV               | -  | \$8,000  | \$7,000  | \$6,000  | \$5,000  |
| Loan - Emma Jones                    | -  | \$55,354   | \$165,245  | \$182,624  | \$209,632  |
| Loan - John Smith                    | \$60,255   | \$76,177   | \$176,739  | \$190,247  | \$210,433  |
| Purchased Goodwill                   | -  | \$300,000  | \$300,000  | \$300,000  | \$300,000  |
| Rental Bond Paid                     | \$5,000  | \$10,000   | \$10,000   | \$10,000   | \$10,000   |
| Share Portfolio at Cost              | \$130,066  | \$81,797   | \$78,785   | \$62,740   | \$53,615   |
| Trademark Costs                      | -  | -  | \$5,000  | \$5,000  | \$5,000  |
| <b>Total Non-Current Assets</b>      | <b>\$285,534</b>   | <b>\$680,485</b>   | <b>\$842,818</b>   | <b>\$839,514</b>   | <b>\$923,339</b>   |
| <b>Total Assets</b>                  | <b>\$437,575</b>   | <b>\$939,993</b>   | <b>\$1,077,418</b>   | <b>\$1,097,688</b>   | <b>\$1,211,069</b>   |
| Accounts Payable                     | \$7,018  | \$12,035   | \$13,087   | \$14,013   | \$15,030   |
| Credit Card                          | \$7,018  | \$12,049   | \$15,021   | \$13,021   | \$16,069   |
| GST Payable                          | \$15,088   | \$23,079   | \$26,065   | \$30,095   | \$32,070   |
| Income in Advance                    | \$7,060  | \$12,066   | \$14,029   | \$16,039   | \$18,082   |
| Income Tax Payable                   | \$46,688   | \$60,865   | \$79,566   | \$55,557   | \$50,999   |
| Provision for Holiday Pay            | \$46,973   | \$80,324   | \$84,947   | \$95,062   | \$100,540  |
| Wages Tax Withheld                   | \$7,915  | \$12,965   | \$15,031   | \$16,429   | \$19,477   |
| <b>Total Current Liabilities</b>     | <b>\$137,760</b>   | <b>\$213,383</b>   | <b>\$247,746</b>   | <b>\$240,216</b>   | <b>\$252,267</b>   |
| Hire Purchase                        | \$60,015   | \$80,080   | \$42,000   | \$27,016   | \$70,048   |
| Less Unexpired Interest              | (\$4,250)  | (\$6,152)  | (\$3,779)  | (\$2,660)  | (\$7,311)  |
| Bank Loan                            | -  | \$300,017  | \$270,087  | \$240,081  | \$210,035  |
| <b>Total Non-Current Liabilities</b> | <b>\$55,765</b>  | <b>\$373,945</b>   | <b>\$308,308</b>   | <b>\$264,437</b>   | <b>\$272,772</b>   |
| <b>Total Liabilities</b>             | <b>\$193,525</b>   | <b>\$587,328</b>   | <b>\$556,054</b>   | <b>\$504,653</b>   | <b>\$525,039</b>   |
| <b>Net Assets</b>                    | <b>\$244,050</b>   | <b>\$352,665</b>   | <b>\$521,364</b>   | <b>\$593,035</b>   | <b>\$686,030</b>   |
| Retained Profits                     | \$194,050  | \$302,665  | \$471,364  | \$543,035  | \$636,030  |
| Issued Equity                        | \$50,000   | \$50,000   | \$50,000   | \$50,000   | \$50,000   |
| <b>Total Equity</b>                  | <b>\$244,050</b>   | <b>\$352,665</b>   | <b>\$521,364</b>   | <b>\$593,035</b>   | <b>\$686,030</b>   |

**Balance Sheet Common Size****XYZ Accounting Pty Ltd**

|                                      | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--------------------------------------|--|--|--|--|--|
| Bank - Business                      | 6.67%  | 8.15%  | 2.36%  | 3.76%  | 4.25%  |
| Bank - Savings                       | 5.76%  | 1.65%  | 1.63%  | 1.14%  | 1.12%  |
| Prepaid Expenses                     | 0.92%  | 0.64%  | 0.66%  | 0.74%  | 0.75%  |
| Trade Receivables                    | 13.72%   | 11.47%   | 11.30%   | 11.94%   | 11.39%   |
| Work in Progress                     | 7.67%  | 5.70%  | 5.83%  | 5.94%  | 6.25%  |
| <b>Total Current Assets</b>          | <b>34.75%</b>  | <b>27.61%</b>  | <b>21.77%</b>  | <b>23.52%</b>  | <b>23.76%</b>  |
| Equipment at Cost                    | 8.01%  | 7.99%  | 7.43%  | 7.75%  | 7.44%  |
| Accumulated Depreciation - Equipment | (1.14%)  | (1.17%)  | (2.21%)  | (3.19%)  | (3.72%)  |
| Vehicles at Cost                     | 18.30%   | 12.77%   | 7.43%  | 7.30%  | 11.56%   |
| Accumulated Depreciation - Vehicles  | (4.55%)  | (3.72%)  | (3.36%)  | (4.30%)  | (4.58%)  |
| Borrowing Costs at WDV               | -  | 0.85%  | 0.65%  | 0.55%  | 0.41%  |
| Loan - Emma Jones                    | -  | 5.89%  | 15.34%   | 16.64%   | 17.31%   |
| Loan - John Smith                    | 13.77%   | 8.10%  | 16.40%   | 17.33%   | 17.38%   |
| Purchased Goodwill                   | -  | 31.92%   | 27.84%   | 27.33%   | 24.77%   |
| Rental Bond Paid                     | 1.14%  | 1.06%  | 0.93%  | 0.91%  | 0.83%  |
| Share Portfolio at Cost              | 29.72%   | 8.70%  | 7.31%  | 5.72%  | 4.43%  |
| Trademark Costs                      | -  | -  | 0.46%  | 0.46%  | 0.41%  |
| <b>Total Non-Current Assets</b>      | <b>65.25%</b>  | <b>72.39%</b>  | <b>78.23%</b>  | <b>76.48%</b>  | <b>76.24%</b>  |
| <b>Total Assets</b>                  | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   |
| Accounts Payable                     | 1.60%  | 1.28%  | 1.21%  | 1.28%  | 1.24%  |
| Credit Card                          | 1.60%  | 1.28%  | 1.39%  | 1.19%  | 1.33%  |
| GST Payable                          | 3.45%  | 2.46%  | 2.42%  | 2.74%  | 2.65%  |
| Income in Advance                    | 1.61%  | 1.28%  | 1.30%  | 1.46%  | 1.49%  |
| Income Tax Payable                   | 10.67%   | 6.48%  | 7.38%  | 5.06%  | 4.21%  |
| Provision for Holiday Pay            | 10.73%   | 8.55%  | 7.88%  | 8.66%  | 8.30%  |
| Wages Tax Withheld                   | 1.81%  | 1.38%  | 1.40%  | 1.50%  | 1.61%  |
| <b>Total Current Liabilities</b>     | <b>31.48%</b>  | <b>22.70%</b>  | <b>22.99%</b>  | <b>21.88%</b>  | <b>20.83%</b>  |
| Hire Purchase                        | 13.72%   | 8.52%  | 3.90%  | 2.46%  | 5.78%  |
| Less Unexpired Interest              | (0.97%)  | (0.65%)  | (0.35%)  | (0.24%)  | (0.60%)  |
| Bank Loan                            | -  | 31.92%   | 25.07%   | 21.87%   | 17.34%   |
| <b>Total Non-Current Liabilities</b> | <b>12.74%</b>  | <b>39.78%</b>  | <b>28.62%</b>  | <b>24.09%</b>  | <b>22.52%</b>  |
| <b>Total Liabilities</b>             | <b>44.23%</b>  | <b>62.48%</b>  | <b>51.61%</b>  | <b>45.97%</b>  | <b>43.35%</b>  |
| <b>Net Assets</b>                    | <b>55.77%</b>  | <b>37.52%</b>  | <b>48.39%</b>  | <b>54.03%</b>  | <b>56.65%</b>  |
| Retained Profits                     | 44.35%   | 32.20%   | 43.75%   | 49.47%   | 52.52%   |
| Issued Equity                        | 11.43%   | 5.32%  | 4.64%  | 4.56%  | 4.13%  |
| <b>Total Equity</b>                  | <b>55.77%</b>  | <b>37.52%</b>  | <b>48.39%</b>  | <b>54.03%</b>  | <b>56.65%</b>  |

## Appendix 6

**Cash Flow****XYZ Accounting Pty Ltd**

|  | <b>01-Jul-20</b><br><b>To</b><br><b>30-Jun-21</b><br><i>Actual</i><br><i>Unadjusted</i> | <b>01-Jul-21</b><br><b>To</b><br><b>30-Jun-22</b><br><i>Actual</i><br><i>Unadjusted</i> | <b>01-Jul-22</b><br><b>To</b><br><b>30-Jun-23</b><br><i>Actual</i><br><i>Unadjusted</i> | <b>01-Jul-23</b><br><b>To</b><br><b>30-Jun-24</b><br><i>Actual</i><br><i>Unadjusted</i> |
|--|---|---|---|---|
| Operating Revenue Accrued                            | \$1,038,164   | \$1,195,440   | \$1,361,513   | \$1,506,192   |
| Decrease/(Increase) in Trade Receivable              | (\$47,799)  | (\$13,912)  | (\$9,382)   | (\$6,862)   |
| Decrease/(Increase) in WIP (Services)                | (\$19,982)  | (\$9,231)   | (\$2,423)   | (\$10,487)  |
| Increase/(Decrease) in Income in Advance             | \$5,006   | \$1,963   | \$2,010   | \$2,043   |
| <b>Cash from Customers</b>                           | <b>\$975,389</b>  | <b>\$1,174,260</b>  | <b>\$1,351,718</b>  | <b>\$1,490,886</b>  |
| Direct Costs Accrued                                 | (\$313,516)   | (\$376,486)   | (\$448,878)   | (\$535,936)   |
| Increase/(Decrease) in Trade Payables                | \$5,017   | \$1,052   | \$926   | \$1,017   |
| Decrease/(Increase) in Stock/Inventory               | -   | -   | -   | -   |
| Decrease/(Increase) in WIP (Inventory)               | -   | -   | -   | -   |
| <b>Cash to Suppliers</b>                             | <b>(\$308,499)</b>  | <b>(\$375,434)</b>  | <b>(\$447,952)</b>  | <b>(\$534,919)</b>  |
| <b>Gross Cash Flow</b>                               | <b>\$666,890</b>  | <b>\$798,826</b>  | <b>\$903,766</b>  | <b>\$955,967</b>  |
| Other Income Accrued                                 | \$138,633   | \$116,598   | \$24,118  | \$25,648  |
| Overheads Accrued                                    | (\$474,496)   | (\$496,543)   | (\$555,138)   | (\$601,053)   |
| Less: Profit on Sale of Fixed Assets                 | -   | (\$20,000)  | \$10,000  | -   |
| Less: Investment Income or Expense                   | (\$11,069)  | (\$13,062)  | (\$15,086)  | (\$16,078)  |
| Less: Miscellaneous Income or Expense                | (\$120,000)   | (\$75,000)  | -   | -   |
| Decrease/(Increase) in Prepayments                   | (\$2,002)   | (\$1,042)   | (\$983)   | (\$981)   |
| Increase/(Decrease) in Provisions and Accruals       | \$33,351  | \$4,623   | \$10,115  | \$5,478   |
| Decrease/(Increase) in Other Current Assets          | -   | -   | -   | -   |
| Increase/(Decrease) in Other Current Liabilities     | \$13,041  | \$5,052   | \$5,428   | \$5,023   |
| Decrease/(Increase) in Other Non-Current Assets      | (\$5,000)   | -   | -   | -   |
| Increase/(Decrease) in Other Current Non-Liabilities | -   | -   | -   | -   |
| <b>Operating Cash Expenses</b>                       | <b>(\$427,542)</b>  | <b>(\$479,374)</b>  | <b>(\$521,546)</b>  | <b>(\$581,963)</b>  |
| <b>Operating Cash Flow</b>                           | <b>\$239,349</b>  | <b>\$319,452</b>  | <b>\$382,221</b>  | <b>\$374,004</b>  |
| Decrease/(Increase) in Fixed Assets (Depreciable)    | (\$58,944)  | \$49,108  | \$17,146  | (\$46,756)  |

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--|--|--|--|--|
| Depreciation Accrued                             | (\$29,092)   | (\$18,113)   | (\$25,256)   | (\$25,311)   |
| Profit/(Loss) on Sale of Fixed Assets            | -  | \$20,000   | (\$10,000)   | -  |
| <b>Capital Expenditure</b>                       | <b>(\$88,036)</b>  | <b>\$50,995</b>  | <b>(\$18,110)</b>  | <b>(\$72,067)</b>  |
| <b>Operating Cash Flow after Capital</b>         | <b>\$151,313</b>   | <b>\$370,447</b>   | <b>\$364,111</b>   | <b>\$301,937</b>   |
| Income Tax Accrued                               | (\$90,865)   | (\$104,566)  | (\$90,557)   | (\$95,999)   |
| Increase/(Decrease) in Income Tax Payable        | \$14,177   | \$18,701   | (\$24,009)   | (\$4,558)  |
| <b>Income Tax Cash Flow</b>                      | <b>(\$76,688)</b>  | <b>(\$85,865)</b>  | <b>(\$114,566)</b>   | <b>(\$100,557)</b>   |
| <b>Operating Cash Flow after Capital and Tax</b> | <b>\$74,625</b>  | <b>\$284,582</b>   | <b>\$249,545</b>   | <b>\$201,380</b>   |
| Decrease/(Increase) in Investments               | \$48,269   | \$3,012  | \$16,045   | \$9,125  |
| Decrease/(Increase) in Intangibles               | (\$8,000)  | (\$4,000)  | \$1,000  | \$1,000  |
| Decrease/(Increase) in Goodwill                  | (\$300,000)  | -  | -  | -  |
| Amortisation Expensed                            | -  | (\$1,000)  | (\$1,000)  | (\$1,000)  |
| Other Investment Income or Expenses              | \$11,069   | \$13,062   | \$15,086   | \$16,078   |
| <b>Investments Cash Flow</b>                     | <b>(\$248,662)</b>   | <b>\$11,074</b>  | <b>\$31,131</b>  | <b>\$25,203</b>  |
| Interest Income                                  | \$25,861   | \$35,995   | \$41,096   | \$46,346   |
| Interest Expense                                 | (\$36,075)   | (\$37,626)   | (\$34,228)   | (\$30,891)   |
| Increase/(Decrease) in Credit Cards              | \$5,031  | \$2,972  | (\$2,000)  | \$3,048  |
| Increase/(Decrease) in Asset Finance             | \$18,163   | (\$35,707)   | (\$13,865)   | \$38,381   |
| Increase/(Decrease) in Bank Loans                | \$300,017  | (\$29,930)   | (\$30,006)   | (\$30,046)   |
| Increase/(Decrease) in Other Loans               | -  | -  | -  | -  |
| Other Finance Income or Expenses                 | -  | -  | -  | -  |
| <b>Finance Cash Flow</b>                         | <b>\$312,997</b>   | <b>(\$64,296)</b>  | <b>(\$39,003)</b>  | <b>\$26,838</b>  |
| Increase/(Decrease) in Equity Capital            | -  | -  | -  | -  |
| Dividends and Distributions Accrued              | (\$150,000)  | (\$145,000)  | (\$200,000)  | (\$195,000)  |
| Loans From/(To) Associates                       | (\$71,276)   | (\$210,453)  | (\$30,887)   | (\$47,194)   |
| <b>Owner Cash Flow</b>                           | <b>(\$221,276)</b>   | <b>(\$355,453)</b>   | <b>(\$230,887)</b>   | <b>(\$242,194)</b>   |
| Miscellaneous Income or Expenses                 | \$120,000  | \$75,000   | -  | -  |
| <b>Miscellaneous Cash Flow</b>                   | <b>\$120,000</b>   | <b>\$75,000</b>  | <b>-</b>   | <b>-</b>   |
| <b>Net Cash Flow</b>                             | <b>\$37,684</b>  | <b>(\$49,093)</b>  | <b>\$10,786</b>  | <b>\$11,227</b>  |

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--|--|--|--|--|
| Opening Cash at Bank                                 | \$54,419   | \$92,103   | \$43,010   | \$53,796   |
| <b>Closing Cash at Bank</b>                          | <b>\$92,103</b>  | <b>\$43,010</b>  | <b>\$53,796</b>  | <b>\$65,022</b>  |
| <b>EBIT to Cashflow Reconciliation</b>               |  |  |  |  |
| EBIT   | \$359,694  | \$419,896  | \$355,360  | \$368,540  |
| Add: Amortisation Expensed                           | -  | \$1,000  | \$1,000  | \$1,000  |
| Less: Investment Income or Expense                   | (\$11,069)   | (\$13,062)   | (\$15,086)   | (\$16,078)   |
| Less: Miscellaneous Income or Expense                | (\$120,000)  | (\$75,000)   | -  | -  |
| Decrease/(Increase) in Trade Receivable              | (\$47,799)   | (\$13,912)   | (\$9,382)  | (\$6,862)  |
| Decrease/(Increase) in WIP (Services)                | (\$19,982)   | (\$9,231)  | (\$2,423)  | (\$10,487)   |
| Increase/(Decrease) in Income in Advance             | \$5,006  | \$1,963  | \$2,010  | \$2,043  |
| Increase/(Decrease) in Trade Payables                | \$5,017  | \$1,052  | \$926  | \$1,017  |
| Decrease/(Increase) in Stock/Inventory               | -  | -  | -  | -  |
| Decrease/(Increase) in WIP (Inventory)               | -  | -  | -  | -  |
| Decrease/(Increase) in Prepayments                   | (\$2,002)  | (\$1,042)  | (\$983)  | (\$981)  |
| Increase/(Decrease) in Provisions and Accruals       | \$33,351   | \$4,623  | \$10,115   | \$5,478  |
| Decrease/(Increase) in Other Current Assets          | -  | -  | -  | -  |
| Increase/(Decrease) in Other Current Liabilities     | \$13,041   | \$5,052  | \$5,428  | \$5,023  |
| Decrease/(Increase) in Other Non-Current Assets      | (\$5,000)  | -  | -  | -  |
| Increase/(Decrease) in Other Current Non-Liabilities | -  | -  | -  | -  |
| Decrease/(Increase) in Fixed Assets (Depreciable)    | (\$58,944)   | \$49,108   | \$17,146   | (\$46,756)   |
| <b>Other Operating &amp; Capital Cash Flows</b>      | <b>(\$208,381)</b>   | <b>(\$49,449)</b>  | <b>\$8,751</b>   | <b>(\$66,603)</b>  |
| <b>Operating Cash Flow after Capital</b>             | <b>\$151,313</b>   | <b>\$370,447</b>   | <b>\$364,111</b>   | <b>\$301,937</b>   |
| Income Tax Accrued                                   | (\$90,865)   | (\$104,566)  | (\$90,557)   | (\$95,999)   |
| Increase/(Decrease) in Income Tax Payable            | \$14,177   | \$18,701   | (\$24,009)   | (\$4,558)  |
| <b>Income Tax Cash Flow</b>                          | <b>(\$76,688)</b>  | <b>(\$85,865)</b>  | <b>(\$114,566)</b>   | <b>(\$100,557)</b>   |
| <b>Operating Cash Flow after Capital and Tax</b>     | <b>\$74,625</b>  | <b>\$284,582</b>   | <b>\$249,545</b>   | <b>\$201,380</b>   |
| Decrease/(Increase) in Investments                   | \$48,269   | \$3,012  | \$16,045   | \$9,125  |
| Decrease/(Increase) in Intangibles                   | (\$8,000)  | (\$4,000)  | \$1,000  | \$1,000  |

|                                       | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|---------------------------------------|--|--|--|--|
| Decrease/(Increase) in Goodwill       | (\$300,000)  | -  | -  | -  |
| Amortisation Expensed                 | -  | (\$1,000)  | (\$1,000)  | (\$1,000)  |
| Other Investment Income or Expenses   | \$11,069   | \$13,062   | \$15,086   | \$16,078   |
| <b>Investments Cash Flow</b>          | <b>(\$248,662)</b>   | <b>\$11,074</b>  | <b>\$31,131</b>  | <b>\$25,203</b>  |
| Interest Income                       | \$25,861   | \$35,995   | \$41,096   | \$46,346   |
| Interest Expense                      | (\$36,075)   | (\$37,626)   | (\$34,228)   | (\$30,891)   |
| Increase/(Decrease) in Credit Cards   | \$5,031  | \$2,972  | (\$2,000)  | \$3,048  |
| Increase/(Decrease) in Asset Finance  | \$18,163   | (\$35,707)   | (\$13,865)   | \$38,381   |
| Increase/(Decrease) in Bank Loans     | \$300,017  | (\$29,930)   | (\$30,006)   | (\$30,046)   |
| Increase/(Decrease) in Other Loans    | -  | -  | -  | -  |
| Other Finance Income or Expenses      | -  | -  | -  | -  |
| <b>Finance Cash Flow</b>              | <b>\$312,997</b>   | <b>(\$64,296)</b>  | <b>(\$39,003)</b>  | <b>\$26,838</b>  |
| Increase/(Decrease) in Equity Capital | -  | -  | -  | -  |
| Dividends and Distributions Accrued   | (\$150,000)  | (\$145,000)  | (\$200,000)  | (\$195,000)  |
| Loans From/(To) Associates            | (\$71,276)   | (\$210,453)  | (\$30,887)   | (\$47,194)   |
| <b>Owner Cash Flow</b>                | <b>(\$221,276)</b>   | <b>(\$355,453)</b>   | <b>(\$230,887)</b>   | <b>(\$242,194)</b>   |
| Miscellaneous Income or Expenses      | \$120,000  | \$75,000   | -  | -  |
| <b>Miscellaneous Cash Flow</b>        | <b>\$120,000</b>   | <b>\$75,000</b>  | <b>-</b>   | <b>-</b>   |
| <b>Net Cash Flow</b>                  | <b>\$37,684</b>  | <b>(\$49,093)</b>  | <b>\$10,786</b>  | <b>\$11,227</b>  |
| Opening Cash at Bank                  | \$54,419   | \$92,103   | \$43,010   | \$53,796   |
| <b>Closing Cash at Bank</b>           | <b>\$92,103</b>  | <b>\$43,010</b>  | <b>\$53,796</b>  | <b>\$65,022</b>  |



## Appendix 7

**Ratio Analysis****XYZ Accounting Pty Ltd**

|  | <b>01-Jul-19<br/>to<br/>30-Jun-20<br/><i>Actual</i><br/><i>Unadjusted</i></b> | <b>01-Jul-20<br/>to<br/>30-Jun-21<br/><i>Actual</i><br/><i>Unadjusted</i></b> | <b>01-Jul-21<br/>to<br/>30-Jun-22<br/><i>Actual</i><br/><i>Unadjusted</i></b> | <b>01-Jul-22<br/>to<br/>30-Jun-23<br/><i>Actual</i><br/><i>Unadjusted</i></b> | <b>01-Jul-23<br/>to<br/>30-Jun-24<br/><i>Actual</i><br/><i>Unadjusted</i></b> |
|--|---|---|---|---|---|
| <b>Profitability</b>                             |   |   |   |   |   |
| Total Operating Revenue                          | \$629,965   | \$1,038,164   | \$1,195,440   | \$1,361,513   | \$1,506,192   |
| Gross Profit Margin                              | 70.59%  | 69.80%  | 68.51%  | 67.03%  | 64.42%  |
| EBITDA Margin                                    | 36.97%  | 37.45%  | 36.72%  | 28.03%  | 26.22%  |
| EBIT Margin                                      | 31.81%  | 34.65%  | 35.12%  | 26.10%  | 24.47%  |
| NPAT Margin                                      | 21.63%  | 24.91%  | 26.24%  | 19.95%  | 19.12%  |
| <b>Cash Flow</b>                                 |   |   |   |   |   |
| Cash From Customers                              | N/A   | \$975,389   | \$1,174,260   | \$1,351,718   | \$1,490,886   |
| Gross Cash Flow Margin                           | N/A   | 68.37%  | 68.03%  | 66.86%  | 64.12%  |
| Operating Cash Flow Margin                       | N/A   | 24.54%  | 27.20%  | 28.28%  | 25.09%  |
| Operating Cash Flow after Capital Margin         | N/A   | 15.51%  | 31.55%  | 26.94%  | 20.25%  |
| Operating Cash Flow after Capital and Tax Margin | N/A   | 7.65%   | 24.24%  | 18.46%  | 13.51%  |
| Net Cash Flow Margin                             | N/A   | 3.86%   | (4.18%)   | 0.80%   | 0.75%   |

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**Working Capital Efficiency**

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|                                |       |       |       |       |       |
|--------------------------------|-------|-------|-------|-------|-------|
| Debtor Days                    | 34.87 | 29.50 | 35.04 | 33.89 | 32.69 |
| Debtor Turnover Ratio          | 10.47 | 12.37 | 10.42 | 10.77 | 11.16 |
| Stock Days                     | -     | -     | -     | -     | -     |
| Stock Turnover Ratio           | -     | -     | -     | -     | -     |
| WIP (Inventory) Days           | -     | -     | -     | -     | -     |
| WIP (Inventory) Turnover Ratio | -     | -     | -     | -     | -     |
| WIP (Services) Days            | 19.50 | 15.31 | 17.76 | 17.15 | 17.12 |
| WIP (Services) Turnover Ratio  | 18.72 | 23.84 | 20.55 | 21.28 | 21.32 |
| Creditor Days                  | 13.86 | 11.09 | 12.18 | 11.02 | 9.92  |
| Asset Turnover Ratio           | 1.44  | 1.51  | 1.19  | 1.25  | 1.30  |

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**Liquidity**

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|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| Current Ratio | 1.10 | 1.22 | 0.95 | 1.07 | 1.14 |
| Quick Ratio   | 1.10 | 1.22 | 0.95 | 1.07 | 1.14 |

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**Debt and Equity Capital**

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|                      |           |           |           |           |           |
|----------------------|-----------|-----------|-----------|-----------|-----------|
| Total Debt           | \$62,783  | \$385,994 | \$323,329 | \$277,458 | \$288,841 |
| Total Equity         | \$244,050 | \$352,665 | \$521,364 | \$593,035 | \$686,030 |
| Debt to Assets Ratio | 0.14      | 0.41      | 0.30      | 0.25      | 0.24      |

|                            |         |           |           |           |           |
|----------------------------|---------|-----------|-----------|-----------|-----------|
| Debt to Equity Ratio       | 0.26    | 1.09      | 0.62      | 0.47      | 0.42      |
| Interest Cover Ratio       | 15.31   | 9.97      | 11.16     | 10.38     | 11.93     |
| Net Debt                   | \$8,364 | \$293,891 | \$280,319 | \$223,662 | \$223,819 |
| Return on Invested Capital | 59.37%  | 41.72%    | 39.28%    | 32.63%    | 30.30%    |
| Return on Equity           | 55.68%  | 73.33%    | 60.17%    | 45.81%    | 41.87%    |
| Dividend Yield             | 24.52%  | 42.53%    | 27.81%    | 33.72%    | 28.35%    |

## Equity Structure

| Equity Structure at 30 June 2024 - XYZ Accounting Pty Ltd |               |                 |
|---|---------------|-----------------|
| Equity Class  | Number Issued | Class Weighting |
| Ordinary Shares   | 50,000        | 100.00%         |
| Equity Holding  | Number Held   | % of Class      |
| John Smith (in trust for Smith Family Trust)              | 25,000        | 50.00%          |
| Emma Jones (in trust for Jones Family Trust)              | 25,000        | 50.00%          |

## Capitalisation of Future Maintainable Earnings Summary

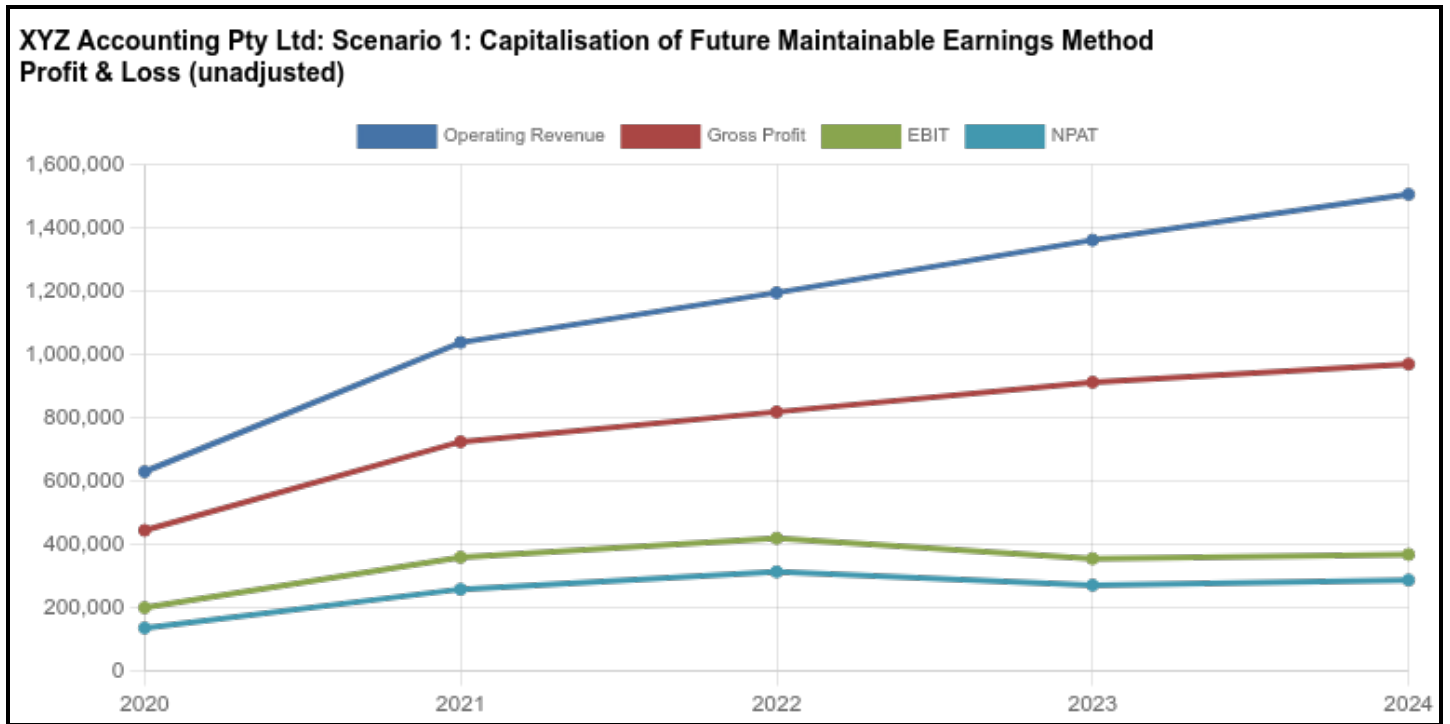
XYZ Accounting Pty Ltd

### Scenario 1: Capitalisation of Future Maintainable Earnings Method

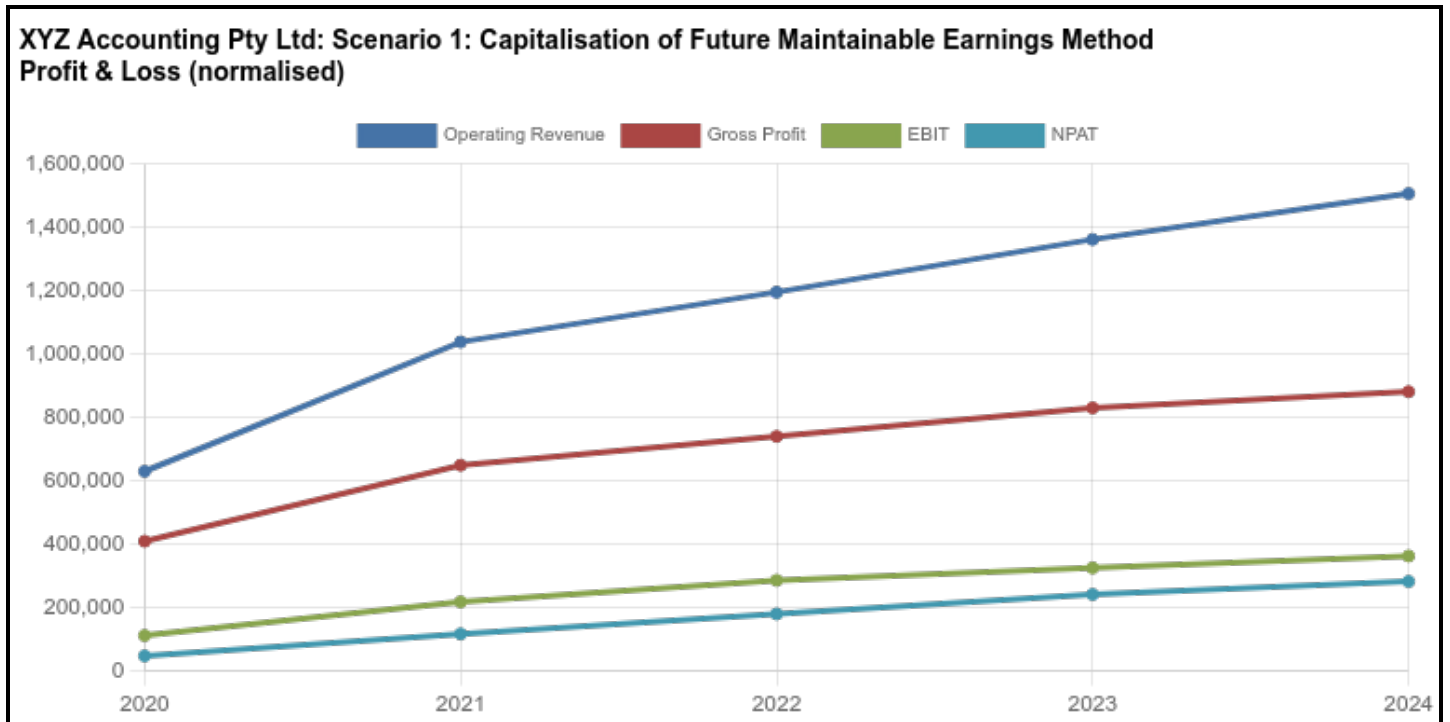
| Scenario 1 - Valuation Summary - XYZ Accounting Pty Ltd |  |                              |                              |                              |                              |
|---|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Valuation Method  | Capitalisation of Future Maintainable Earnings |                              |                              |                              |                              |
| Valuation As At   | 30 June 2024                                   |                              |                              |                              |                              |
| Years Analysed  | 01-Jul-19<br>to<br>30-Jun-20                   | 01-Jul-20<br>to<br>30-Jun-21 | 01-Jul-21<br>to<br>30-Jun-22 | 01-Jul-22<br>to<br>30-Jun-23 | 01-Jul-23<br>to<br>30-Jun-24 |
| Actual/Forecast   | Actual   | Actual                       | Actual                       | Actual                       | Actual                       |
| Operating Revenue                                       | \$629,965                                      | \$1,038,164                  | \$1,195,440                  | \$1,361,513                  | \$1,506,192                  |
| <b>Original EBIT</b>                                    | <b>\$200,374</b>                               | <b>\$359,694</b>             | <b>\$419,896</b>             | <b>\$355,360</b>             | <b>\$368,540</b>             |
| Normalisation Adjustments                               | (\$88,526)                                     | (\$141,542)                  | (\$133,629)                  | (\$30,239)                   | (\$5,686)                    |
| <b>Normalised EBIT</b>                                  | <b>\$111,848</b>                               | <b>\$218,152</b>             | <b>\$286,268</b>             | <b>\$325,121</b>             | <b>\$362,854</b>             |
| Weightings  | 0%   | 0%                           | 20%                          | 30%                          | 50%                          |
| <b>Future Maintainable Earnings</b>                     | <b>\$336,216</b>                               |                              |                              |                              |                              |
| Capitalisation Multiple                                 | 4.00   |                              |                              |                              |                              |
| <b>Enterprise Value</b>                                 | <b>\$1,344,866</b>                             |                              |                              |                              |                              |
| Add: Surplus Assets                                     | \$595,087                                      |                              |                              |                              |                              |

|                     |                    |
|---------------------|--------------------|
| Less: Debt          | (\$318,826)        |
| <b>Equity Value</b> | <b>\$1,621,127</b> |

Scenario Charts

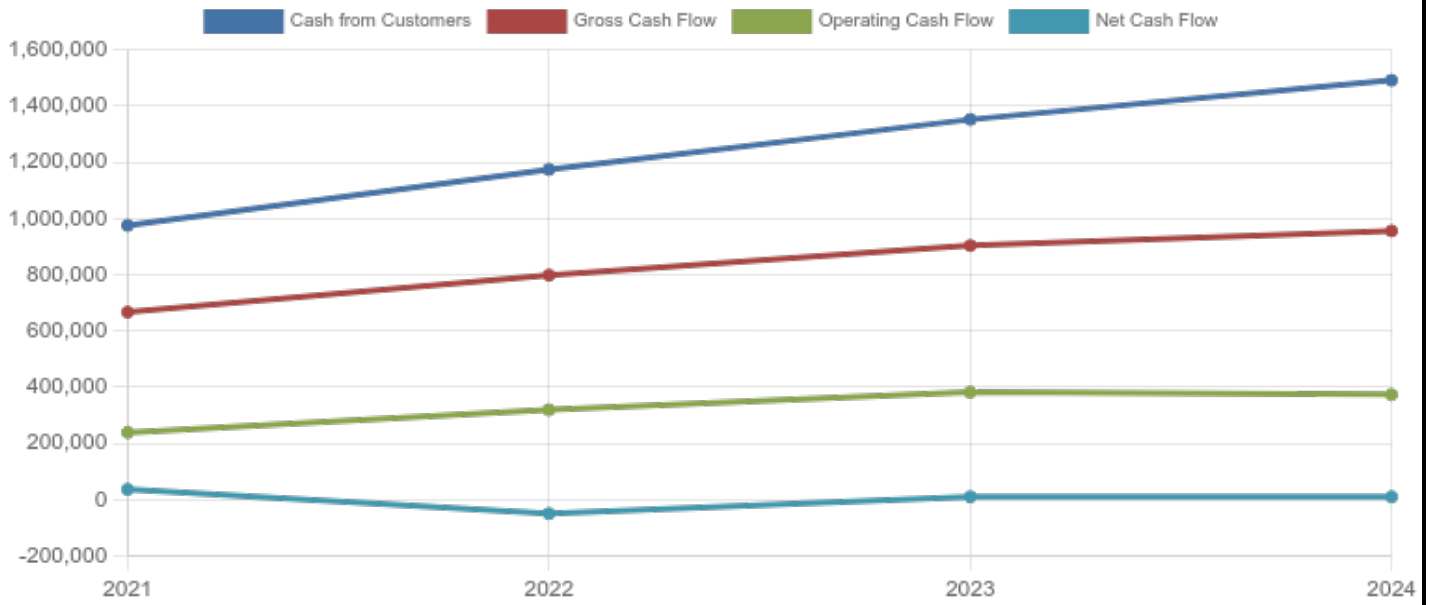


|                   | 2020    | 2021      | 2022      | 2023      | 2024      |
|-------------------|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 629,965 | 1,038,164 | 1,195,440 | 1,361,513 | 1,506,192 |
| Gross Profit      | 444,700 | 724,648   | 818,954   | 912,635   | 970,256   |
| EBIT              | 200,374 | 359,694   | 419,896   | 355,360   | 368,540   |
| NPAT              | 136,267 | 258,615   | 313,699   | 271,671   | 287,996   |



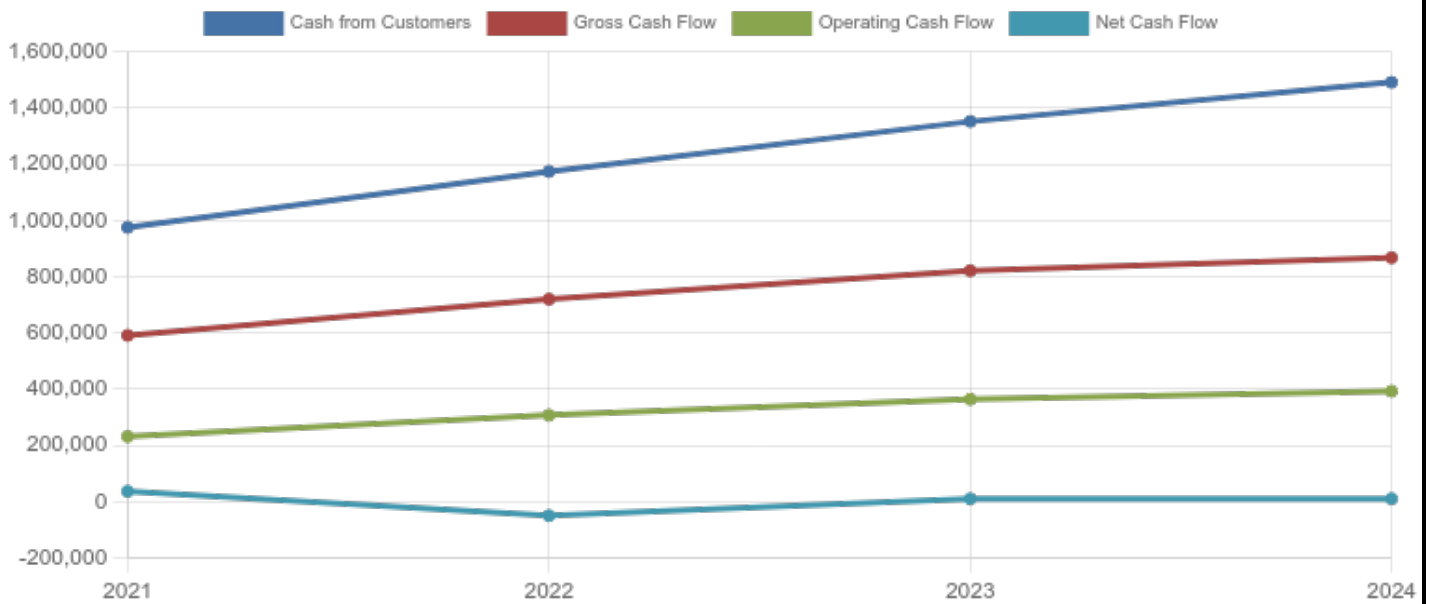
|                   | 2020    | 2021      | 2022      | 2023      | 2024      |
|-------------------|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 629,965 | 1,038,164 | 1,195,440 | 1,361,513 | 1,506,192 |
| Gross Profit      | 409,487 | 649,263   | 740,160   | 830,114   | 881,456   |
| EBIT              | 111,848 | 218,152   | 286,268   | 325,121   | 362,854   |
| NPAT              | 47,741  | 117,073   | 180,071   | 241,432   | 282,310   |

**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Cash Flow (unadjusted)**



|                     | 2021    | 2022      | 2023      | 2024      |
|---------------------|---------|-----------|-----------|-----------|
| Cash from Customers | 975,389 | 1,174,260 | 1,351,718 | 1,490,886 |
| Gross Cash Flow     | 666,890 | 798,826   | 903,766   | 955,967   |
| Operating Cash Flow | 239,349 | 319,452   | 382,221   | 374,004   |
| Net Cash Flow       | 37,684  | (49,093)  | 10,786    | 11,227    |

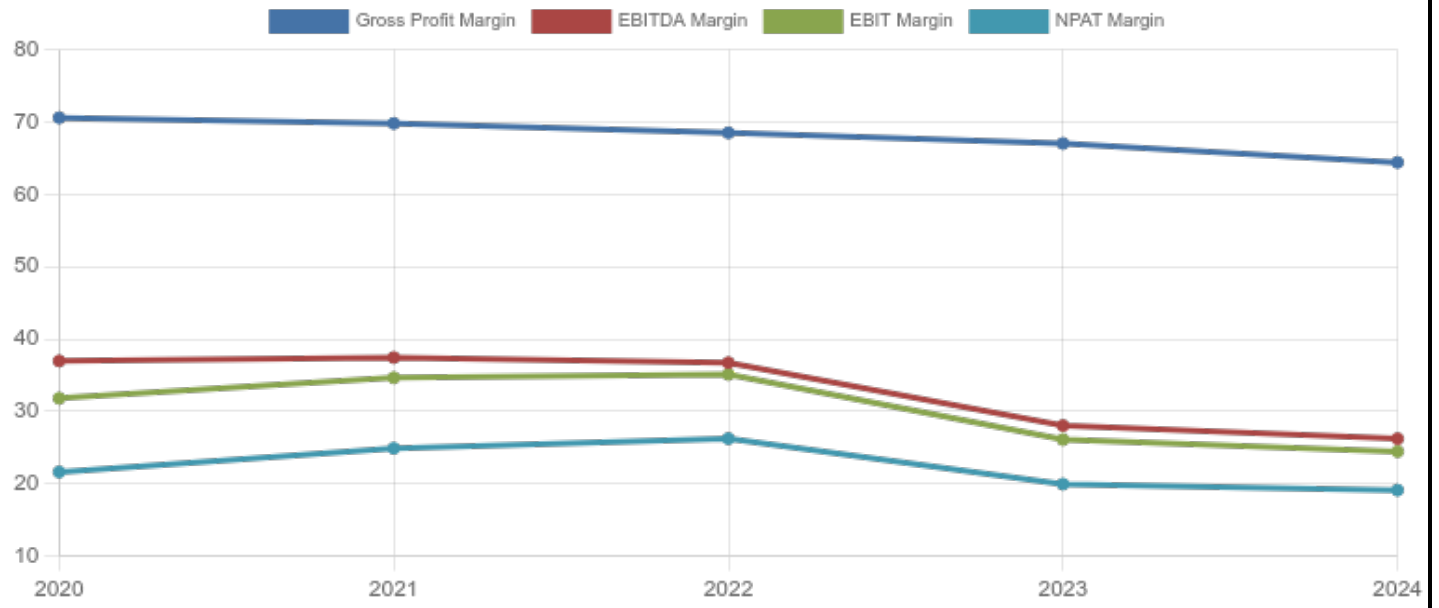
**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Cash Flow (normalised)**



|                     | 2021    | 2022      | 2023      | 2024      |
|---------------------|---------|-----------|-----------|-----------|
| Cash from Customers | 975,389 | 1,174,260 | 1,351,718 | 1,490,886 |
| Gross Cash Flow     | 591,505 | 720,032   | 821,245   | 867,167   |
| Operating Cash Flow | 231,814 | 307,763   | 364,792   | 393,085   |
| Net Cash Flow       | 37,684  | (49,093)  | 10,786    | 11,227    |

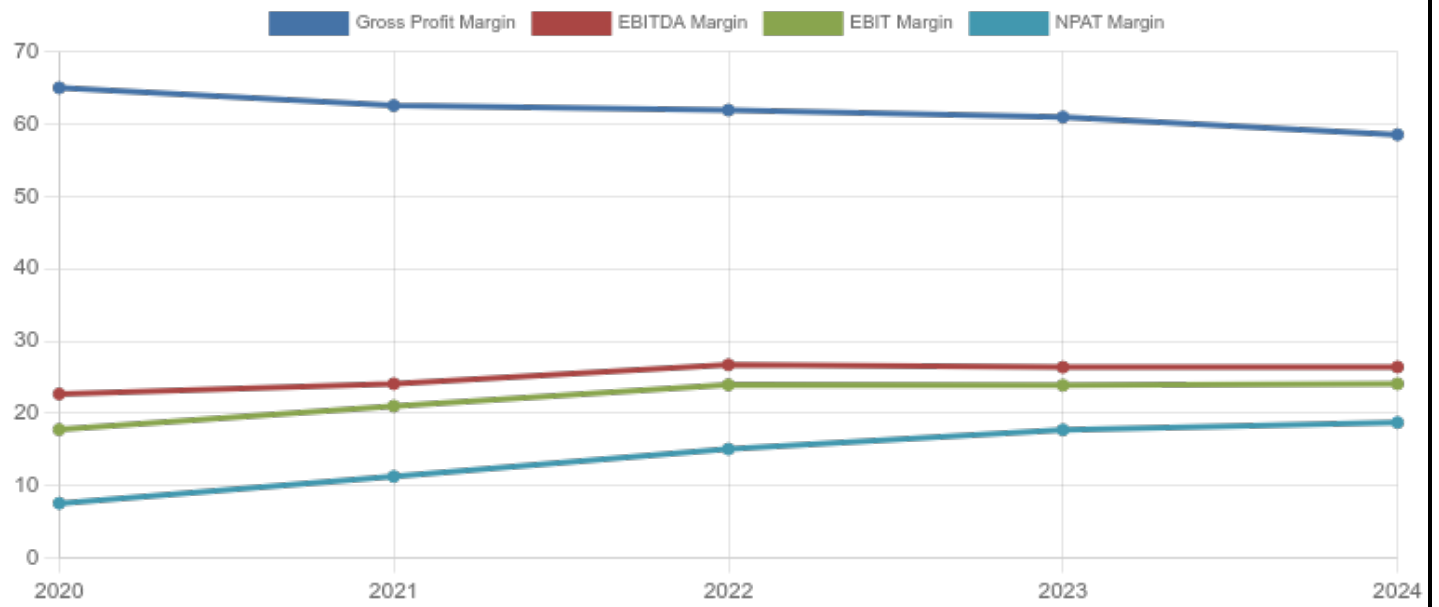


**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Profit Ratios (unadjusted)**



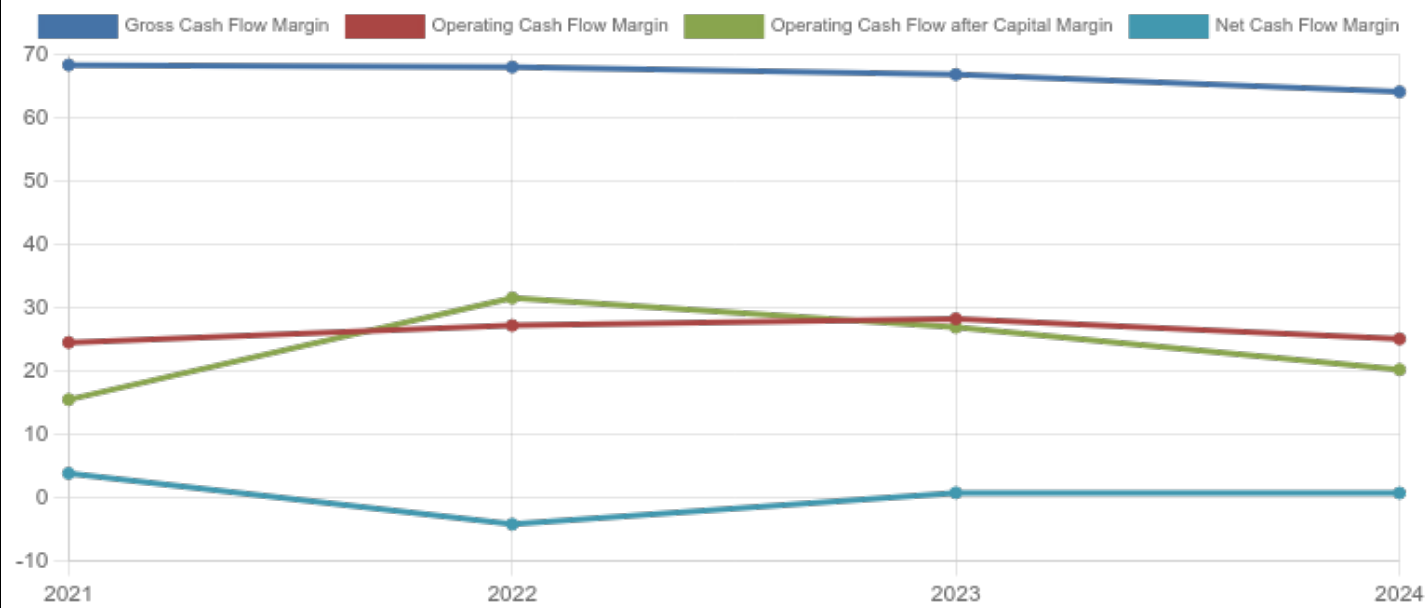
|                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 70.59% | 69.80% | 68.51% | 67.03% | 64.42% |
| EBITDA Margin       | 36.97% | 37.45% | 36.72% | 28.03% | 26.22% |
| EBIT Margin         | 31.81% | 34.65% | 35.12% | 26.10% | 24.47% |
| NPAT Margin         | 21.63% | 24.91% | 26.24% | 19.95% | 19.12% |

**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Profit Ratios (normalised)**



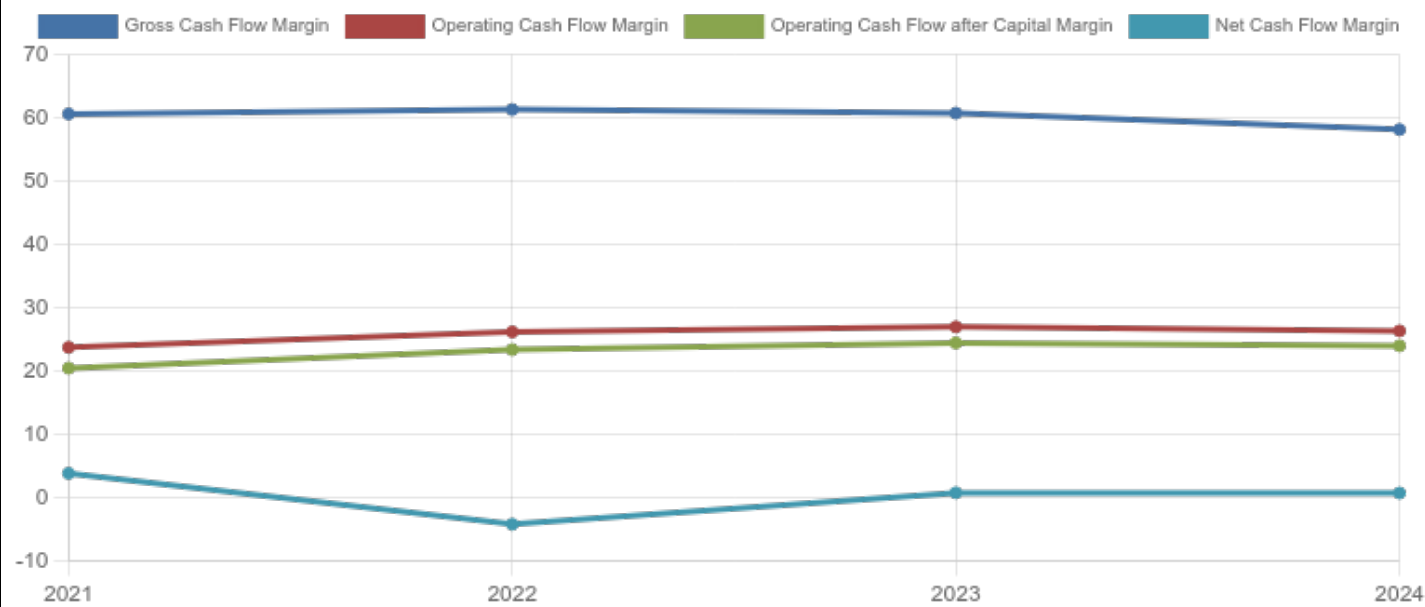
|                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 65.00% | 62.54% | 61.92% | 60.97% | 58.52% |
| EBITDA Margin       | 22.69% | 24.10% | 26.71% | 26.38% | 26.41% |
| EBIT Margin         | 17.75% | 21.01% | 23.95% | 23.88% | 24.09% |
| NPAT Margin         | 7.58%  | 11.28% | 15.06% | 17.73% | 18.74% |

**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Cash Flow Ratios (unadjusted)**



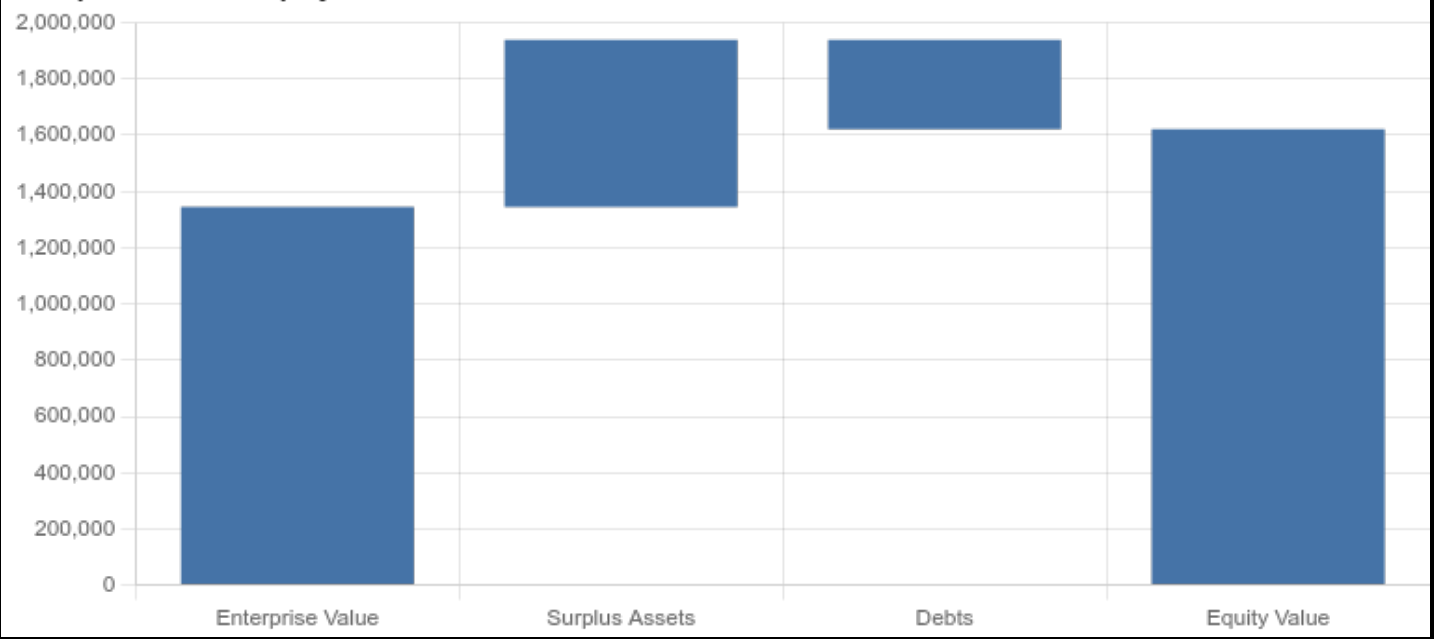
|  | 2021   | 2022    | 2023   | 2024   |
|--|--------|---------|--------|--------|
| Gross Cash Flow Margin                   | 68.37% | 68.03%  | 66.86% | 64.12% |
| Operating Cash Flow Margin               | 24.54% | 27.20%  | 28.28% | 25.09% |
| Operating Cash Flow after Capital Margin | 15.51% | 31.55%  | 26.94% | 20.25% |
| Net Cash Flow Margin                     | 3.86%  | (4.18%) | 0.80%  | 0.75%  |

**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Cash Flow Ratios (normalised)**



|  | 2021   | 2022    | 2023   | 2024   |
|--|--------|---------|--------|--------|
| Gross Cash Flow Margin                   | 60.64% | 61.32%  | 60.76% | 58.16% |
| Operating Cash Flow Margin               | 23.77% | 26.21%  | 26.99% | 26.37% |
| Operating Cash Flow after Capital Margin | 20.48% | 23.40%  | 24.47% | 24.02% |
| Net Cash Flow Margin                     | 3.86%  | (4.18%) | 0.80%  | 0.75%  |

**XYZ Accounting Pty Ltd: Scenario 1: Capitalisation of Future Maintainable Earnings Method**  
**Enterprise Value to Equity Value**



|                  | <b>Enterprise Value</b> | <b>Surplus Assets</b> | <b>Debts</b> | <b>Equity Value</b> |
|------------------|-------------------------|-----------------------|--------------|---------------------|
| Value Components | \$1,344,866             | \$595,087             | (\$318,826)  | \$1,621,127         |

**Adjustments****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

| <b>Adjustment</b>              | <b>Description</b>                                     | <b>01-Jul-19<br/>To<br/>30-Jun-20</b> | <b>01-Jul-20<br/>To<br/>30-Jun-21</b> | <b>01-Jul-21<br/>To<br/>30-Jun-22</b> | <b>01-Jul-22<br/>To<br/>30-Jun-23</b> | <b>01-Jul-23<br/>To<br/>30-Jun-24</b> |
|--------------------------------|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Increasing Adjustments</b>  |  |                                       |                                       |                                       |                                       |                                       |
| Amortisation                   | Exclude as Abnormal                                    | -                                     | -                                     | \$1,000                               | \$1,000                               | \$1,000                               |
| Consultants                    | Exclude Business Coaching not Necessary                | -                                     | -                                     | -                                     | \$15,000                              | \$15,000                              |
| Depreciation - Equipment       | Exclude and Replace with Estimated Annual Replacements | \$8,090                               | \$6,012                               | \$12,810                              | \$11,248                              | \$10,002                              |
| Depreciation - Immediate W/Off | Exclude and Replace with Estimated Annual Replacements | \$4,349                               | \$8,042                               | \$4,027                               | \$3,055                               | \$7,086                               |
| Depreciation - Motor Vehicles  | Exclude and Replace with Estimated Annual Replacements | \$20,092                              | \$15,038                              | \$1,276                               | \$10,953                              | \$8,223                               |
| Donations                      | Assume Discretionary                                   | \$6,085                               | \$7,100                               | \$10,030                              | \$12,037                              | \$14,099                              |
| Entertainment Expenses         | Assume say 50% Private                                 | \$4,038                               | \$4,545                               | \$5,013                               | \$6,003                               | \$7,009                               |
| Fines                          | Assume Abnormal  | \$4,010                               | \$257                                 | \$404                                 | \$1,592                               | \$1,545                               |
| Fringe Benefits Tax            | Assume from Private Use                                | \$9,082                               | \$10,096                              | \$12,017                              | \$14,049                              | \$15,096                              |
| Legal Costs                    | Assume Abnormal  | -                                     | \$6,000                               | -                                     | \$4,300                               | -                                     |
| Motor Vehicle Expenses         | Assume Private Use @ say 50%                           | \$12,101                              | \$13,311                              | \$14,642                              | \$12,079                              | \$12,079                              |

| Adjustment                          | Description  | 01-Jul-19        | 01-Jul-20        | 01-Jul-21        | 01-Jul-22        | 01-Jul-23        |
|-------------------------------------|--|------------------|------------------|------------------|------------------|------------------|
|                                     |  | To<br>30-Jun-20  | To<br>30-Jun-21  | To<br>30-Jun-22  | To<br>30-Jun-23  | To<br>30-Jun-24  |
| Profit on Sale of Assets            | Exclude as Abnormal  | -                | -                | -                | \$10,000         | -                |
| Recruitment Expenses                | Assume Abnormal  | -                | -                | \$25,000         | -                | \$30,000         |
| Relocation Costs                    | Assume Abnormal  | -                | \$23,454         | -                | -                | -                |
| Repairs & Maintenance               | Cap at say \$5,000   | -                | \$3,089          | -                | \$10,033         | \$13,053         |
| Superannuation - Direct             | John Smith - Actual Superannuation                           | \$10,450         | \$10,640         | \$11,500         | \$12,390         | \$13,200         |
| Superannuation - Direct             | Emma Jones - Actual Superannuation                           | -                | \$10,640         | \$11,500         | \$12,390         | \$13,200         |
| Wages - Direct                      | Emma Jones - Actual Wages                                    | -                | \$112,000        | \$115,000        | \$118,000        | \$120,000        |
| Wages - Direct                      | John Smith - Actual Wages                                    | \$110,000        | \$112,000        | \$115,000        | \$118,000        | \$120,000        |
| <b>Total Increasing Adjustments</b> |  | <b>\$188,297</b> | <b>\$342,223</b> | <b>\$339,218</b> | <b>\$372,129</b> | <b>\$400,592</b> |
| <b>Decreasing Adjustments</b>       |  |                  |                  |                  |                  |                  |
| COVID Stimulus & Grants             | Exclude as Abnormal  | \$80,000         | \$120,000        | \$75,000         | -                | -                |
| Depreciation - Equipment            | Hypothetical Depreciation (estimated annual asset purchases) | \$13,327         | \$13,727         | \$14,139         | \$14,563         | \$15,000         |
| Depreciation - Motor Vehicles       | Hypothetical Depreciation (estimated annual asset purchases) | \$17,770         | \$18,303         | \$18,852         | \$19,417         | \$20,000         |
| Dividends Received                  | Exclude as Investment Income                                 | \$10,063         | \$11,069         | \$13,062         | \$15,086         | \$16,078         |
| Insurance Proceeds                  | Exclude as Abnormal  | -                | -                | -                | \$10,000         | -                |

| Adjustment                          | Description  | 01-Jul-19         | 01-Jul-20          | 01-Jul-21          | 01-Jul-22         | 01-Jul-23        |
|-------------------------------------|--|-------------------|--------------------|--------------------|-------------------|------------------|
|                                     |  | To<br>30-Jun-20   | To<br>30-Jun-21    | To<br>30-Jun-22    | To<br>30-Jun-23   | To<br>30-Jun-24  |
| Profit on Sale of Assets            | Exclude as Abnormal                                    | -                 | -                  | \$20,000           | -                 | -                |
| Superannuation - Direct             | Emma Jones - Replacement Super @ Statutory Rates       | -                 | \$13,910           | \$15,082           | \$16,311          | \$17,600         |
| Superannuation - Direct             | John Smith - Replacement Super @ Statutory Rates       | \$13,505          | \$13,910           | \$15,082           | \$16,311          | \$17,600         |
| Wages - Direct                      | Emma Jones - Replacement Salary at say \$1600k + Super | -                 | \$146,423          | \$150,815          | \$155,340         | \$160,000        |
| Wages - Direct                      | John Smith - Replacement Salary at say \$160k + Super  | \$142,158         | \$146,423          | \$150,815          | \$155,340         | \$160,000        |
| <b>Total Decreasing Adjustments</b> |  | <b>\$276,823</b>  | <b>\$483,765</b>   | <b>\$472,847</b>   | <b>\$402,368</b>  | <b>\$406,278</b> |
| <b>Net Adjustments</b>              |  | <b>(\$88,526)</b> | <b>(\$141,542)</b> | <b>(\$133,629)</b> | <b>(\$30,239)</b> | <b>(\$5,686)</b> |

## Owner Compensation

Emma Jones

### Scenario 1: Capitalisation of Future Maintainable Earnings Method

| Account                   | Type                             | Description                               | 2020      | 2021              | 2022              | 2023              | 2024              |  |
|---------------------------|----------------------------------|---|-----------|-------------------|-------------------|-------------------|-------------------|--|
| <b>Add Backs</b>          |                                  |   |           |                   |                   |                   |                   |  |
| Superannuation - Direct   | Fixed Amount                     | Actual Superannuation                     | -         | \$10,640          | \$11,500          | \$12,390          | \$13,200          |  |
| Wages - Direct            | Fixed Amount                     | Actual Wages                              | -         | \$112,000         | \$115,000         | \$118,000         | \$120,000         |  |
| <b>Total of Add Backs</b> |                                  |   | -         | <b>\$122,640</b>  | <b>\$126,500</b>  | <b>\$130,390</b>  | <b>\$133,200</b>  |  |
| <b>Replacement Salary</b> |                                  |   |           |                   |                   |                   |                   |  |
| Wages - Direct            | Fixed Amount                     | Replacement Salary at say \$1600k + Super | -         | \$146,423         | \$150,815         | \$155,340         | \$160,000         |  |
| <b>On Costs</b>           |                                  |   |           |                   |                   |                   |                   |  |
| Superannuation - Direct   | Percentage of Replacement Salary | Replacement Super @ Statutory Rates       | 9.5%<br>- | 9.5%<br>\$13,910  | 10%<br>\$15,082   | 10.5%<br>\$16,311 | 11%<br>\$17,600   |  |
| <b>Owner Compensation</b> |                                  |   | -         | <b>\$160,333</b>  | <b>\$165,897</b>  | <b>\$171,650</b>  | <b>\$177,600</b>  |  |
| <b>Net Change</b>         |                                  |   | -         | <b>(\$37,693)</b> | <b>(\$39,397)</b> | <b>(\$41,260)</b> | <b>(\$44,400)</b> |  |

## Owner Compensation

John Smith

### Scenario 1: Capitalisation of Future Maintainable Earnings Method

| Account                   | Type                             | Description                              | 2020              | 2021              | 2022              | 2023              | 2024              |  |
|---------------------------|----------------------------------|--|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| <b>Add Backs</b>          |                                  |  |                   |                   |                   |                   |                   |  |
| Superannuation - Direct   | Fixed Amount                     | Actual Superannuation                    | \$10,450          | \$10,640          | \$11,500          | \$12,390          | \$13,200          |  |
| Wages - Direct            | Fixed Amount                     | Actual Wages                             | \$110,000         | \$112,000         | \$115,000         | \$118,000         | \$120,000         |  |
| <b>Total of Add Backs</b> |                                  |  | <b>\$120,450</b>  | <b>\$122,640</b>  | <b>\$126,500</b>  | <b>\$130,390</b>  | <b>\$133,200</b>  |  |
| <b>Replacement Salary</b> |                                  |  |                   |                   |                   |                   |                   |  |
| Wages - Direct            | Fixed Amount                     | Replacement Salary at say \$160k + Super | \$142,158         | \$146,423         | \$150,815         | \$155,340         | \$160,000         |  |
| <b>On Costs</b>           |                                  |  |                   |                   |                   |                   |                   |  |
| Superannuation - Direct   | Percentage of Replacement Salary | Replacement Super @ Statutory Rates      | 9.5%<br>\$13,505  | 9.5%<br>\$13,910  | 10%<br>\$15,082   | 10.5%<br>\$16,311 | 11%<br>\$17,600   |  |
| <b>Owner Compensation</b> |                                  |  | <b>\$155,663</b>  | <b>\$160,333</b>  | <b>\$165,897</b>  | <b>\$171,650</b>  | <b>\$177,600</b>  |  |
| <b>Net Change</b>         |                                  |  | <b>(\$35,213)</b> | <b>(\$37,693)</b> | <b>(\$39,397)</b> | <b>(\$41,260)</b> | <b>(\$44,400)</b> |  |

**Normalised Earnings****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

|                        | 01-Jul-19<br>To<br>30-Jun-20 | 01-Jul-20<br>To<br>30-Jun-21 | 01-Jul-21<br>To<br>30-Jun-22 | 01-Jul-22<br>To<br>30-Jun-23 | 01-Jul-23<br>To<br>30-Jun-24 |
|------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Original EBIT</b>   | <b>\$200,374</b>             | <b>\$359,694</b>             | <b>\$419,896</b>             | <b>\$355,360</b>             | <b>\$368,540</b>             |
| Increasing Adjustments | \$188,297                    | \$342,223                    | \$339,218                    | \$372,129                    | \$400,592                    |
| Decreasing Adjustments | (\$276,823)                  | (\$483,765)                  | (\$472,847)                  | (\$402,368)                  | (\$406,278)                  |
| <b>Net Adjustments</b> | <b>(\$88,526)</b>            | <b>(\$141,542)</b>           | <b>(\$133,629)</b>           | <b>(\$30,239)</b>            | <b>(\$5,686)</b>             |
| <b>Normalised EBIT</b> | <b>\$111,848</b>             | <b>\$218,152</b>             | <b>\$286,268</b>             | <b>\$325,121</b>             | <b>\$362,854</b>             |



## Normalised Profit And Loss

### XYZ Accounting Pty Ltd

#### Scenario 1: Capitalisation of Future Maintainable Earnings Method

|                                | 01-Jul-19<br>To<br>30-Jun-20 | 01-Jul-20<br>To<br>30-Jun-21 | 01-Jul-21<br>To<br>30-Jun-22 | 01-Jul-22<br>To<br>30-Jun-23 | 01-Jul-23<br>To<br>30-Jun-24 | Future<br>Maintainable<br>Earnings<br>Equivalent |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
|                                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                |  |
|                                | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            |  |
| <i>Weighting Adopted</i>       | 0.00%                        | 0.00%                        | 20.00%                       | 30.00%                       | 50.00%                       |  |
| Fees - Compliance              | \$507,849                    | \$853,410                    | \$963,089                    | \$1,005,934                  | \$1,078,612                  | \$1,033,704                                      |
| Fees - Consulting              | \$122,116                    | \$184,754                    | \$232,351                    | \$355,579                    | \$427,580                    | \$366,934  |
| <b>Total Operating Revenue</b> | <b>\$629,965</b>             | <b>\$1,038,164</b>           | <b>\$1,195,440</b>           | <b>\$1,361,513</b>           | <b>\$1,506,192</b>           | <b>\$1,400,638</b>                               |
| Disbursements                  | \$12,812                     | \$17,950                     | \$21,440                     | \$27,625                     | \$34,374                     | \$29,763   |
| Superannuation - Direct        | \$18,017                     | \$32,183                     | \$39,440                     | \$47,870                     | \$58,504                     | \$51,501   |
| Wages - Direct                 | \$189,649                    | \$338,768                    | \$394,400                    | \$455,904                    | \$531,858                    | \$481,580  |
| <b>Total Direct Costs</b>      | <b>\$220,478</b>             | <b>\$388,901</b>             | <b>\$455,280</b>             | <b>\$531,399</b>             | <b>\$624,736</b>             | <b>\$562,844</b>                                 |
| <b>Gross Profit</b>            | <b>\$409,487</b>             | <b>\$649,263</b>             | <b>\$740,160</b>             | <b>\$830,114</b>             | <b>\$881,456</b>             | <b>\$837,794</b>                                 |
| Commissions Received           | \$6,554                      | \$7,564                      | \$8,536                      | \$9,032                      | \$9,570                      | \$9,202  |
| <b>Total Other Income</b>      | <b>\$6,554</b>               | <b>\$7,564</b>               | <b>\$8,536</b>               | <b>\$9,032</b>               | <b>\$9,570</b>               | <b>\$9,202</b>                                   |
| Advertising                    | \$25,563                     | \$30,738                     | \$37,051                     | \$40,388                     | \$47,421                     | \$43,237   |
| Bad Debts                      | \$66                         | \$3,077                      | \$56                         | \$1,906                      | \$2,568                      | \$1,867  |
| Bank Charges                   | \$1,288                      | \$1,391                      | \$1,566                      | \$1,608                      | \$1,840                      | \$1,716  |
| Computer Expenses              | \$6,049                      | \$12,032                     | \$6,570                      | \$5,052                      | \$8,098                      | \$6,879  |
| Electricity & Gas              | \$6,077                      | \$7,073                      | \$8,009                      | \$10,059                     | \$11,042                     | \$10,141   |
| Entertainment Expenses         | \$4,038                      | \$4,545                      | \$5,013                      | \$6,003                      | \$7,009                      | \$6,308  |
| Filing Fees                    | \$515                        | \$539                        | \$526                        | \$527                        | \$550                        | \$538  |
| General Expenses               | \$6,067                      | \$7,051                      | \$8,098                      | \$9,066                      | \$10,028                     | \$9,353  |
| Insurance                      | \$5,009                      | \$6,030                      | \$7,097                      | \$8,100                      | \$9,068                      | \$8,383  |
| Motor Vehicle Expenses         | \$12,101                     | \$13,311                     | \$14,642                     | \$12,079                     | \$12,079                     | \$12,592   |
| Postage                        | \$1,570                      | \$2,069                      | \$3,086                      | \$3,514                      | \$3,645                      | \$3,494  |
| Printing & Stationery          | \$5,063                      | \$6,052                      | \$7,084                      | \$7,527                      | \$8,068                      | \$7,709  |
| Rent                           | \$35,053                     | \$65,066                     | \$68,347                     | \$71,732                     | \$75,312                     | \$72,845   |

|                               | 01-Jul-19<br>To<br>30-Jun-20 | 01-Jul-20<br>To<br>30-Jun-21 | 01-Jul-21<br>To<br>30-Jun-22 | 01-Jul-22<br>To<br>30-Jun-23 | 01-Jul-23<br>To<br>30-Jun-24 | Future<br>Maintainable<br>Earnings<br>Equivalent |
|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
|                               | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                |  |
|                               | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            |  |
| <i>Weighting Adopted</i>      | 0.00%                        | 0.00%                        | 20.00%                       | 30.00%                       | 50.00%                       |  |
| Repairs & Maintenance         | \$1,508                      | \$5,000                      | \$2,010                      | \$5,000                      | \$5,000                      | \$4,402  |
| Subscriptions                 | \$15,029                     | \$25,029                     | \$30,027                     | \$35,085                     | \$37,040                     | \$35,051   |
| Superannuation                | \$11,876                     | \$17,581                     | \$19,429                     | \$21,420                     | \$23,558                     | \$22,091   |
| Telephone                     | \$3,521                      | \$6,506                      | \$7,091                      | \$7,358                      | \$7,548                      | \$7,400  |
| Travelling                    | \$6,108                      | \$6,754                      | \$7,374                      | \$27,072                     | \$6,118                      | \$12,655   |
| Uniforms                      | \$1,587                      | \$1,743                      | \$2,074                      | \$2,551                      | \$3,016                      | \$2,688  |
| Wages & Salaries              | \$125,009                    | \$185,059                    | \$194,289                    | \$203,999                    | \$214,164                    | \$207,140  |
| <b>Total Overheads</b>        | <b>\$273,096</b>             | <b>\$406,645</b>             | <b>\$429,438</b>             | <b>\$480,045</b>             | <b>\$493,172</b>             | <b>\$476,487</b>                                 |
| <b>EBITDA</b>                 | <b>\$142,945</b>             | <b>\$250,182</b>             | <b>\$319,258</b>             | <b>\$359,101</b>             | <b>\$397,854</b>             | <b>\$370,509</b>                                 |
| Depreciation - Equipment      | \$13,327                     | \$13,727                     | \$14,139                     | \$14,563                     | \$15,000                     | \$14,697   |
| Depreciation - Motor Vehicles | \$17,770                     | \$18,303                     | \$18,852                     | \$19,417                     | \$20,000                     | \$19,596   |
| <b>Total Depreciation</b>     | <b>\$31,097</b>              | <b>\$32,030</b>              | <b>\$32,991</b>              | <b>\$33,981</b>              | <b>\$35,000</b>              | <b>\$34,292</b>                                  |
| <b>EBITA</b>                  | <b>\$111,848</b>             | <b>\$218,152</b>             | <b>\$286,268</b>             | <b>\$325,121</b>             | <b>\$362,854</b>             | <b>\$336,216</b>                                 |
| No Amortisation               | -                            | -                            | -                            | -                            | -                            | -  |
| <b>EBIT</b>                   | <b>\$111,848</b>             | <b>\$218,152</b>             | <b>\$286,268</b>             | <b>\$325,121</b>             | <b>\$362,854</b>             | <b>\$336,216</b>                                 |

## Normalised Profit And Loss Common Size

### XYZ Accounting Pty Ltd

#### Scenario 1: Capitalisation of Future Maintainable Earnings Method

|                                | 01-Jul-19<br>To<br>30-Jun-20 | 01-Jul-20<br>To<br>30-Jun-21 | 01-Jul-21<br>To<br>30-Jun-22 | 01-Jul-22<br>To<br>30-Jun-23 | 01-Jul-23<br>To<br>30-Jun-24 | Future<br>Maintainable<br>Earnings<br>Equivalent |
|--------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
|                                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                |  |
|                                | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            |  |
| <i>Weighting Adopted</i>       | 0.00%                        | 0.00%                        | 20.00%                       | 30.00%                       | 50.00%                       |  |
| Fees - Compliance              | 80.62%                       | 82.20%                       | 80.56%                       | 73.88%                       | 71.61%                       | 73.80%   |
| Fees - Consulting              | 19.38%                       | 17.80%                       | 19.44%                       | 26.12%                       | 28.39%                       | 26.20%   |
| <b>Total Operating Revenue</b> | <b>100.00%</b>               | <b>100.00%</b>               | <b>100.00%</b>               | <b>100.00%</b>               | <b>100.00%</b>               | <b>100.00%</b>                                   |
| Disbursements                  | 2.03%                        | 1.73%                        | 1.79%                        | 2.03%                        | 2.28%                        | 2.12%  |
| Superannuation - Direct        | 2.86%                        | 3.10%                        | 3.30%                        | 3.52%                        | 3.88%                        | 3.68%  |
| Wages - Direct                 | 30.10%                       | 32.63%                       | 32.99%                       | 33.49%                       | 35.31%                       | 34.38%   |
| <b>Total Direct Costs</b>      | <b>35.00%</b>                | <b>37.46%</b>                | <b>38.08%</b>                | <b>39.03%</b>                | <b>41.48%</b>                | <b>40.18%</b>                                    |
| <b>Gross Profit</b>            | <b>65.00%</b>                | <b>62.54%</b>                | <b>61.92%</b>                | <b>60.97%</b>                | <b>58.52%</b>                | <b>59.82%</b>                                    |
| Commissions Received           | 1.04%                        | 0.73%                        | 0.71%                        | 0.66%                        | 0.64%                        | 0.66%  |
| <b>Total Other Income</b>      | <b>1.04%</b>                 | <b>0.73%</b>                 | <b>0.71%</b>                 | <b>0.66%</b>                 | <b>0.64%</b>                 | <b>0.66%</b>                                     |
| Advertising                    | 4.06%                        | 2.96%                        | 3.10%                        | 2.97%                        | 3.15%                        | 3.09%  |
| Bad Debts                      | 0.01%                        | 0.30%                        | -                            | 0.14%                        | 0.17%                        | 0.13%  |
| Bank Charges                   | 0.20%                        | 0.13%                        | 0.13%                        | 0.12%                        | 0.12%                        | 0.12%  |
| Computer Expenses              | 0.96%                        | 1.16%                        | 0.55%                        | 0.37%                        | 0.54%                        | 0.49%  |
| Electricity & Gas              | 0.96%                        | 0.68%                        | 0.67%                        | 0.74%                        | 0.73%                        | 0.72%  |
| Entertainment Expenses         | 0.64%                        | 0.44%                        | 0.42%                        | 0.44%                        | 0.47%                        | 0.45%  |
| Filing Fees                    | 0.08%                        | 0.05%                        | 0.04%                        | 0.04%                        | 0.04%                        | 0.04%  |
| General Expenses               | 0.96%                        | 0.68%                        | 0.68%                        | 0.67%                        | 0.67%                        | 0.67%  |
| Insurance                      | 0.80%                        | 0.58%                        | 0.59%                        | 0.59%                        | 0.60%                        | 0.60%  |
| Motor Vehicle Expenses         | 1.92%                        | 1.28%                        | 1.22%                        | 0.89%                        | 0.80%                        | 0.90%  |
| Postage                        | 0.25%                        | 0.20%                        | 0.26%                        | 0.26%                        | 0.24%                        | 0.25%  |
| Printing & Stationery          | 0.80%                        | 0.58%                        | 0.59%                        | 0.55%                        | 0.54%                        | 0.55%  |
| Rent                           | 5.56%                        | 6.27%                        | 5.72%                        | 5.27%                        | 5.00%                        | 5.20%  |

|                               | 01-Jul-19<br>To<br>30-Jun-20 | 01-Jul-20<br>To<br>30-Jun-21 | 01-Jul-21<br>To<br>30-Jun-22 | 01-Jul-22<br>To<br>30-Jun-23 | 01-Jul-23<br>To<br>30-Jun-24 | Future<br>Maintainable<br>Earnings<br>Equivalent |
|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--|
|                               | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                | <i>Actual</i>                |  |
|                               | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            | <i>Normalised</i>            |  |
| <i>Weighting Adopted</i>      | 0.00%                        | 0.00%                        | 20.00%                       | 30.00%                       | 50.00%                       |  |
| Repairs & Maintenance         | 0.24%                        | 0.48%                        | 0.17%                        | 0.37%                        | 0.33%                        | 0.31%  |
| Subscriptions                 | 2.39%                        | 2.41%                        | 2.51%                        | 2.58%                        | 2.46%                        | 2.50%  |
| Superannuation                | 1.89%                        | 1.69%                        | 1.63%                        | 1.57%                        | 1.56%                        | 1.58%  |
| Telephone                     | 0.56%                        | 0.63%                        | 0.59%                        | 0.54%                        | 0.50%                        | 0.53%  |
| Travelling                    | 0.97%                        | 0.65%                        | 0.62%                        | 1.99%                        | 0.41%                        | 0.90%  |
| Uniforms                      | 0.25%                        | 0.17%                        | 0.17%                        | 0.19%                        | 0.20%                        | 0.19%  |
| Wages & Salaries              | 19.84%                       | 17.83%                       | 16.25%                       | 14.98%                       | 14.22%                       | 14.79%   |
| <b>Total Overheads</b>        | <b>43.35%</b>                | <b>39.17%</b>                | <b>35.92%</b>                | <b>35.26%</b>                | <b>32.74%</b>                | <b>34.02%</b>                                    |
| <b>EBITDA</b>                 | <b>22.69%</b>                | <b>24.10%</b>                | <b>26.71%</b>                | <b>26.38%</b>                | <b>26.41%</b>                | <b>26.45%</b>                                    |
| Depreciation - Equipment      | 2.12%                        | 1.32%                        | 1.18%                        | 1.07%                        | 1.00%                        | 1.05%  |
| Depreciation - Motor Vehicles | 2.82%                        | 1.76%                        | 1.58%                        | 1.43%                        | 1.33%                        | 1.40%  |
| <b>Total Depreciation</b>     | <b>4.94%</b>                 | <b>3.09%</b>                 | <b>2.76%</b>                 | <b>2.50%</b>                 | <b>2.32%</b>                 | <b>2.45%</b>                                     |
| <b>EBITA</b>                  | <b>17.75%</b>                | <b>21.01%</b>                | <b>23.95%</b>                | <b>23.88%</b>                | <b>24.09%</b>                | <b>24.00%</b>                                    |
| No Amortisation               | -                            | -                            | -                            | -                            | -                            | -  |
| <b>EBIT</b>                   | <b>17.75%</b>                | <b>21.01%</b>                | <b>23.95%</b>                | <b>23.88%</b>                | <b>24.09%</b>                | <b>24.00%</b>                                    |

**Normalised Cash Flow****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|--|--|--|--|--|
| Operating Revenue Accrued                            | \$1,038,164  | \$1,195,440  | \$1,361,513  | \$1,506,192  |
| Decrease/(Increase) in Trade Receivable              | (\$47,799)   | (\$13,912)   | (\$9,382)  | (\$6,862)  |
| Decrease/(Increase) in WIP (Services)                | (\$19,982)   | (\$9,231)  | (\$2,423)  | (\$10,487)   |
| Increase/(Decrease) in Income in Advance             | \$5,006  | \$1,963  | \$2,010  | \$2,043  |
| <b>Cash from Customers</b>                           | <b>\$975,389</b>   | <b>\$1,174,260</b>   | <b>\$1,351,718</b>   | <b>\$1,490,886</b>   |
| Direct Costs Accrued                                 | (\$388,901)  | (\$455,280)  | (\$531,399)  | (\$624,736)  |
| Increase/(Decrease) in Trade Payables                | \$5,017  | \$1,052  | \$926  | \$1,017  |
| Decrease/(Increase) in Stock/Inventory               | -  | -  | -  | -  |
| Decrease/(Increase) in WIP (Inventory)               | -  | -  | -  | -  |
| <b>Cash to Suppliers</b>                             | <b>(\$383,884)</b>   | <b>(\$454,228)</b>   | <b>(\$530,473)</b>   | <b>(\$623,719)</b>   |
| <b>Gross Cash Flow</b>                               | <b>\$591,505</b>   | <b>\$720,032</b>   | <b>\$821,245</b>   | <b>\$867,167</b>   |
| Other Income Accrued                                 | \$7,564  | \$8,536  | \$9,032  | \$9,570  |
| Overheads Accrued                                    | (\$406,645)  | (\$429,438)  | (\$480,045)  | (\$493,172)  |
| Decrease/(Increase) in Prepayments                   | (\$2,002)  | (\$1,042)  | (\$983)  | (\$981)  |
| Increase/(Decrease) in Provisions and Accruals       | \$33,351   | \$4,623  | \$10,115   | \$5,478  |
| Decrease/(Increase) in Other Current Assets          | -  | -  | -  | -  |
| Increase/(Decrease) in Other Current Liabilities     | \$13,041   | \$5,052  | \$5,428  | \$5,023  |
| Decrease/(Increase) in Other Non-Current Assets      | (\$5,000)  | -  | -  | -  |
| Increase/(Decrease) in Other Current Non-Liabilities | -  | -  | -  | -  |
| <b>Operating Cash Expenses</b>                       | <b>(\$359,691)</b>   | <b>(\$412,269)</b>   | <b>(\$456,453)</b>   | <b>(\$474,082)</b>   |
| <b>Operating Cash Flow</b>                           | <b>\$231,814</b>   | <b>\$307,763</b>   | <b>\$364,792</b>   | <b>\$393,085</b>   |
| Decrease/(Increase) in Fixed Assets (Depreciable)    | -  | -  | -  | -  |
| Depreciation Accrued                                 | (\$32,030)   | (\$32,991)   | (\$33,981)   | (\$35,000)   |
| Profit/(Loss) on Sale of Fixed Assets                | -  | -  | -  | -  |

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|--|--|--|--|--|
| <b>Capital Expenditure</b>                       | <b>(\$32,030)</b>  | <b>(\$32,991)</b>  | <b>(\$33,981)</b>  | <b>(\$35,000)</b>  |
| <b>Operating Cash Flow after Capital</b>         | <b>\$199,784</b>   | <b>\$274,773</b>   | <b>\$330,812</b>   | <b>\$358,085</b>   |
| Income Tax Accrued                               | (\$90,865)   | (\$104,566)  | (\$90,557)   | (\$95,999)   |
| Increase/(Decrease) in Income Tax Payable        | \$14,177   | \$18,701   | (\$24,009)   | (\$4,558)  |
| <b>Income Tax Cash Flow</b>                      | <b>(\$76,688)</b>  | <b>(\$85,865)</b>  | <b>(\$114,566)</b>   | <b>(\$100,557)</b>   |
| <b>Operating Cash Flow after Capital and Tax</b> | <b>\$123,096</b>   | <b>\$188,908</b>   | <b>\$216,246</b>   | <b>\$257,528</b>   |
| Decrease/(Increase) in Investments               | \$48,269   | \$3,012  | \$16,045   | \$9,125  |
| Decrease/(Increase) in Intangibles               | (\$8,000)  | (\$4,000)  | \$1,000  | \$1,000  |
| Decrease/(Increase) in Goodwill                  | (\$300,000)  | -  | -  | -  |
| Amortisation Expensed                            | -  | -  | -  | -  |
| Other Investment Income or Expenses              | -  | -  | -  | -  |
| <b>Investments Cash Flow</b>                     | <b>(\$259,731)</b>   | <b>(\$988)</b>   | <b>\$17,045</b>  | <b>\$10,125</b>  |
| Interest Income                                  | \$25,861   | \$35,995   | \$41,096   | \$46,346   |
| Interest Expense                                 | (\$36,075)   | (\$37,626)   | (\$34,228)   | (\$30,891)   |
| Increase/(Decrease) in Credit Cards              | \$5,031  | \$2,972  | (\$2,000)  | \$3,048  |
| Increase/(Decrease) in Asset Finance             | \$18,163   | (\$35,707)   | (\$13,865)   | \$38,381   |
| Increase/(Decrease) in Bank Loans                | \$300,017  | (\$29,930)   | (\$30,006)   | (\$30,046)   |
| Increase/(Decrease) in Other Loans               | -  | -  | -  | -  |
| Other Finance Income or Expenses                 | -  | -  | -  | -  |
| <b>Finance Cash Flow</b>                         | <b>\$312,997</b>   | <b>(\$64,296)</b>  | <b>(\$39,003)</b>  | <b>\$26,838</b>  |
| Increase/(Decrease) in Equity Capital            | -  | -  | -  | -  |
| Dividends and Distributions Accrued              | (\$150,000)  | (\$145,000)  | (\$200,000)  | (\$195,000)  |
| Loans From/(To) Associates                       | (\$71,276)   | (\$210,453)  | (\$30,887)   | (\$47,194)   |
| <b>Owner Cash Flow</b>                           | <b>(\$221,276)</b>   | <b>(\$355,453)</b>   | <b>(\$230,887)</b>   | <b>(\$242,194)</b>   |
| Miscellaneous Income or Expenses                 | (\$58,944)   | \$49,108   | \$17,146   | (\$46,756)   |
| Net Normalisation Adjustments                    | \$141,542  | \$133,629  | \$30,239   | \$5,686  |
| <b>Miscellaneous Cash Flow</b>                   | <b>\$82,598</b>  | <b>\$182,737</b>   | <b>\$47,385</b>  | <b>(\$41,070)</b>  |
| <b>Net Cash Flow</b>                             | <b>\$37,684</b>  | <b>(\$49,093)</b>  | <b>\$10,786</b>  | <b>\$11,227</b>  |
| Opening Cash at Bank                             | \$54,419   | \$92,103   | \$43,010   | \$53,796   |

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|--|--|--|--|--|
| <b>Closing Cash at Bank</b>                          | <b>\$92,103</b>  | <b>\$43,010</b>  | <b>\$53,796</b>  | <b>\$65,022</b>  |
| <b>EBIT to Cashflow Reconciliation</b>               |  |  |  |  |
| EBIT   | \$218,152  | \$286,268  | \$325,121  | \$362,854  |
| Decrease/(Increase) in Trade Receivable              | (\$47,799)   | (\$13,912)   | (\$9,382)  | (\$6,862)  |
| Decrease/(Increase) in WIP (Services)                | (\$19,982)   | (\$9,231)  | (\$2,423)  | (\$10,487)   |
| Increase/(Decrease) in Income in Advance             | \$5,006  | \$1,963  | \$2,010  | \$2,043  |
| Increase/(Decrease) in Trade Payables                | \$5,017  | \$1,052  | \$926  | \$1,017  |
| Decrease/(Increase) in Stock/Inventory               | -  | -  | -  | -  |
| Decrease/(Increase) in WIP (Inventory)               | -  | -  | -  | -  |
| Decrease/(Increase) in Prepayments                   | (\$2,002)  | (\$1,042)  | (\$983)  | (\$981)  |
| Increase/(Decrease) in Provisions and Accruals       | \$33,351   | \$4,623  | \$10,115   | \$5,478  |
| Decrease/(Increase) in Other Current Assets          | -  | -  | -  | -  |
| Increase/(Decrease) in Other Current Liabilities     | \$13,041   | \$5,052  | \$5,428  | \$5,023  |
| Decrease/(Increase) in Other Non-Current Assets      | (\$5,000)  | -  | -  | -  |
| Increase/(Decrease) in Other Current Non-Liabilities | -  | -  | -  | -  |
| Decrease/(Increase) in Fixed Assets (Depreciable)    | -  | -  | -  | -  |
| <b>Other Operating &amp; Capital Cash Flows</b>      | <b>(\$18,368)</b>  | <b>(\$11,495)</b>  | <b>\$5,691</b>   | <b>(\$4,769)</b>   |
| <b>Operating Cash Flow after Capital</b>             | <b>\$199,784</b>   | <b>\$274,773</b>   | <b>\$330,812</b>   | <b>\$358,085</b>   |
| Income Tax Accrued                                   | (\$90,865)   | (\$104,566)  | (\$90,557)   | (\$95,999)   |
| Increase/(Decrease) in Income Tax Payable            | \$14,177   | \$18,701   | (\$24,009)   | (\$4,558)  |
| <b>Income Tax Cash Flow</b>                          | <b>(\$76,688)</b>  | <b>(\$85,865)</b>  | <b>(\$114,566)</b>   | <b>(\$100,557)</b>   |
| <b>Operating Cash Flow after Capital and Tax</b>     | <b>\$123,096</b>   | <b>\$188,908</b>   | <b>\$216,246</b>   | <b>\$257,528</b>   |
| Decrease/(Increase) in Investments                   | \$48,269   | \$3,012  | \$16,045   | \$9,125  |
| Decrease/(Increase) in Intangibles                   | (\$8,000)  | (\$4,000)  | \$1,000  | \$1,000  |
| Decrease/(Increase) in Goodwill                      | (\$300,000)  | -  | -  | -  |
| Amortisation Expensed                                | -  | -  | -  | -  |
| Other Investment Income or Expenses                  | -  | -  | -  | -  |

|                                       | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|---------------------------------------|--|--|--|--|
| <b>Investments Cash Flow</b>          | <b>(\$259,731)</b>   | <b>(\$988)</b>   | <b>\$17,045</b>  | <b>\$10,125</b>  |
| Interest Income                       | \$25,861   | \$35,995   | \$41,096   | \$46,346   |
| Interest Expense                      | (\$36,075)   | (\$37,626)   | (\$34,228)   | (\$30,891)   |
| Increase/(Decrease) in Credit Cards   | \$5,031  | \$2,972  | (\$2,000)  | \$3,048  |
| Increase/(Decrease) in Asset Finance  | \$18,163   | (\$35,707)   | (\$13,865)   | \$38,381   |
| Increase/(Decrease) in Bank Loans     | \$300,017  | (\$29,930)   | (\$30,006)   | (\$30,046)   |
| Increase/(Decrease) in Other Loans    | -  | -  | -  | -  |
| Other Finance Income or Expenses      | -  | -  | -  | -  |
| <b>Finance Cash Flow</b>              | <b>\$312,997</b>   | <b>(\$64,296)</b>  | <b>(\$39,003)</b>  | <b>\$26,838</b>  |
| Increase/(Decrease) in Equity Capital | -  | -  | -  | -  |
| Dividends and Distributions Accrued   | (\$150,000)  | (\$145,000)  | (\$200,000)  | (\$195,000)  |
| Loans From/(To) Associates            | (\$71,276)   | (\$210,453)  | (\$30,887)   | (\$47,194)   |
| <b>Owner Cash Flow</b>                | <b>(\$221,276)</b>   | <b>(\$355,453)</b>   | <b>(\$230,887)</b>   | <b>(\$242,194)</b>   |
| Miscellaneous Income or Expenses      | (\$58,944)   | \$49,108   | \$17,146   | (\$46,756)   |
| Net Normalisation Adjustments         | \$141,542  | \$133,629  | \$30,239   | \$5,686  |
| <b>Miscellaneous Cash Flow</b>        | <b>\$82,598</b>  | <b>\$182,737</b>   | <b>\$47,385</b>  | <b>(\$41,070)</b>  |
| <b>Net Cash Flow</b>                  | <b>\$37,684</b>  | <b>(\$49,093)</b>  | <b>\$10,786</b>  | <b>\$11,227</b>  |
| Opening Cash at Bank                  | \$54,419   | \$92,103   | \$43,010   | \$53,796   |
| <b>Closing Cash at Bank</b>           | <b>\$92,103</b>  | <b>\$43,010</b>  | <b>\$53,796</b>  | <b>\$65,022</b>  |



## Normalised Ratio Analysis

### XYZ Accounting Pty Ltd

#### Scenario 1: Capitalisation of Future Maintainable Earnings Method

|  | 01-Jul-19<br>to<br>30-Jun-20<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-20<br>to<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>to<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>to<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>to<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|--|--|--|--|--|--|
| <b>Profitability</b>                             |  |  |  |  |  |
| Total Operating Revenue                          | \$629,965  | \$1,038,164  | \$1,195,440  | \$1,361,513  | \$1,506,192  |
| Gross Profit Margin                              | 65.00%   | 62.54%   | 61.92%   | 60.97%   | 58.52%   |
| EBITDA Margin                                    | 22.69%   | 24.10%   | 26.71%   | 26.38%   | 26.41%   |
| EBIT Margin                                      | 17.75%   | 21.01%   | 23.95%   | 23.88%   | 24.09%   |
| NPAT Margin                                      | 7.58%  | 11.28%   | 15.06%   | 17.73%   | 18.74%   |
| <b>Cash Flow</b>                                 |  |  |  |  |  |
| Cash From Customers                              | N/A  | \$975,389  | \$1,174,260  | \$1,351,718  | \$1,490,886  |
| Gross Cash Flow Margin                           | N/A  | 60.64%   | 61.32%   | 60.76%   | 58.16%   |
| Operating Cash Flow Margin                       | N/A  | 23.77%   | 26.21%   | 26.99%   | 26.37%   |
| Operating Cash Flow after Capital Margin         | N/A  | 20.48%   | 23.40%   | 24.47%   | 24.02%   |
| Operating Cash Flow after Capital and Tax Margin | N/A  | 12.62%   | 16.09%   | 16.00%   | 17.27%   |
| Net Cash Flow Margin                             | N/A  | 3.86%  | (4.18%)  | 0.80%  | 0.75%  |
| <b>Working Capital Efficiency</b>                |  |  |  |  |  |
| Debtor Days                                      | 34.87  | 29.50  | 35.04  | 33.89  | 32.69  |
| Debtor Turnover Ratio                            | 10.47  | 12.37  | 10.42  | 10.77  | 11.16  |
| Stock Days                                       | -  | -  | -  | -  | -  |
| Stock Turnover Ratio                             | -  | -  | -  | -  | -  |
| WIP (Inventory) Days                             | -  | -  | -  | -  | -  |
| WIP (Inventory) Turnover Ratio                   | -  | -  | -  | -  | -  |
| WIP (Services) Days                              | 19.50  | 15.31  | 17.76  | 17.15  | 17.12  |
| WIP (Services) Turnover Ratio                    | 18.72  | 23.84  | 20.55  | 21.28  | 21.32  |
| Creditor Days                                    | 11.65  | 8.94   | 10.07  | 9.31   | 8.51   |
| Asset Turnover Ratio                             | 1.44   | 1.51   | 1.19   | 1.25   | 1.30   |

---

**Liquidity**

---

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| Current Ratio | 1.10 | 1.22 | 0.95 | 1.07 | 1.14 |
| Quick Ratio   | 1.10 | 1.22 | 0.95 | 1.07 | 1.14 |

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**Debt and Equity Capital**

---

|                            |           |           |           |           |           |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Total Debt                 | \$62,783  | \$385,994 | \$323,329 | \$277,458 | \$288,841 |
| Total Equity               | \$244,050 | \$352,665 | \$521,364 | \$593,035 | \$686,030 |
| Debt to Assets Ratio       | 0.14      | 0.41      | 0.30      | 0.25      | 0.24      |
| Debt to Equity Ratio       | 0.26      | 1.09      | 0.62      | 0.47      | 0.42      |
| Interest Cover Ratio       | 8.54      | 6.05      | 7.61      | 9.50      | 11.75     |
| Net Debt                   | \$8,364   | \$293,891 | \$280,319 | \$223,662 | \$223,819 |
| Return on Invested Capital | 33.14%    | 25.31%    | 26.78%    | 29.86%    | 29.83%    |
| Return on Equity           | 19.51%    | 33.20%    | 34.54%    | 40.71%    | 41.04%    |
| Dividend Yield             | 24.52%    | 42.53%    | 27.81%    | 33.72%    | 28.35%    |

**Enterprise Value****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

|                                     | 01-Jul-19<br>To<br>30-Jun-20 | 01-Jul-20<br>To<br>30-Jun-21 | 01-Jul-21<br>To<br>30-Jun-22 | 01-Jul-22<br>To<br>30-Jun-23 | 01-Jul-23<br>To<br>30-Jun-24 |
|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Original EBIT</b>                | <b>\$200,374</b>             | <b>\$359,694</b>             | <b>\$419,896</b>             | <b>\$355,360</b>             | <b>\$368,540</b>             |
| Increasing Adjustments              | \$188,297                    | \$342,223                    | \$339,218                    | \$372,129                    | \$400,592                    |
| Decreasing Adjustments              | (\$276,823)                  | (\$483,765)                  | (\$472,847)                  | (\$402,368)                  | (\$406,278)                  |
| <b>Net Adjustments</b>              | <b>(\$88,526)</b>            | <b>(\$141,542)</b>           | <b>(\$133,629)</b>           | <b>(\$30,239)</b>            | <b>(\$5,686)</b>             |
| <b>Normalised EBIT</b>              | <b>\$111,848</b>             | <b>\$218,152</b>             | <b>\$286,268</b>             | <b>\$325,121</b>             | <b>\$362,854</b>             |
| Weightings                          | -                            | -                            | 20.00%                       | 30.00%                       | 50.00%                       |
| <b>Weighted EBIT</b>                | <b>-</b>                     | <b>-</b>                     | <b>\$57,254</b>              | <b>\$97,536</b>              | <b>\$181,427</b>             |
| <b>Future Maintainable Earnings</b> |                              |                              | <b>\$336,216</b>             |                              |                              |
| <b>Capitalisation Multiple</b>      |                              |                              | <b>4.00</b>                  |                              |                              |
| <b>Enterprise Value</b>             |                              |                              | <b>\$1,344,866</b>           |                              |                              |

**Value & Ordinary Balance Sheet****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

|   | Financials         | Value                  | Ordinary               | Surplus Assets<br>& Debts |
|---|--------------------|------------------------|------------------------|---------------------------|
|   | 30-Jun-24          | 30-Jun-24              | 30-Jun-24              | 30-Jun-24                 |
| <b>Assets</b>                           |                    |                        |                        |                           |
| Bank - Business                         | \$51,476           | \$51,476               | -                      | \$51,476                  |
| Bank - Savings                          | \$13,546           | \$13,546               | -                      | \$13,546                  |
| Prepaid Expenses                        | \$9,050            | \$9,050                | \$9,050                | -                         |
| Trade Receivables                       | \$137,973          | \$137,973              | \$137,973              | -                         |
| Work in Progress                        | \$75,685           | \$75,685               | \$75,685               | -                         |
| Equipment at Cost                       | \$90,093           | - <sup>1</sup>         | -                      | -                         |
| Accumulated Depreciation -<br>Equipment | (\$45,067)         | -                      | -                      | -                         |
| Vehicles at Cost                        | \$140,046          | - <sup>2</sup>         | -                      | -                         |
| Accumulated Depreciation - Vehicles     | (\$55,413)         | -                      | -                      | -                         |
| Vehicles at Estimated Value             | -                  | \$105,000 <sup>3</sup> | \$75,000 <sup>4</sup>  | \$30,000                  |
| Equipment at Estimated Value            | -                  | \$50,000 <sup>5</sup>  | \$50,000 <sup>6</sup>  | -                         |
| Borrowing Costs at WDV                  | \$5,000            | - <sup>7</sup>         | -                      | -                         |
| Loan - Emma Jones                       | \$209,632          | \$209,632              | -                      | \$209,632                 |
| Loan - John Smith                       | \$210,433          | \$210,433              | -                      | \$210,433                 |
| Purchased Goodwill                      | \$300,000          | - <sup>8</sup>         | -                      | -                         |
| Rental Bond Paid                        | \$10,000           | \$10,000               | \$10,000               | -                         |
| Share Portfolio at Cost                 | \$53,615           | \$80,000 <sup>9</sup>  | -                      | \$80,000                  |
| Trademark Costs                         | \$5,000            | - <sup>10</sup>        | -                      | -                         |
| <b>Total Assets</b>                     | <b>\$1,211,069</b> | <b>\$952,795</b>       | <b>\$357,708</b>       | <b>\$595,087</b>          |
| <b>Liabilities</b>                      |                    |                        |                        |                           |
| Accounts Payable                        | \$15,030           | \$15,030               | \$15,030               | -                         |
| Credit Card                             | \$16,069           | \$16,069               | -                      | \$16,069                  |
| GST Payable                             | \$32,070           | \$32,070               | \$32,070               | -                         |
| Income Tax Payable                      | \$50,999           | \$50,999               | \$21,014 <sup>11</sup> | \$29,985                  |
| Income in Advance                       | \$18,082           | \$18,082               | \$18,082               | -                         |

|                           | Financials       | Value                  | Ordinary            | Surplus Assets & Debts |
|---------------------------|------------------|------------------------|---------------------|------------------------|
|                           | 30-Jun-24        | 30-Jun-24              | 30-Jun-24           | 30-Jun-24              |
| Provision for Holiday Pay | \$100,540        | \$100,540              | \$100,540           | -                      |
| Wages Tax Withheld        | \$19,477         | \$19,477               | \$19,477            | -                      |
| Hire Purchase             | \$70,048         | \$70,048 <sub>12</sub> | -                   | \$70,048               |
| Less Unexpired Interest   | (\$7,311)        | (\$7,311)              | -                   | (\$7,311)              |
| Bank Loan                 | \$210,035        | \$210,035              | -                   | \$210,035              |
| <b>Total Liabilities</b>  | <b>\$525,039</b> | <b>\$525,039</b>       | <b>\$206,213</b>    | <b>\$318,826</b>       |
|                           | Book Net Assets  | Value Net Assets       | Ordinary Net Assets | Surplus Assets & Debts |
| <b>Net Amounts</b>        | <b>\$686,030</b> | <b>\$427,756</b>       | <b>\$151,495</b>    | <b>\$276,261</b>       |

#### Notes

- 1: Replaced with estimate
- 2: Replaced with estimate
- 3: Estimated by owner
  - \$40,000: Car1
  - \$35,000: Car2
  - \$30,000: Car3
  - \$105,000: Total**
- 4: Car3 Not Required
- 5: Estimated by owner
- 6: Assume all required
- 7: Excluded as sunk cost
- 8: Excluded as being valued
- 9: Adjusted to market value provided
- 10: Excluded as being valued
- 11: Ordinary Quarterly Instalments
  - See Table #1
- 12: Assume net is approx principal remaining

**Table #1: Ordinary Tax on FME**

| Ordinary Tax on FME           |           |
|-------------------------------|-----------|
| Future Maintainable Earnings  | \$336,216 |
| Tax Rate                      | 25%       |
| Estimated Annual Tax          | \$84,054  |
| Average Quarterly Instalments | \$21,014  |

**Implied Goodwill****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

| <b>Scenario 1 - Implied Goodwill &amp; Unidentified Intangibles</b> |                    |
|---|--------------------|
| <b>Enterprise Value</b>   | <b>\$1,344,866</b> |
| Less: Ordinary Net Operating Assets Value                           | (\$151,495)        |
| <b>Goodwill and Unidentified Intangibles</b>                        | <b>\$1,193,371</b> |

**Equity Value****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

| <b>Equity Value at 30 June 2024 - XYZ Accounting Pty Ltd</b> |                  |                           |                    |
|--|------------------|---------------------------|--------------------|
| <b>Assets</b>  |                  | <b>Liabilities</b>        |                    |
| Bank - Business  | \$51,476         | Accounts Payable          | \$15,030           |
| Bank - Savings   | \$13,546         | Credit Card               | \$16,069           |
| Prepaid Expenses   | \$9,050          | GST Payable               | \$32,070           |
| Trade Receivables  | \$137,973        | Income in Advance         | \$18,082           |
| Work in Progress   | \$75,685         | Income Tax Payable        | \$50,999           |
| Vehicles at Estimated Value                                  | \$105,000        | Provision for Holiday Pay | \$100,540          |
| Equipment at Estimated Value                                 | \$50,000         | Wages Tax Withheld        | \$19,477           |
| Loan - Emma Jones  | \$209,632        | Hire Purchase             | \$70,048           |
| Loan - John Smith  | \$210,433        | Less Unexpired Interest   | (\$7,311)          |
| Rental Bond Paid   | \$10,000         | Bank Loan                 | \$210,035          |
| Share Portfolio at Cost                                      | \$80,000         |                           |                    |
| <b>Total Assets</b>  | <b>\$952,795</b> | <b>Total Liabilities</b>  | <b>\$525,039</b>   |
| <b>Value Net Assets</b>                                      |                  |                           | <b>\$427,756</b>   |
| Goodwill & Unidentified Intangibles                          |                  |                           | \$1,193,371        |
| <b>Equity Value</b>  |                  |                           | <b>\$1,621,127</b> |

**Equity Holding Values****XYZ Accounting Pty Ltd****Scenario 1: Capitalisation of Future Maintainable Earnings Method**

| <b>Equity Holding Value - 25,000 held by Smith Family Trust in XYZ Accounting Pty Ltd (class: Ordinary Shares) at 30-Jun-24</b> |             |
|---|-------------|
| Total Equity Value  | \$1,621,127 |
| Number Held   | 25,000      |
| Total Issued for Class  | 50,000      |
| Proportion Percentage   | 50%         |
| Proportional Value  | \$810,564   |

| <b>Equity Holding Value - 25,000 held by Jones Family Trust in XYZ Accounting Pty Ltd (class: Ordinary Shares) at 30-Jun-24</b> |             |
|---|-------------|
| Total Equity Value  | \$1,621,127 |
| Number Held   | 25,000      |
| Total Issued for Class  | 50,000      |
| Proportion Percentage   | 50%         |
| Proportional Value  | \$810,564   |



## Valuation Sensitivity Analysis

XYZ Accounting Pty Ltd

### Scenario 1: Capitalisation of Future Maintainable Earnings Method

| Capitalisation Multiple Sensitivity |           |                  |             |              |
|-------------------------------------|-----------|------------------|-------------|--------------|
| Capitalisation Multiple Adopted     | FME       | Enterprise Value | Goodwill    | Equity Value |
| 4.00                                | \$336,216 | \$1,344,866      | \$1,193,371 | \$1,621,127  |
| Capitalisation Multiple Sensitivity | FME       | Enterprise Value | Goodwill    | Equity Value |
| 1.50                                | \$336,216 | \$504,325        | \$352,830   | \$780,586    |
| 2.00                                | \$336,216 | \$672,433        | \$520,938   | \$948,694    |
| 2.50                                | \$336,216 | \$840,541        | \$689,046   | \$1,116,803  |
| 3.00                                | \$336,216 | \$1,008,649      | \$857,154   | \$1,284,911  |
| 3.50                                | \$336,216 | \$1,176,758      | \$1,025,263 | \$1,453,019  |
| 4.00                                | \$336,216 | \$1,344,866      | \$1,193,371 | \$1,621,127  |
| 4.50                                | \$336,216 | \$1,512,974      | \$1,361,479 | \$1,789,236  |
| 5.00                                | \$336,216 | \$1,681,082      | \$1,529,587 | \$1,957,344  |
| 5.50                                | \$336,216 | \$1,849,191      | \$1,697,696 | \$2,125,452  |
| 6.00                                | \$336,216 | \$2,017,299      | \$1,865,804 | \$2,293,560  |
| 6.50                                | \$336,216 | \$2,185,407      | \$2,033,912 | \$2,461,668  |

| Weighted Average Sensitivity        |           |                  |             |              |
|-------------------------------------|-----------|------------------|-------------|--------------|
| Weighted Average Adopted            | FME       | Enterprise Value | Goodwill    | Equity Value |
| 2024: 50%<br>2023: 30%<br>2022: 20% | \$336,216 | \$1,344,866      | \$1,193,371 | \$1,621,127  |
| Weighted Average Sensitivity        | FME       | Enterprise Value | Goodwill    | Equity Value |
| Straight Average - All Years        | \$260,848 | \$1,043,393      | \$891,898   | \$1,319,655  |
| Straight Average - 2 Years          | \$343,987 | \$1,375,948      | \$1,224,453 | \$1,652,210  |
| Straight Average - 3 Years          | \$324,751 | \$1,299,004      | \$1,147,509 | \$1,575,266  |

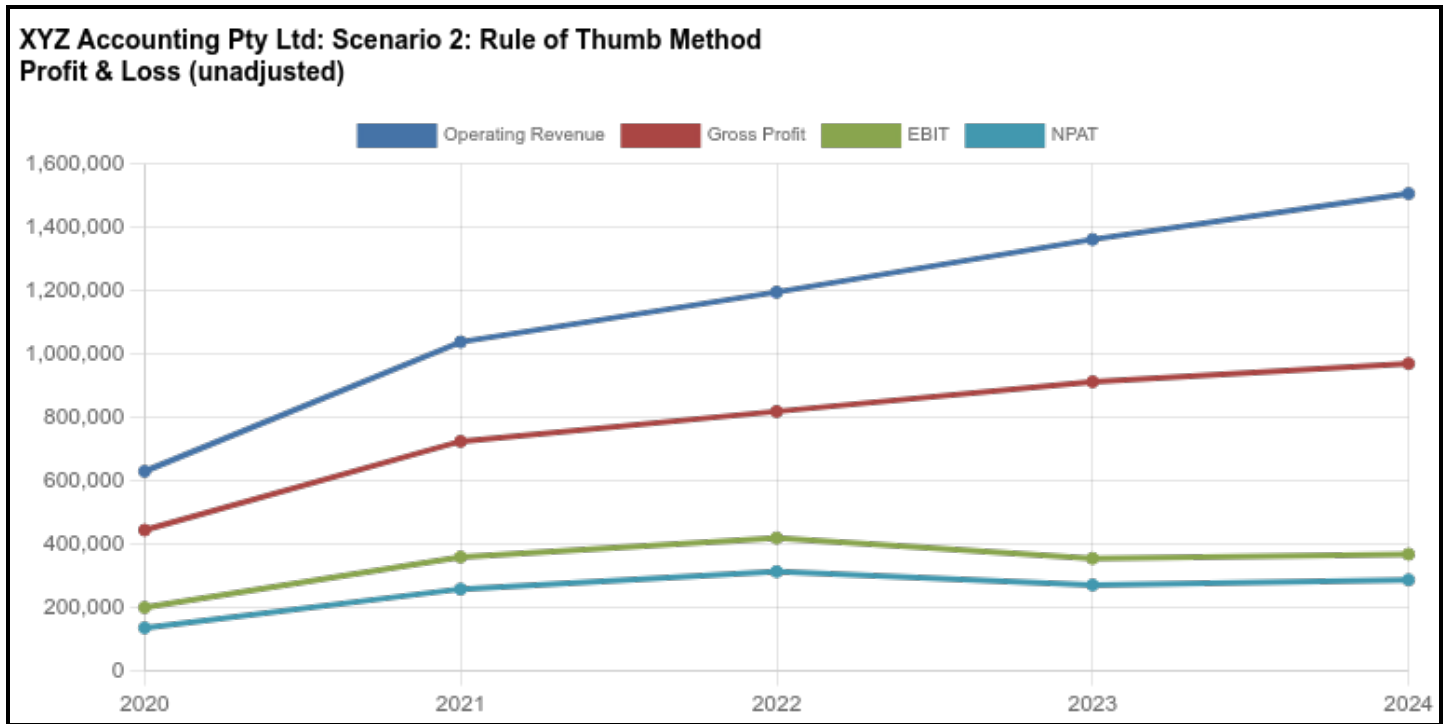
|                               |           |             |             |             |
|-------------------------------|-----------|-------------|-------------|-------------|
| Straight Average - 4<br>Years | \$298,098 | \$1,192,394 | \$1,040,899 | \$1,468,655 |
| Straight Average - 5<br>Years | \$260,848 | \$1,043,393 | \$891,898   | \$1,319,655 |
| Most Recent Year<br>Only      | \$362,854 | \$1,451,414 | \$1,299,919 | \$1,727,676 |
| 70/30                         | \$351,534 | \$1,406,135 | \$1,254,640 | \$1,682,396 |
| 50/30/20                      | \$336,216 | \$1,344,866 | \$1,193,371 | \$1,621,127 |
| 40/30/20/10                   | \$321,746 | \$1,286,985 | \$1,135,490 | \$1,563,247 |
| 30/25/20/15/10                | \$291,297 | \$1,165,189 | \$1,013,694 | \$1,441,451 |

**Rule of Thumb Summary****XYZ Accounting Pty Ltd****Scenario 2: Rule of Thumb Method**

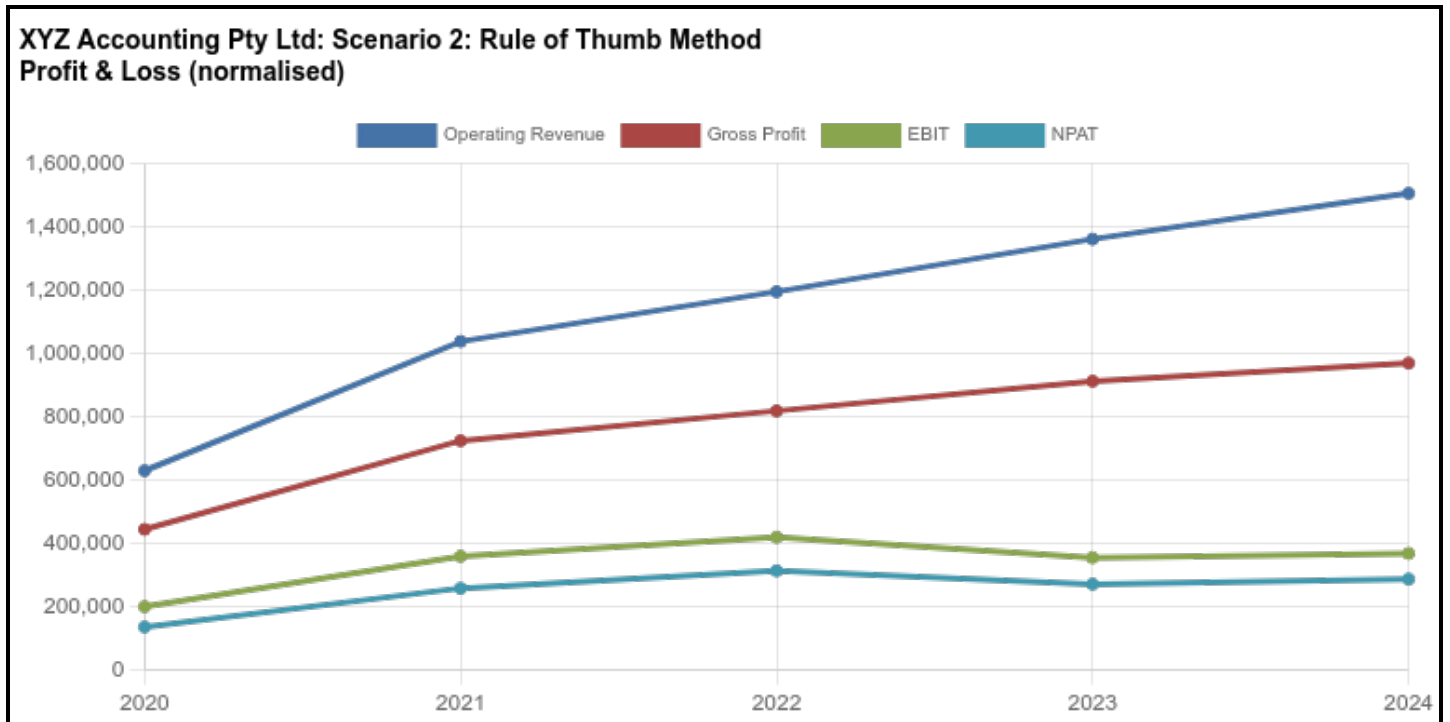
| <b>Scenario 2 - Valuation Summary - XYZ Accounting Pty Ltd</b> |                    |
|--|--------------------|
| Annual Recurring Revenue                                       | \$1,421,818        |
| Typical Range 0.8 - 1.2  | 1.10               |
| <b>Goodwill</b>  | <b>\$1,564,000</b> |
| Value Net Assets   | \$427,756          |
| <b>Equity Value</b>  | <b>\$1,991,756</b> |

| <b>Recurring Revenue</b>           |                    |
|------------------------------------|--------------------|
| 2024 Total Operating Revenue       | \$1,506,192        |
| Less Disbursements                 | \$34,374           |
| Less Non-Recurring Abnormal Income | \$50,000           |
| <b>Assumed Recurring Revenue</b>   | <b>\$1,421,818</b> |

Scenario Charts

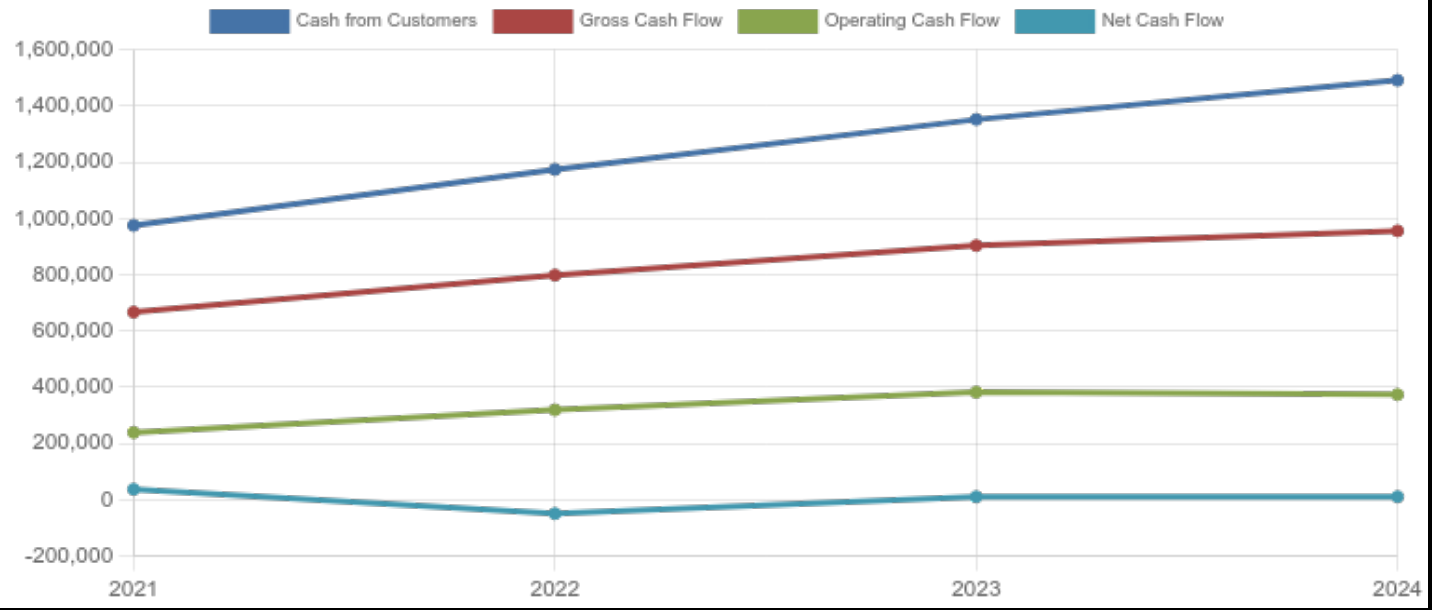


|                   | 2020    | 2021      | 2022      | 2023      | 2024      |
|-------------------|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 629,965 | 1,038,164 | 1,195,440 | 1,361,513 | 1,506,192 |
| Gross Profit      | 444,700 | 724,648   | 818,954   | 912,635   | 970,256   |
| EBIT              | 200,374 | 359,694   | 419,896   | 355,360   | 368,540   |
| NPAT              | 136,267 | 258,615   | 313,699   | 271,671   | 287,996   |



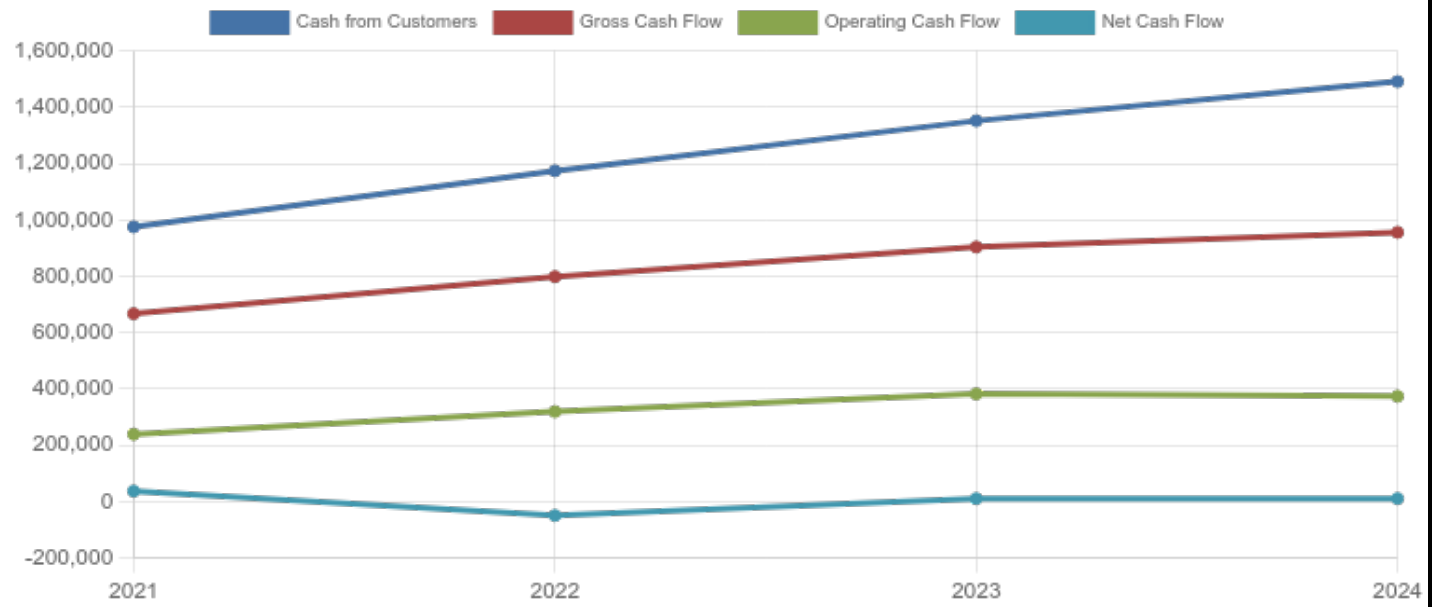
|                   | 2020    | 2021      | 2022      | 2023      | 2024      |
|-------------------|---------|-----------|-----------|-----------|-----------|
| Operating Revenue | 629,965 | 1,038,164 | 1,195,440 | 1,361,513 | 1,506,192 |
| Gross Profit      | 444,700 | 724,648   | 818,954   | 912,635   | 970,256   |
| EBIT              | 200,374 | 359,694   | 419,896   | 355,360   | 368,540   |
| NPAT              | 136,267 | 258,615   | 313,699   | 271,671   | 287,996   |

**XYZ Accounting Pty Ltd: Scenario 2: Rule of Thumb Method**  
**Cash Flow (unadjusted)**



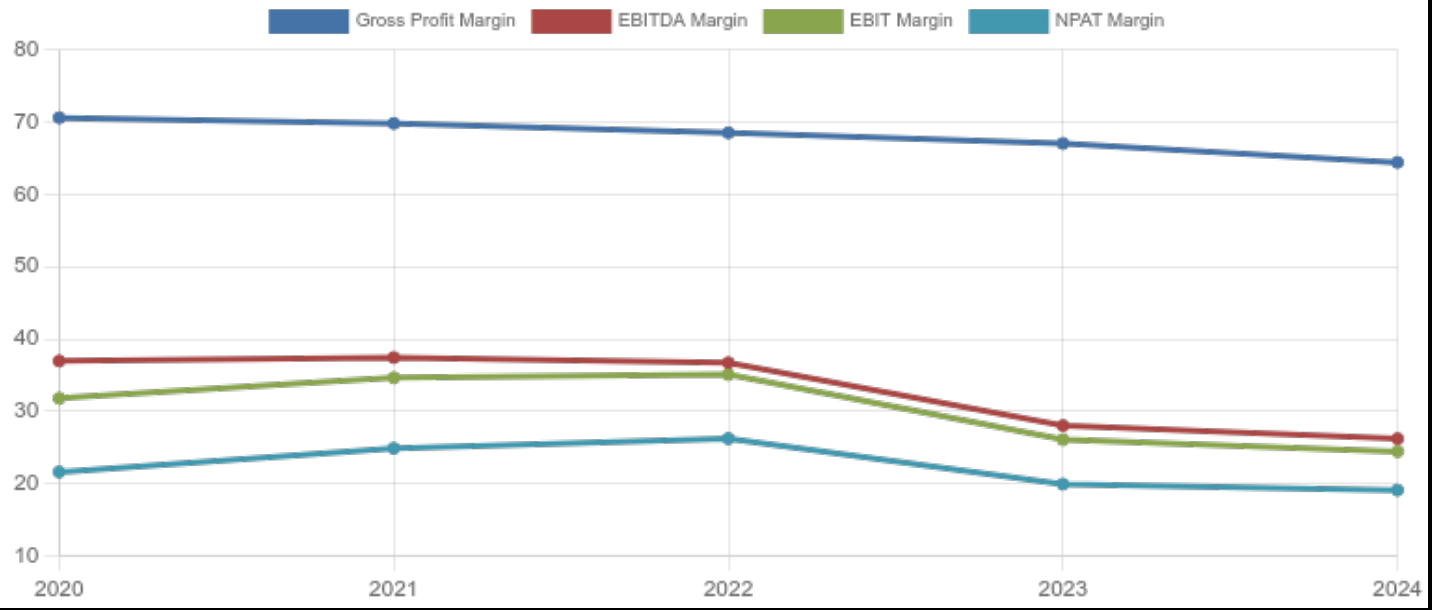
|                     | 2021    | 2022      | 2023      | 2024      |
|---------------------|---------|-----------|-----------|-----------|
| Cash from Customers | 975,389 | 1,174,260 | 1,351,718 | 1,490,886 |
| Gross Cash Flow     | 666,890 | 798,826   | 903,766   | 955,967   |
| Operating Cash Flow | 239,349 | 319,452   | 382,221   | 374,004   |
| Net Cash Flow       | 37,684  | (49,093)  | 10,786    | 11,227    |

**XYZ Accounting Pty Ltd: Scenario 2: Rule of Thumb Method**  
**Cash Flow (normalised)**



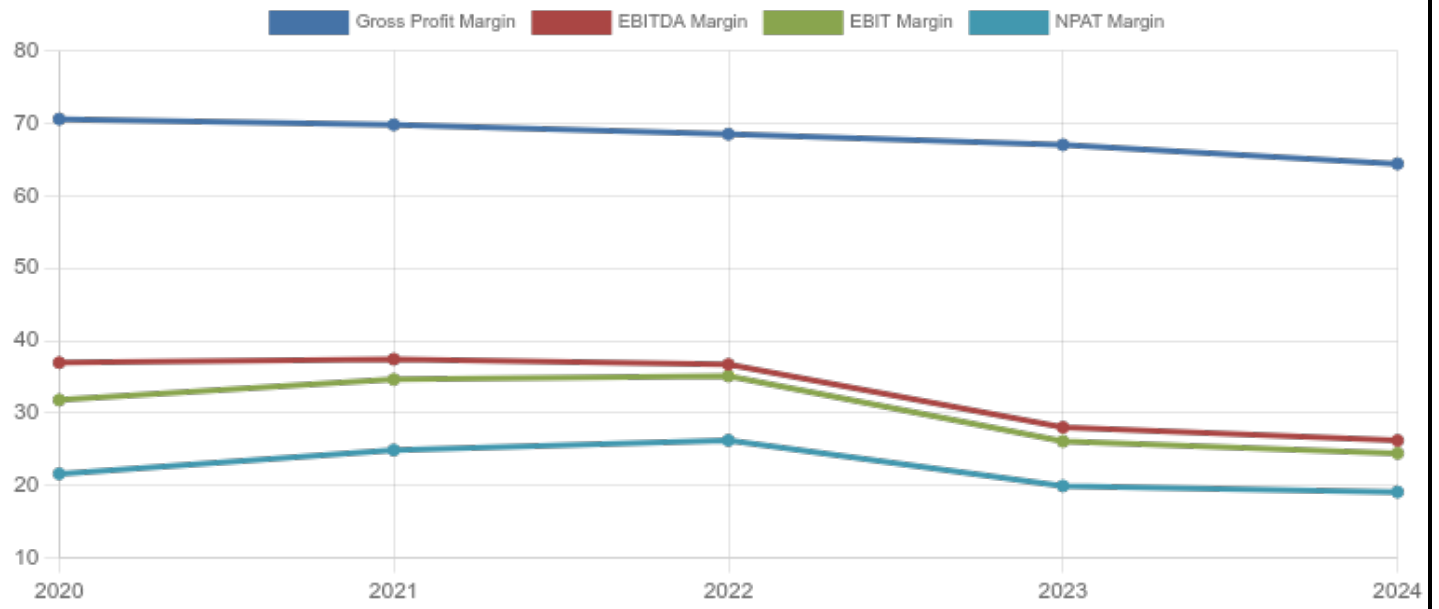
|                     | 2021    | 2022      | 2023      | 2024      |
|---------------------|---------|-----------|-----------|-----------|
| Cash from Customers | 975,389 | 1,174,260 | 1,351,718 | 1,490,886 |
| Gross Cash Flow     | 666,890 | 798,826   | 903,766   | 955,967   |
| Operating Cash Flow | 239,349 | 319,452   | 382,221   | 374,004   |
| Net Cash Flow       | 37,684  | (49,093)  | 10,786    | 11,227    |

**XYZ Accounting Pty Ltd: Scenario 2: Rule of Thumb Method  
Profit Ratios (unadjusted)**



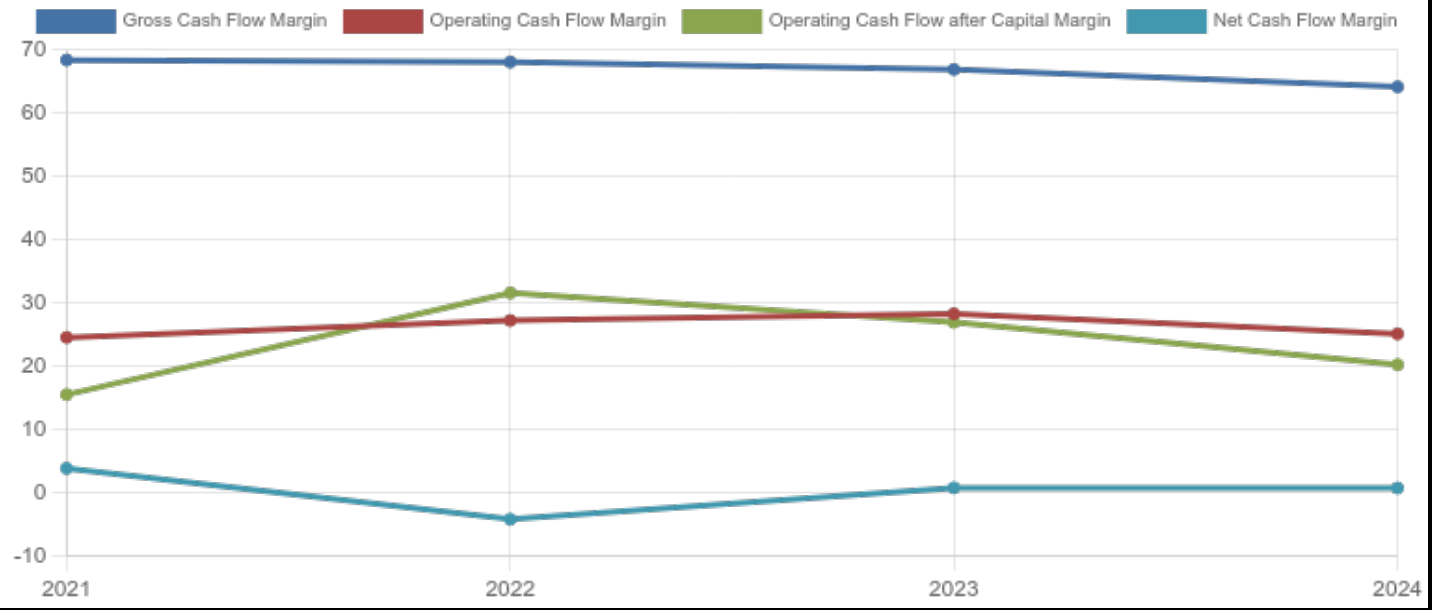
|                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 70.59% | 69.80% | 68.51% | 67.03% | 64.42% |
| EBITDA Margin       | 36.97% | 37.45% | 36.72% | 28.03% | 26.22% |
| EBIT Margin         | 31.81% | 34.65% | 35.12% | 26.10% | 24.47% |
| NPAT Margin         | 21.63% | 24.91% | 26.24% | 19.95% | 19.12% |

**XYZ Accounting Pty Ltd: Scenario 2: Rule of Thumb Method  
Profit Ratios (normalised)**



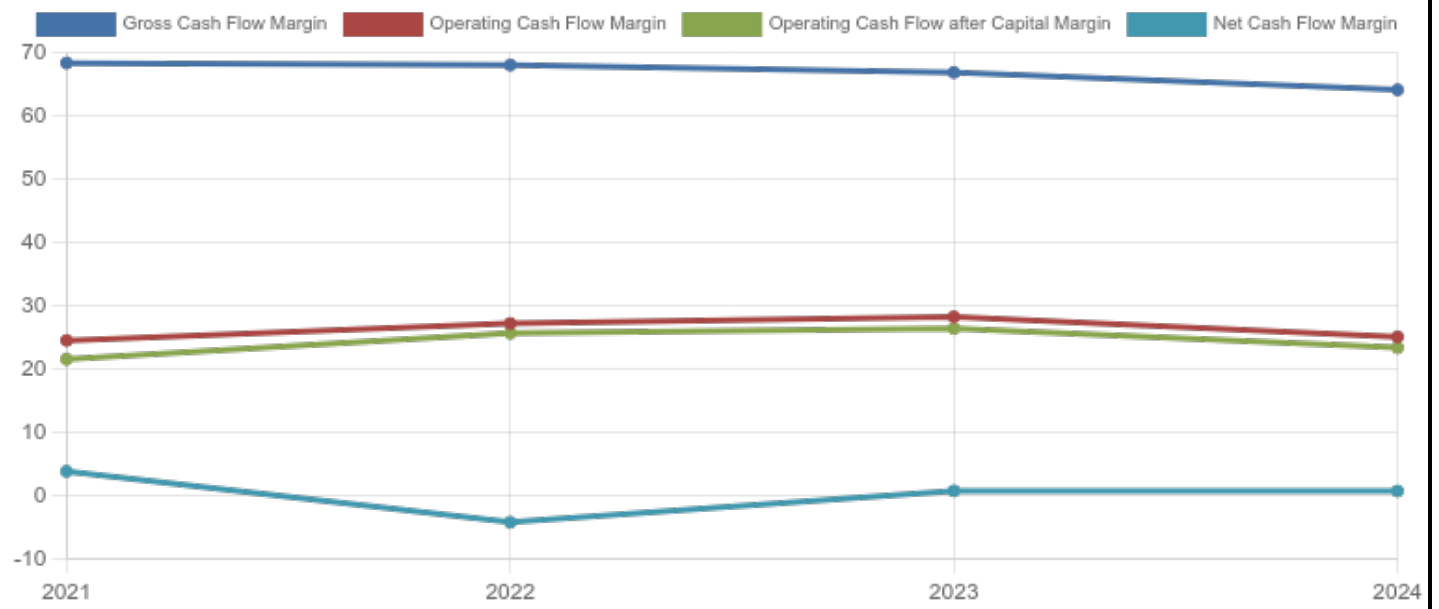
|                     | 2020   | 2021   | 2022   | 2023   | 2024   |
|---------------------|--------|--------|--------|--------|--------|
| Gross Profit Margin | 70.59% | 69.80% | 68.51% | 67.03% | 64.42% |
| EBITDA Margin       | 36.97% | 37.45% | 36.72% | 28.03% | 26.22% |
| EBIT Margin         | 31.81% | 34.65% | 35.12% | 26.10% | 24.47% |
| NPAT Margin         | 21.63% | 24.91% | 26.24% | 19.95% | 19.12% |

**XYZ Accounting Pty Ltd: Scenario 2: Rule of Thumb Method**  
**Cash Flow Ratios (unadjusted)**



|  | 2021   | 2022    | 2023   | 2024   |
|--|--------|---------|--------|--------|
| Gross Cash Flow Margin                   | 68.37% | 68.03%  | 66.86% | 64.12% |
| Operating Cash Flow Margin               | 24.54% | 27.20%  | 28.28% | 25.09% |
| Operating Cash Flow after Capital Margin | 15.51% | 31.55%  | 26.94% | 20.25% |
| Net Cash Flow Margin                     | 3.86%  | (4.18%) | 0.80%  | 0.75%  |

**XYZ Accounting Pty Ltd: Scenario 2: Rule of Thumb Method**  
**Cash Flow Ratios (normalised)**



|  | 2021   | 2022    | 2023   | 2024   |
|--|--------|---------|--------|--------|
| Gross Cash Flow Margin                   | 68.37% | 68.03%  | 66.86% | 64.12% |
| Operating Cash Flow Margin               | 24.54% | 27.20%  | 28.28% | 25.09% |
| Operating Cash Flow after Capital Margin | 21.56% | 25.66%  | 26.41% | 23.39% |
| Net Cash Flow Margin                     | 3.86%  | (4.18%) | 0.80%  | 0.75%  |

**Adjustments**

XYZ Accounting Pty Ltd

**Scenario 2: Rule of Thumb Method**

| Adjustment                          | Description | 01-Jul-19 | 01-Jul-20 | 01-Jul-21 | 01-Jul-22 | 01-Jul-23 |
|-------------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|
|                                     |             | To        | To        | To        | To        | To        |
|                                     |             | 30-Jun-20 | 30-Jun-21 | 30-Jun-22 | 30-Jun-23 | 30-Jun-24 |
| <b>Increasing Adjustments</b>       |             |           |           |           |           |           |
| No increasing adjustments           |             | -         | -         | -         | -         | -         |
| <b>Total Increasing Adjustments</b> |             | -         | -         | -         | -         | -         |
| <b>Decreasing Adjustments</b>       |             |           |           |           |           |           |
| No decreasing adjustments           |             | -         | -         | -         | -         | -         |
| <b>Total Decreasing Adjustments</b> |             | -         | -         | -         | -         | -         |
| <b>Net Adjustments</b>              |             | -         | -         | -         | -         | -         |



**Normalised Profit And Loss**  
**XYZ Accounting Pty Ltd**  
**Scenario 2: Rule of Thumb Method**

|                                | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|--------------------------------|--|--|--|--|--|
| Fees - Compliance              | \$507,849  | \$853,410  | \$963,089  | \$1,005,934  | \$1,078,612  |
| Fees - Consulting              | \$122,116  | \$184,754  | \$232,351  | \$355,579  | \$427,580  |
| <b>Total Operating Revenue</b> | <b>\$629,965</b>   | <b>\$1,038,164</b>   | <b>\$1,195,440</b>   | <b>\$1,361,513</b>   | <b>\$1,506,192</b>   |
| Disbursements                  | \$12,812   | \$17,950   | \$21,440   | \$27,625   | \$34,374   |
| Superannuation - Direct        | \$14,962   | \$25,643   | \$32,277   | \$40,029   | \$49,704   |
| Wages - Direct                 | \$157,491  | \$269,923  | \$322,769  | \$381,224  | \$451,858  |
| <b>Total Direct Costs</b>      | <b>\$185,265</b>   | <b>\$313,516</b>   | <b>\$376,486</b>   | <b>\$448,878</b>   | <b>\$535,936</b>   |
| <b>Gross Profit</b>            | <b>\$444,700</b>   | <b>\$724,648</b>   | <b>\$818,954</b>   | <b>\$912,635</b>   | <b>\$970,256</b>   |
| Commissions Received           | \$6,554  | \$7,564  | \$8,536  | \$9,032  | \$9,570  |
| COVID Stimulus & Grants        | \$80,000   | \$120,000  | \$75,000   | -  | -  |
| Dividends Received             | \$10,063   | \$11,069   | \$13,062   | \$15,086   | \$16,078   |
| Insurance Proceeds             | -  | -  | -  | \$10,000   | -  |
| Profit on Sale of Assets       | -  | -  | \$20,000   | (\$10,000)   | -  |
| <b>Total Other Income</b>      | <b>\$96,617</b>  | <b>\$138,633</b>   | <b>\$116,598</b>   | <b>\$24,118</b>  | <b>\$25,648</b>  |
| Advertising                    | \$25,563   | \$30,738   | \$37,051   | \$40,388   | \$47,421   |
| Bad Debts                      | \$66   | \$3,077  | \$56   | \$1,906  | \$2,568  |
| Bank Charges                   | \$1,288  | \$1,391  | \$1,566  | \$1,608  | \$1,840  |
| Computer Expenses              | \$6,049  | \$12,032   | \$6,570  | \$5,052  | \$8,098  |
| Consultants                    | -  | -  | -  | \$15,000   | \$15,000   |
| Donations                      | \$6,085  | \$7,100  | \$10,030   | \$12,037   | \$14,099   |
| Electricity & Gas              | \$6,077  | \$7,073  | \$8,009  | \$10,059   | \$11,042   |
| Entertainment Expenses         | \$8,076  | \$9,089  | \$10,025   | \$12,005   | \$14,018   |
| Filing Fees                    | \$515  | \$539  | \$526  | \$527  | \$550  |
| Fines                          | \$4,010  | \$257  | \$404  | \$1,592  | \$1,545  |
| Fringe Benefits Tax            | \$9,082  | \$10,096   | \$12,017   | \$14,049   | \$15,096   |
| General Expenses               | \$6,067  | \$7,051  | \$8,098  | \$9,066  | \$10,028   |
| Insurance                      | \$5,009  | \$6,030  | \$7,097  | \$8,100  | \$9,068  |
| Legal Costs                    | -  | \$6,000  | -  | \$4,300  | -  |
| Motor Vehicle Expenses         | \$24,201   | \$26,621   | \$29,283   | \$24,158   | \$24,158   |
| Postage                        | \$1,570  | \$2,069  | \$3,086  | \$3,514  | \$3,645  |
| Printing & Stationery          | \$5,063  | \$6,052  | \$7,084  | \$7,527  | \$8,068  |
| Recruitment Expenses           | -  | -  | \$25,000   | -  | \$30,000   |
| Relocation Costs               | -  | \$23,454   | -  | -  | -  |
| Rent                           | \$35,053   | \$65,066   | \$68,347   | \$71,732   | \$75,312   |
| Repairs & Maintenance          | \$1,508  | \$8,089  | \$2,010  | \$15,033   | \$18,053   |
| Subscriptions                  | \$15,029   | \$25,029   | \$30,027   | \$35,085   | \$37,040   |
| Superannuation                 | \$11,876   | \$17,581   | \$19,429   | \$21,420   | \$23,558   |
| Telephone                      | \$3,521  | \$6,506  | \$7,091  | \$7,358  | \$7,548  |
| Travelling                     | \$6,108  | \$6,754  | \$7,374  | \$27,072   | \$6,118  |
| Uniforms                       | \$1,587  | \$1,743  | \$2,074  | \$2,551  | \$3,016  |

|   | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|---|--|--|--|--|--|
| Wages & Salaries                                    | \$125,009  | \$185,059  | \$194,289  | \$203,999  | \$214,164  |
| <b>Total Overheads</b>                              | <b>\$308,412</b>   | <b>\$474,496</b>   | <b>\$496,543</b>   | <b>\$555,138</b>   | <b>\$601,053</b>   |
| <b>EBITDA</b>                                       | <b>\$232,905</b>   | <b>\$388,786</b>   | <b>\$439,009</b>   | <b>\$381,616</b>   | <b>\$394,851</b>   |
| Depreciation - Equipment                            | \$8,090  | \$6,012  | \$12,810   | \$11,248   | \$10,002   |
| Depreciation - Immediate W/Off                      | \$4,349  | \$8,042  | \$4,027  | \$3,055  | \$7,086  |
| Depreciation - Motor Vehicles                       | \$20,092   | \$15,038   | \$1,276  | \$10,953   | \$8,223  |
| <b>Total Depreciation</b>                           | <b>\$32,531</b>  | <b>\$29,092</b>  | <b>\$18,113</b>  | <b>\$25,256</b>  | <b>\$25,311</b>  |
| <b>EBITA</b>  | <b>\$200,374</b>   | <b>\$359,694</b>   | <b>\$420,896</b>   | <b>\$356,360</b>   | <b>\$369,540</b>   |
| Amortisation  | -  | -  | \$1,000  | \$1,000  | \$1,000  |
| <b>EBIT</b>   | <b>\$200,374</b>   | <b>\$359,694</b>   | <b>\$419,896</b>   | <b>\$355,360</b>   | <b>\$368,540</b>   |
| Interest Received                                   | \$673  | \$25,861   | \$35,995   | \$41,096   | \$46,346   |
| Hire Purchase Charges                               | \$12,092   | \$11,075   | \$15,026   | \$14,028   | \$13,091   |
| Interest Paid                                       | \$1,000  | \$25,000   | \$22,600   | \$20,200   | \$17,800   |
| <b>Total Interest Expense</b>                       | <b>\$13,092</b>  | <b>\$36,075</b>  | <b>\$37,626</b>  | <b>\$34,228</b>  | <b>\$30,891</b>  |
| <b>Net Profit Before Tax</b>                        | <b>\$187,955</b>   | <b>\$349,480</b>   | <b>\$418,265</b>   | <b>\$362,228</b>   | <b>\$383,995</b>   |
| Income Tax Expense                                  | \$51,688   | \$90,865   | \$104,566  | \$90,557   | \$95,999   |
| <b>Net Profit After Tax</b>                         | <b>\$136,267</b>   | <b>\$258,615</b>   | <b>\$313,699</b>   | <b>\$271,671</b>   | <b>\$287,996</b>   |
| Dividends Paid                                      | \$60,000   | \$150,000  | \$145,000  | \$200,000  | \$195,000  |
| <b>Net Profit After Dividends and Distributions</b> | <b>\$76,267</b>  | <b>\$108,615</b>   | <b>\$168,699</b>   | <b>\$71,671</b>  | <b>\$92,996</b>  |

## Normalised Profit And Loss Common Size

### XYZ Accounting Pty Ltd

#### Scenario 2: Rule of Thumb Method

|                                | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|--------------------------------|--|--|--|--|--|
| Fees - Compliance              | 80.62%   | 82.20%   | 80.56%   | 73.88%   | 71.61%   |
| Fees - Consulting              | 19.38%   | 17.80%   | 19.44%   | 26.12%   | 28.39%   |
| <b>Total Operating Revenue</b> | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   |
| Disbursements                  | 2.03%  | 1.73%  | 1.79%  | 2.03%  | 2.28%  |
| Superannuation - Direct        | 2.37%  | 2.47%  | 2.70%  | 2.94%  | 3.30%  |
| Wages - Direct                 | 25.00%   | 26.00%   | 27.00%   | 28.00%   | 30.00%   |
| <b>Total Direct Costs</b>      | <b>29.41%</b>  | <b>30.20%</b>  | <b>31.49%</b>  | <b>32.97%</b>  | <b>35.58%</b>  |
| <b>Gross Profit</b>            | <b>70.59%</b>  | <b>69.80%</b>  | <b>68.51%</b>  | <b>67.03%</b>  | <b>64.42%</b>  |
| Commissions Received           | 1.04%  | 0.73%  | 0.71%  | 0.66%  | 0.64%  |
| COVID Stimulus & Grants        | 12.70%   | 11.56%   | 6.27%  | -  | -  |
| Dividends Received             | 1.60%  | 1.07%  | 1.09%  | 1.11%  | 1.07%  |
| Insurance Proceeds             | -  | -  | -  | 0.73%  | -  |
| Profit on Sale of Assets       | -  | -  | 1.67%  | (0.73%)  | -  |
| <b>Total Other Income</b>      | <b>15.34%</b>  | <b>13.35%</b>  | <b>9.75%</b>   | <b>1.77%</b>   | <b>1.70%</b>   |
| Advertising                    | 4.06%  | 2.96%  | 3.10%  | 2.97%  | 3.15%  |
| Bad Debts                      | 0.01%  | 0.30%  | -  | 0.14%  | 0.17%  |
| Bank Charges                   | 0.20%  | 0.13%  | 0.13%  | 0.12%  | 0.12%  |
| Computer Expenses              | 0.96%  | 1.16%  | 0.55%  | 0.37%  | 0.54%  |
| Consultants                    | -  | -  | -  | 1.10%  | 1.00%  |
| Donations                      | 0.97%  | 0.68%  | 0.84%  | 0.88%  | 0.94%  |
| Electricity & Gas              | 0.96%  | 0.68%  | 0.67%  | 0.74%  | 0.73%  |
| Entertainment Expenses         | 1.28%  | 0.88%  | 0.84%  | 0.88%  | 0.93%  |
| Filing Fees                    | 0.08%  | 0.05%  | 0.04%  | 0.04%  | 0.04%  |
| Fines                          | 0.64%  | 0.02%  | 0.03%  | 0.12%  | 0.10%  |
| Fringe Benefits Tax            | 1.44%  | 0.97%  | 1.01%  | 1.03%  | 1.00%  |
| General Expenses               | 0.96%  | 0.68%  | 0.68%  | 0.67%  | 0.67%  |
| Insurance                      | 0.80%  | 0.58%  | 0.59%  | 0.59%  | 0.60%  |
| Legal Costs                    | -  | 0.58%  | -  | 0.32%  | -  |
| Motor Vehicle Expenses         | 3.84%  | 2.56%  | 2.45%  | 1.77%  | 1.60%  |
| Postage                        | 0.25%  | 0.20%  | 0.26%  | 0.26%  | 0.24%  |
| Printing & Stationery          | 0.80%  | 0.58%  | 0.59%  | 0.55%  | 0.54%  |
| Recruitment Expenses           | -  | -  | 2.09%  | -  | 1.99%  |
| Relocation Costs               | -  | 2.26%  | -  | -  | -  |
| Rent                           | 5.56%  | 6.27%  | 5.72%  | 5.27%  | 5.00%  |
| Repairs & Maintenance          | 0.24%  | 0.78%  | 0.17%  | 1.10%  | 1.20%  |
| Subscriptions                  | 2.39%  | 2.41%  | 2.51%  | 2.58%  | 2.46%  |
| Superannuation                 | 1.89%  | 1.69%  | 1.63%  | 1.57%  | 1.56%  |
| Telephone                      | 0.56%  | 0.63%  | 0.59%  | 0.54%  | 0.50%  |
| Travelling                     | 0.97%  | 0.65%  | 0.62%  | 1.99%  | 0.41%  |
| Uniforms                       | 0.25%  | 0.17%  | 0.17%  | 0.19%  | 0.20%  |

|   | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|---|--|--|--|--|--|
| Wages & Salaries                                    | 19.84%   | 17.83%   | 16.25%   | 14.98%   | 14.22%   |
| <b>Total Overheads</b>                              | <b>48.96%</b>  | <b>45.71%</b>  | <b>41.54%</b>  | <b>40.77%</b>  | <b>39.91%</b>  |
| <b>EBITDA</b>                                       | <b>36.97%</b>  | <b>37.45%</b>  | <b>36.72%</b>  | <b>28.03%</b>  | <b>26.22%</b>  |
| Depreciation - Equipment                            | 1.28%  | 0.58%  | 1.07%  | 0.83%  | 0.66%  |
| Depreciation - Immediate W/Off                      | 0.69%  | 0.77%  | 0.34%  | 0.22%  | 0.47%  |
| Depreciation - Motor Vehicles                       | 3.19%  | 1.45%  | 0.11%  | 0.80%  | 0.55%  |
| <b>Total Depreciation</b>                           | <b>5.16%</b>   | <b>2.80%</b>   | <b>1.52%</b>   | <b>1.85%</b>   | <b>1.68%</b>   |
| <b>EBITA</b>  | <b>31.81%</b>  | <b>34.65%</b>  | <b>35.21%</b>  | <b>26.17%</b>  | <b>24.53%</b>  |
| Amortisation  | -  | -  | 0.08%  | 0.07%  | 0.07%  |
| <b>EBIT</b>   | <b>31.81%</b>  | <b>34.65%</b>  | <b>35.12%</b>  | <b>26.10%</b>  | <b>24.47%</b>  |
| Interest Received                                   | 0.11%  | 2.49%  | 3.01%  | 3.02%  | 3.08%  |
| Hire Purchase Charges                               | 1.92%  | 1.07%  | 1.26%  | 1.03%  | 0.87%  |
| Interest Paid                                       | 0.16%  | 2.41%  | 1.89%  | 1.48%  | 1.18%  |
| <b>Total Interest Expense</b>                       | <b>2.08%</b>   | <b>3.47%</b>   | <b>3.15%</b>   | <b>2.51%</b>   | <b>2.05%</b>   |
| <b>Net Profit Before Tax</b>                        | <b>29.84%</b>  | <b>33.66%</b>  | <b>34.99%</b>  | <b>26.60%</b>  | <b>25.49%</b>  |
| Income Tax Expense                                  | 8.20%  | 8.75%  | 8.75%  | 6.65%  | 6.37%  |
| <b>Net Profit After Tax</b>                         | <b>21.63%</b>  | <b>24.91%</b>  | <b>26.24%</b>  | <b>19.95%</b>  | <b>19.12%</b>  |
| Dividends Paid                                      | 9.52%  | 14.45%   | 12.13%   | 14.69%   | 12.95%   |
| <b>Net Profit After Dividends and Distributions</b> | <b>12.11%</b>  | <b>10.46%</b>  | <b>14.11%</b>  | <b>5.26%</b>   | <b>6.17%</b>   |

**Normalised Ratio Analysis**  
**XYZ Accounting Pty Ltd**  
**Scenario 2: Rule of Thumb Method**

|  | 01-Jul-19<br>to<br>30-Jun-20<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-20<br>to<br>30-Jun-21<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-21<br>to<br>30-Jun-22<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-22<br>to<br>30-Jun-23<br><i>Actual</i><br><i>Normalised</i> | 01-Jul-23<br>to<br>30-Jun-24<br><i>Actual</i><br><i>Normalised</i> |
|--|--|--|--|--|--|
| <b>Profitability</b>                             |  |  |  |  |  |
| Total Operating Revenue                          | \$629,965  | \$1,038,164  | \$1,195,440  | \$1,361,513  | \$1,506,192  |
| Gross Profit Margin                              | 70.59%   | 69.80%   | 68.51%   | 67.03%   | 64.42%   |
| EBITDA Margin                                    | 36.97%   | 37.45%   | 36.72%   | 28.03%   | 26.22%   |
| EBIT Margin                                      | 31.81%   | 34.65%   | 35.12%   | 26.10%   | 24.47%   |
| NPAT Margin                                      | 21.63%   | 24.91%   | 26.24%   | 19.95%   | 19.12%   |
| <b>Cash Flow</b>                                 |  |  |  |  |  |
| Cash From Customers                              | N/A  | \$975,389  | \$1,174,260  | \$1,351,718  | \$1,490,886  |
| Gross Cash Flow Margin                           | N/A  | 68.37%   | 68.03%   | 66.86%   | 64.12%   |
| Operating Cash Flow Margin                       | N/A  | 24.54%   | 27.20%   | 28.28%   | 25.09%   |
| Operating Cash Flow after Capital Margin         | N/A  | 21.56%   | 25.66%   | 26.41%   | 23.39%   |
| Operating Cash Flow after Capital and Tax Margin | N/A  | 13.69%   | 18.35%   | 17.93%   | 16.64%   |
| Net Cash Flow Margin                             | N/A  | 3.86%  | (4.18%)  | 0.80%  | 0.75%  |
| <b>Working Capital Efficiency</b>                |  |  |  |  |  |
| Debtor Days                                      | 34.87  | 29.50  | 35.04  | 33.89  | 32.69  |
| Debtor Turnover Ratio                            | 10.47  | 12.37  | 10.42  | 10.77  | 11.16  |
| Stock Days                                       | -  | -  | -  | -  | -  |
| Stock Turnover Ratio                             | -  | -  | -  | -  | -  |
| WIP (Inventory) Days                             | -  | -  | -  | -  | -  |
| WIP (Inventory) Turnover Ratio                   | -  | -  | -  | -  | -  |
| WIP (Services) Days                              | 19.50  | 15.31  | 17.76  | 17.15  | 17.12  |
| WIP (Services) Turnover Ratio                    | 18.72  | 23.84  | 20.55  | 21.28  | 21.32  |
| Creditor Days                                    | 13.86  | 11.09  | 12.18  | 11.02  | 9.92   |
| Asset Turnover Ratio                             | 1.44   | 1.51   | 1.19   | 1.25   | 1.30   |

| <b>Liquidity</b>               |           |           |           |           |           |
|--------------------------------|-----------|-----------|-----------|-----------|-----------|
| Current Ratio                  | 1.10      | 1.22      | 0.95      | 1.07      | 1.14      |
| Quick Ratio                    | 1.10      | 1.22      | 0.95      | 1.07      | 1.14      |
| <b>Debt and Equity Capital</b> |           |           |           |           |           |
| Total Debt                     | \$62,783  | \$385,994 | \$323,329 | \$277,458 | \$288,841 |
| Total Equity                   | \$244,050 | \$352,665 | \$521,364 | \$593,035 | \$686,030 |
| Debt to Assets Ratio           | 0.14      | 0.41      | 0.30      | 0.25      | 0.24      |
| Debt to Equity Ratio           | 0.26      | 1.09      | 0.62      | 0.47      | 0.42      |
| Interest Cover Ratio           | 15.31     | 9.97      | 11.16     | 10.38     | 11.93     |
| Net Debt                       | \$8,364   | \$293,891 | \$280,319 | \$223,662 | \$223,819 |
| Return on Invested Capital     | 59.37%    | 41.72%    | 39.28%    | 32.63%    | 30.30%    |
| Return on Equity               | 55.68%    | 73.33%    | 60.17%    | 45.81%    | 41.87%    |
| Dividend Yield                 | 24.52%    | 42.53%    | 27.81%    | 33.72%    | 28.35%    |

**Value Balance Sheet**  
**XYZ Accounting Pty Ltd**  
**Scenario 2: Rule of Thumb Method**

|                                      | <b>Financials</b>  | <b>Value</b>           |
|--------------------------------------|--------------------|------------------------|
|                                      | <b>30-Jun-24</b>   | <b>30-Jun-24</b>       |
| <b>Assets</b>                        |                    |                        |
| Bank - Business                      | \$51,476           | \$51,476               |
| Bank - Savings                       | \$13,546           | \$13,546               |
| Prepaid Expenses                     | \$9,050            | \$9,050                |
| Trade Receivables                    | \$137,973          | \$137,973              |
| Work in Progress                     | \$75,685           | \$75,685               |
| Equipment at Cost                    | \$90,093           | - <sup>1</sup>         |
| Accumulated Depreciation - Equipment | (\$45,067)         | -                      |
| Vehicles at Cost                     | \$140,046          | - <sup>2</sup>         |
| Accumulated Depreciation - Vehicles  | (\$55,413)         | -                      |
| Vehicles at Estimated Value          | -                  | \$105,000 <sup>3</sup> |
| Equipment at Estimated Value         | -                  | \$50,000 <sup>4</sup>  |
| Borrowing Costs at WDV               | \$5,000            | - <sup>5</sup>         |
| Loan - Emma Jones                    | \$209,632          | \$209,632              |
| Loan - John Smith                    | \$210,433          | \$210,433              |
| Purchased Goodwill                   | \$300,000          | - <sup>6</sup>         |
| Rental Bond Paid                     | \$10,000           | \$10,000               |
| Share Portfolio at Cost              | \$53,615           | \$80,000 <sup>7</sup>  |
| Trademark Costs                      | \$5,000            | - <sup>8</sup>         |
| <b>Total Assets</b>                  | <b>\$1,211,069</b> | <b>\$952,795</b>       |
| <b>Liabilities</b>                   |                    |                        |
| Accounts Payable                     | \$15,030           | \$15,030               |
| Credit Card                          | \$16,069           | \$16,069               |
| GST Payable                          | \$32,070           | \$32,070               |
| Income Tax Payable                   | \$50,999           | \$50,999               |
| Income in Advance                    | \$18,082           | \$18,082               |
| Provision for Holiday Pay            | \$100,540          | \$100,540              |

|                          | <b>Financials</b>      | <b>Value</b>            |
|--------------------------|------------------------|-------------------------|
|                          | <b>30-Jun-24</b>       | <b>30-Jun-24</b>        |
| Wages Tax Withheld       | \$19,477               | \$19,477                |
| Hire Purchase            | \$70,048               | \$70,048                |
| Less Unexpired Interest  | (\$7,311)              | (\$7,311)               |
| Bank Loan                | \$210,035              | \$210,035               |
| <b>Total Liabilities</b> | <b>\$525,039</b>       | <b>\$525,039</b>        |
|                          | <b>Book Net Assets</b> | <b>Value Net Assets</b> |
| <b>Net Amounts</b>       | <b>\$686,030</b>       | <b>\$427,756</b>        |

**Notes**

- 1: Replaced with estimate
- 2: Replaced with estimate
- 3: Estimated by owner
  - Car1: \$40,000
  - Car2: \$35,000
  - Car3: \$30,000
  - Total: \$105,000
- 4: Estimated by owner
- 5: Excluded as sunk cost
- 6: Excluded as being valued
- 7: Adjusted to market value provided
- 8: Excluded as being valued



**Equity Value**

XYZ Accounting Pty Ltd

**Scenario 2: Rule of Thumb Method**

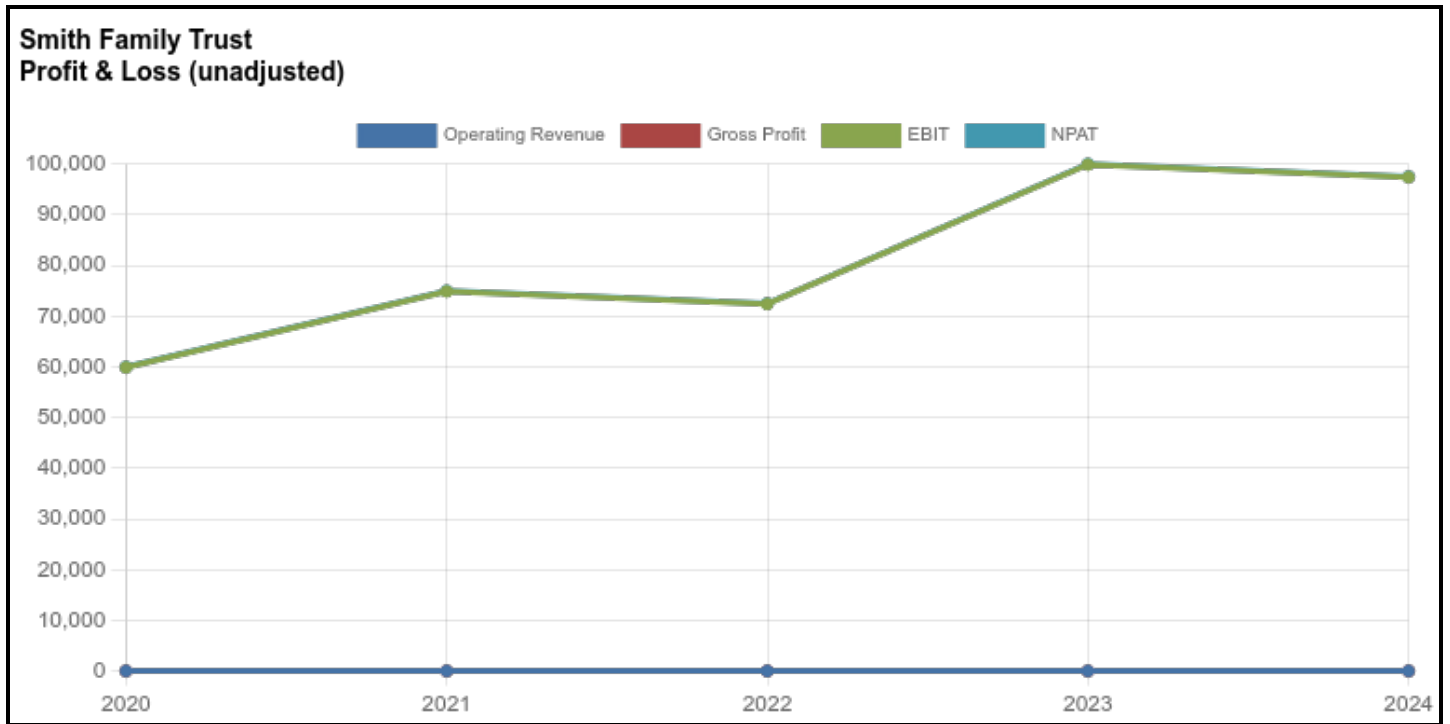
| Equity Value at 30 June 2024 - XYZ Accounting Pty Ltd |                  |                           |                    |
|---|------------------|---------------------------|--------------------|
| Assets  |                  | Liabilities               |                    |
| Bank - Business                                       | \$51,476         | Accounts Payable          | \$15,030           |
| Bank - Savings  | \$13,546         | Credit Card               | \$16,069           |
| Prepaid Expenses                                      | \$9,050          | GST Payable               | \$32,070           |
| Trade Receivables                                     | \$137,973        | Income in Advance         | \$18,082           |
| Work in Progress                                      | \$75,685         | Income Tax Payable        | \$50,999           |
| Vehicles at Estimated Value                           | \$105,000        | Provision for Holiday Pay | \$100,540          |
| Equipment at Estimated Value                          | \$50,000         | Wages Tax Withheld        | \$19,477           |
| Loan - Emma Jones                                     | \$209,632        | Hire Purchase             | \$70,048           |
| Loan - John Smith                                     | \$210,433        | Less Unexpired Interest   | (\$7,311)          |
| Rental Bond Paid                                      | \$10,000         | Bank Loan                 | \$210,035          |
| Share Portfolio at Cost                               | \$80,000         |                           |                    |
| <b>Total Assets</b>                                   | <b>\$952,795</b> | <b>Total Liabilities</b>  | <b>\$525,039</b>   |
| <b>Value Net Assets</b>                               |                  |                           | <b>\$427,756</b>   |
| Goodwill & Unidentified Intangibles                   |                  |                           | \$1,564,000        |
| <b>Equity Value</b>                                   |                  |                           | <b>\$1,991,756</b> |

**Equity Holding Values****XYZ Accounting Pty Ltd****Scenario 2: Rule of Thumb Method**

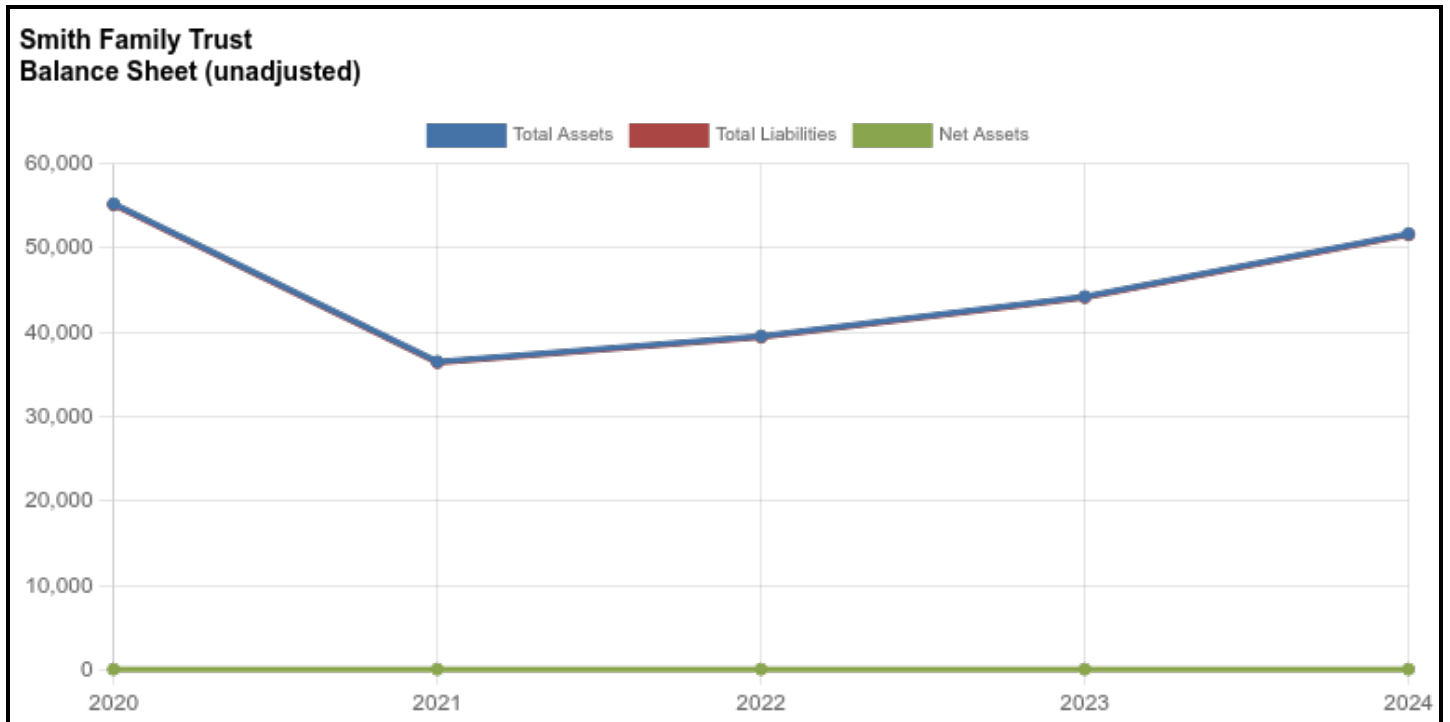
| <b>Equity Holding Value - 25,000 held by Smith Family Trust in XYZ Accounting Pty Ltd (class: Ordinary Shares) at 30-Jun-24</b> |             |
|---|-------------|
| Total Equity Value  | \$1,991,756 |
| Number Held   | 25,000      |
| Total Issued for Class  | 50,000      |
| Proportion Percentage   | 50%         |
| Proportional Value  | \$995,878   |

| <b>Equity Holding Value - 25,000 held by Jones Family Trust in XYZ Accounting Pty Ltd (class: Ordinary Shares) at 30-Jun-24</b> |             |
|---|-------------|
| Total Equity Value  | \$1,991,756 |
| Number Held   | 25,000      |
| Total Issued for Class  | 50,000      |
| Proportion Percentage   | 50%         |
| Proportional Value  | \$995,878   |

Entity Charts

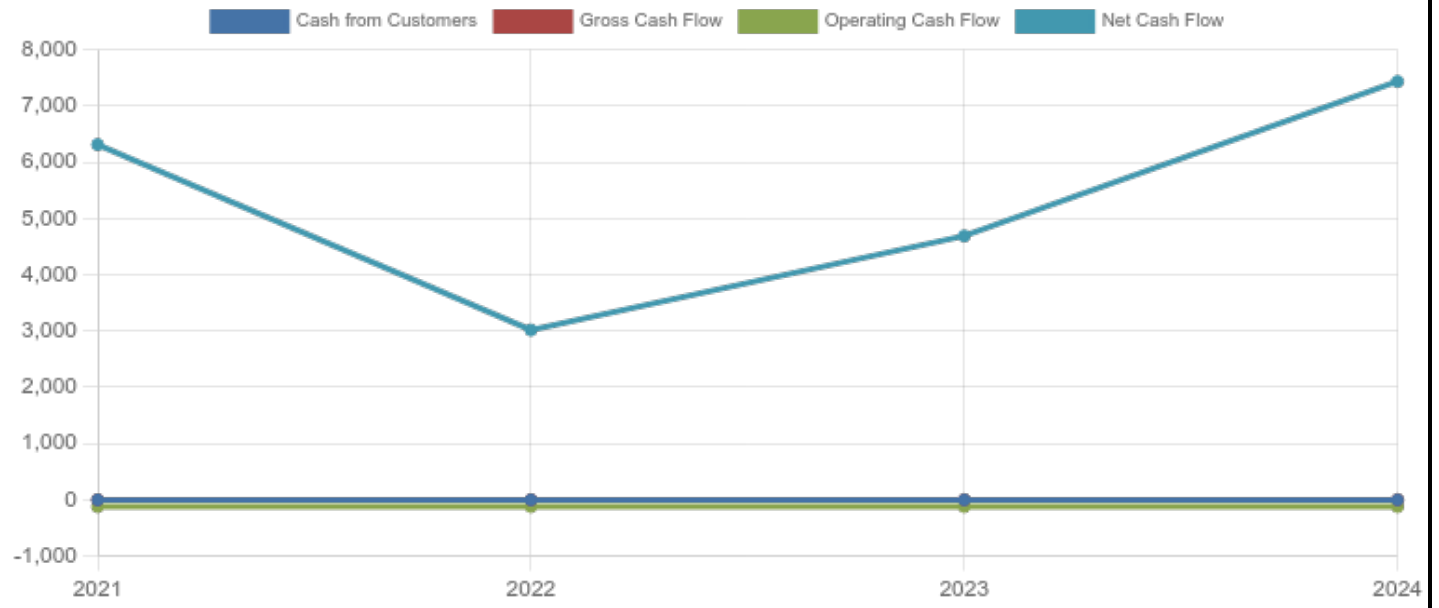


|                   | 2020   | 2021   | 2022   | 2023   | 2024   |
|-------------------|--------|--------|--------|--------|--------|
| Operating Revenue | 0      | 0      | 0      | 0      | 0      |
| Gross Profit      | 0      | 0      | 0      | 0      | 0      |
| EBIT              | 59,880 | 74,880 | 72,380 | 99,880 | 97,380 |
| NPAT              | 59,940 | 74,950 | 72,460 | 99,970 | 97,480 |



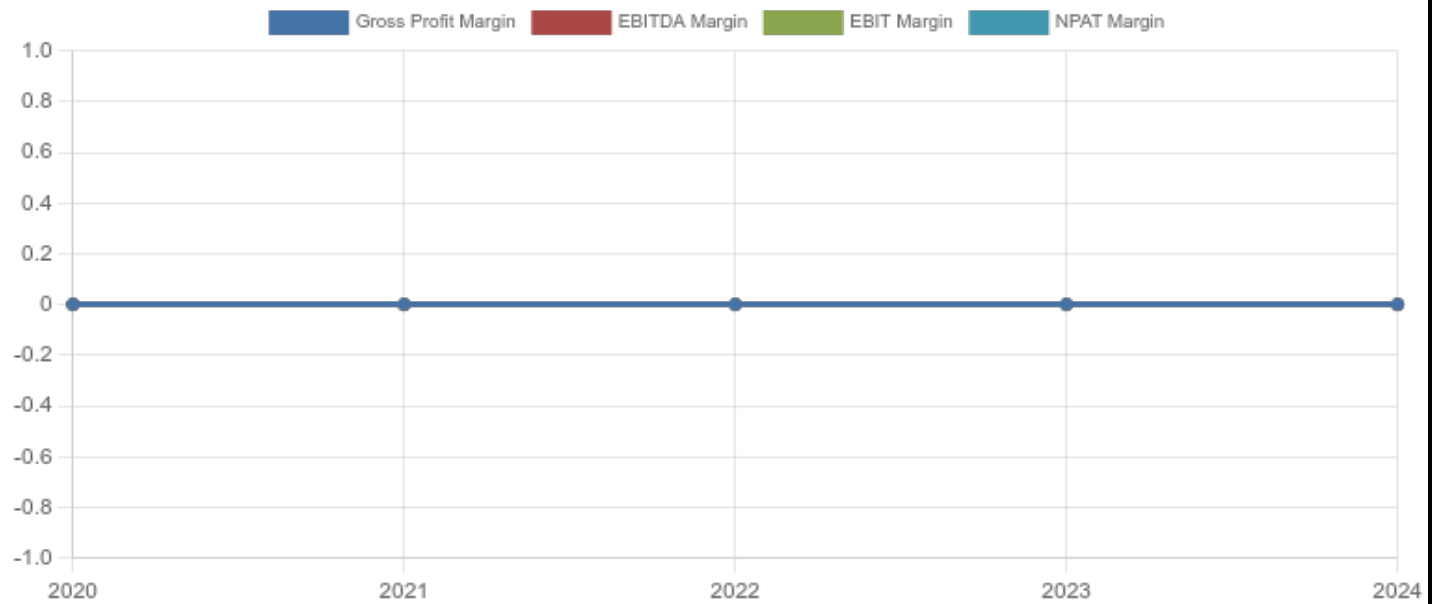
|                   | 2020   | 2021   | 2022   | 2023   | 2024   |
|-------------------|--------|--------|--------|--------|--------|
| Total Assets      | 55,234 | 36,546 | 39,564 | 44,254 | 51,689 |
| Total Liabilities | 55,134 | 36,446 | 39,464 | 44,154 | 51,589 |
| Net Assets        | 100    | 100    | 100    | 100    | 100    |

### Smith Family Trust Cash Flow (unadjusted)



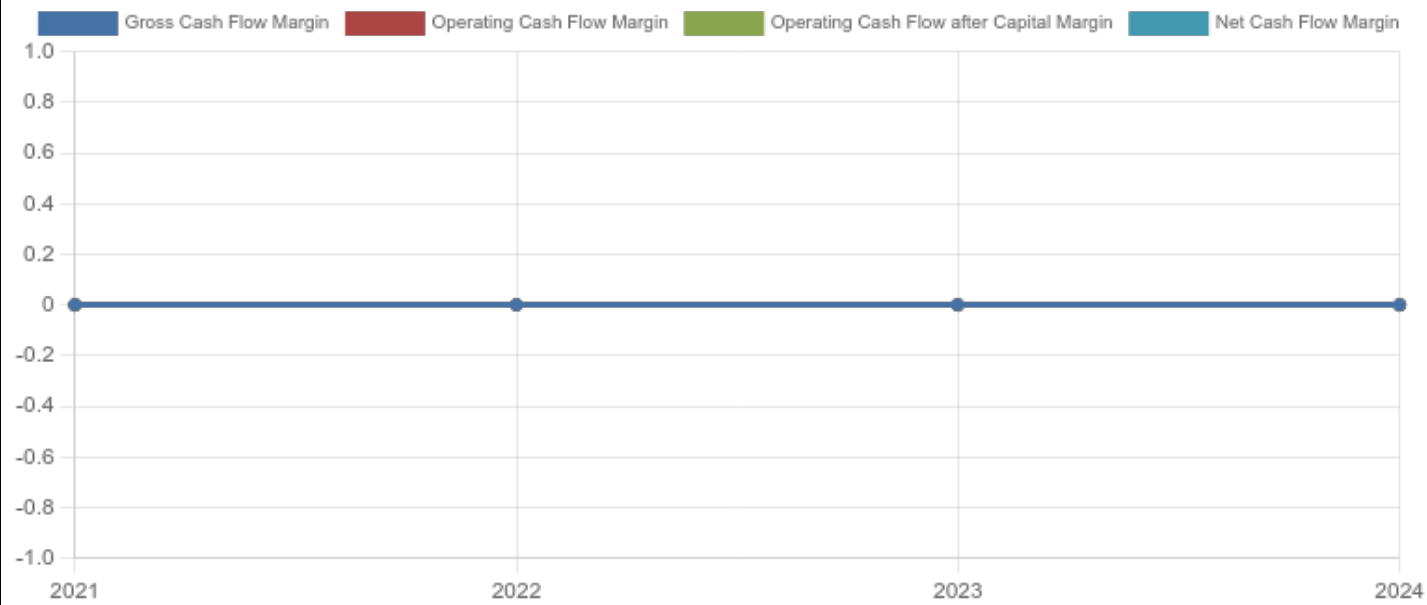
|                     | 2021  | 2022  | 2023  | 2024  |
|---------------------|-------|-------|-------|-------|
| Cash from Customers | 0     | 0     | 0     | 0     |
| Gross Cash Flow     | 0     | 0     | 0     | 0     |
| Operating Cash Flow | (120) | (120) | (120) | (120) |
| Net Cash Flow       | 6,312 | 3,018 | 4,690 | 7,435 |

### Smith Family Trust Profit Ratios (unadjusted)



|                     | 2020  | 2021  | 2022  | 2023  | 2024  |
|---------------------|-------|-------|-------|-------|-------|
| Gross Profit Margin | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| EBITDA Margin       | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| EBIT Margin         | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| NPAT Margin         | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

**Smith Family Trust**  
**Cash Flow Ratios (unadjusted)**



|  | 2021  | 2022  | 2023  | 2024  |
|--|-------|-------|-------|-------|
| Gross Cash Flow Margin                   | 0.00% | 0.00% | 0.00% | 0.00% |
| Operating Cash Flow Margin               | 0.00% | 0.00% | 0.00% | 0.00% |
| Operating Cash Flow after Capital Margin | 0.00% | 0.00% | 0.00% | 0.00% |
| Net Cash Flow Margin                     | 0.00% | 0.00% | 0.00% | 0.00% |

**Profit and Loss**  
**Smith Family Trust**

|   | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|---|--|--|--|--|--|
| No Operating Revenue                                | -  | -  | -  | -  | -  |
| <b>Total Operating Revenue</b>                      | -  | -  | -  | -  | -  |
| No Direct Costs                                     | -  | -  | -  | -  | -  |
| <b>Total Direct Costs</b>                           | -  | -  | -  | -  | -  |
| <b>Gross Profit</b>                                 | -  | -  | -  | -  | -  |
| Dividends Received                                  | \$60,000   | \$75,000   | \$72,500   | \$100,000  | \$97,500   |
| <b>Total Other Income</b>                           | <b>\$60,000</b>  | <b>\$75,000</b>  | <b>\$72,500</b>  | <b>\$100,000</b>   | <b>\$97,500</b>  |
| Bank Charges  | \$120  | \$120  | \$120  | \$120  | \$120  |
| <b>Total Overheads</b>                              | <b>\$120</b>   | <b>\$120</b>   | <b>\$120</b>   | <b>\$120</b>   | <b>\$120</b>   |
| <b>EBITDA</b>                                       | <b>\$59,880</b>  | <b>\$74,880</b>  | <b>\$72,380</b>  | <b>\$99,880</b>  | <b>\$97,380</b>  |
| No Depreciation                                     | -  | -  | -  | -  | -  |
| <b>EBITA</b>  | <b>\$59,880</b>  | <b>\$74,880</b>  | <b>\$72,380</b>  | <b>\$99,880</b>  | <b>\$97,380</b>  |
| No Amortisation                                     | -  | -  | -  | -  | -  |
| <b>EBIT</b>   | <b>\$59,880</b>  | <b>\$74,880</b>  | <b>\$72,380</b>  | <b>\$99,880</b>  | <b>\$97,380</b>  |
| Interest Received                                   | \$60   | \$70   | \$80   | \$90   | \$100  |
| No Interest Expense                                 | -  | -  | -  | -  | -  |
| <b>Net Profit Before Tax</b>                        | <b>\$59,940</b>  | <b>\$74,950</b>  | <b>\$72,460</b>  | <b>\$99,970</b>  | <b>\$97,480</b>  |
| No Income Tax Expense                               | -  | -  | -  | -  | -  |
| <b>Net Profit After Tax</b>                         | <b>\$59,940</b>  | <b>\$74,950</b>  | <b>\$72,460</b>  | <b>\$99,970</b>  | <b>\$97,480</b>  |
| Distributions Declared                              | \$59,940   | \$74,950   | \$72,460   | \$99,970   | \$97,480   |
| <b>Net Profit After Dividends and Distributions</b> | -  | -  | -  | -  | -  |

**Balance Sheet**  
**Smith Family Trust**

|                                      | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--------------------------------------|--|--|--|--|--|
| Bank - Savings                       | \$5,234  | \$11,546   | \$14,564   | \$19,254   | \$26,689   |
| <b>Total Current Assets</b>          | <b>\$5,234</b>   | <b>\$11,546</b>  | <b>\$14,564</b>  | <b>\$19,254</b>  | <b>\$26,689</b>  |
| Shares Held in XYZ Accounting Ltd    | \$50,000   | \$25,000   | \$25,000   | \$25,000   | \$25,000   |
| <b>Total Non-Current Assets</b>      | <b>\$50,000</b>  | <b>\$25,000</b>  | <b>\$25,000</b>  | <b>\$25,000</b>  | <b>\$25,000</b>  |
| <b>Total Assets</b>                  | <b>\$55,234</b>  | <b>\$36,546</b>  | <b>\$39,564</b>  | <b>\$44,254</b>  | <b>\$51,689</b>  |
| Loan - John Smith                    | \$27,567   | \$18,223   | \$19,732   | \$22,077   | \$25,795   |
| Loan - Sally Smith                   | \$27,567   | \$18,223   | \$19,732   | \$22,077   | \$25,795   |
| <b>Total Current Liabilities</b>     | <b>\$55,134</b>  | <b>\$36,446</b>  | <b>\$39,464</b>  | <b>\$44,154</b>  | <b>\$51,589</b>  |
| No Non-Current Liabilities           | -  | -  | -  | -  | -  |
| <b>Total Non-Current Liabilities</b> | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>   |
| <b>Total Liabilities</b>             | <b>\$55,134</b>  | <b>\$36,446</b>  | <b>\$39,464</b>  | <b>\$44,154</b>  | <b>\$51,589</b>  |
| <b>Net Assets</b>                    | <b>\$100</b>   | <b>\$100</b>   | <b>\$100</b>   | <b>\$100</b>   | <b>\$100</b>   |
| No Retained Profits                  | -  | -  | -  | -  | -  |
| Settlement Sum                       | \$100  | \$100  | \$100  | \$100  | \$100  |
| <b>Total Equity</b>                  | <b>\$100</b>   | <b>\$100</b>   | <b>\$100</b>   | <b>\$100</b>   | <b>\$100</b>   |

**Balance Sheet Common Size  
Smith Family Trust**

|                                      | 01-Jul-19<br>To<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--------------------------------------|--|--|--|--|--|
| Bank - Savings                       | 9.48%  | 31.59%   | 36.81%   | 43.51%   | 51.63%   |
| <b>Total Current Assets</b>          | <b>9.48%</b>   | <b>31.59%</b>  | <b>36.81%</b>  | <b>43.51%</b>  | <b>51.63%</b>  |
| Shares Held in XYZ Accounting Ltd    | 90.52%   | 68.41%   | 63.19%   | 56.49%   | 48.37%   |
| <b>Total Non-Current Assets</b>      | <b>90.52%</b>  | <b>68.41%</b>  | <b>63.19%</b>  | <b>56.49%</b>  | <b>48.37%</b>  |
| <b>Total Assets</b>                  | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   | <b>100.00%</b>   |
| Loan - John Smith                    | 49.91%   | 49.86%   | 49.87%   | 49.89%   | 49.90%   |
| Loan - Sally Smith                   | 49.91%   | 49.86%   | 49.87%   | 49.89%   | 49.90%   |
| <b>Total Current Liabilities</b>     | <b>99.82%</b>  | <b>99.73%</b>  | <b>99.75%</b>  | <b>99.77%</b>  | <b>99.81%</b>  |
| No Non-Current Liabilities           | -  | -  | -  | -  | -  |
| <b>Total Non-Current Liabilities</b> | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>   |
| <b>Total Liabilities</b>             | <b>99.82%</b>  | <b>99.73%</b>  | <b>99.75%</b>  | <b>99.77%</b>  | <b>99.81%</b>  |
| <b>Net Assets</b>                    | <b>0.18%</b>   | <b>0.27%</b>   | <b>0.25%</b>   | <b>0.23%</b>   | <b>0.19%</b>   |
| No Retained Profits                  | -  | -  | -  | -  | -  |
| Settlement Sum                       | 0.18%  | 0.27%  | 0.25%  | 0.23%  | 0.19%  |
| <b>Total Equity</b>                  | <b>0.18%</b>   | <b>0.27%</b>   | <b>0.25%</b>   | <b>0.23%</b>   | <b>0.19%</b>   |



**Cash Flow**  
**Smith Family Trust**

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--|--|--|--|--|
| Operating Revenue Accrued                            | -  | -  | -  | -  |
| Decrease/(Increase) in Trade Receivable              | -  | -  | -  | -  |
| Decrease/(Increase) in WIP (Services)                | -  | -  | -  | -  |
| Increase/(Decrease) in Income in Advance             | -  | -  | -  | -  |
| <b>Cash from Customers</b>                           | -  | -  | -  | -  |
| Direct Costs Accrued                                 | -  | -  | -  | -  |
| Increase/(Decrease) in Trade Payables                | -  | -  | -  | -  |
| Decrease/(Increase) in Stock/Inventory               | -  | -  | -  | -  |
| Decrease/(Increase) in WIP (Inventory)               | -  | -  | -  | -  |
| <b>Cash to Suppliers</b>                             | -  | -  | -  | -  |
| <b>Gross Cash Flow</b>                               | -  | -  | -  | -  |
| Other Income Accrued                                 | \$75,000   | \$72,500   | \$100,000  | \$97,500   |
| Overheads Accrued                                    | (\$120)  | (\$120)  | (\$120)  | (\$120)  |
| Less: Investment Income or Expense                   | (\$75,000)   | (\$72,500)   | (\$100,000)  | (\$97,500)   |
| Decrease/(Increase) in Prepayments                   | -  | -  | -  | -  |
| Increase/(Decrease) in Provisions and Accruals       | -  | -  | -  | -  |
| Decrease/(Increase) in Other Current Assets          | -  | -  | -  | -  |
| Increase/(Decrease) in Other Current Liabilities     | -  | -  | -  | -  |
| Decrease/(Increase) in Other Non-Current Assets      | -  | -  | -  | -  |
| Increase/(Decrease) in Other Current Non-Liabilities | -  | -  | -  | -  |
| <b>Operating Cash Expenses</b>                       | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   |
| <b>Operating Cash Flow</b>                           | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   |
| Decrease/(Increase) in Fixed Assets (Depreciable)    | -  | -  | -  | -  |
| Depreciation Accrued                                 | -  | -  | -  | -  |
| Profit/(Loss) on Sale of Fixed Assets                | -  | -  | -  | -  |

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--|--|--|--|--|
| <b>Capital Expenditure</b>                       | -  | -  | -  | -  |
| <b>Operating Cash Flow after Capital</b>         | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   |
| Income Tax Accrued                               | -  | -  | -  | -  |
| Increase/(Decrease) in Income Tax Payable        | -  | -  | -  | -  |
| <b>Income Tax Cash Flow</b>                      | -  | -  | -  | -  |
| <b>Operating Cash Flow after Capital and Tax</b> | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   |
| Decrease/(Increase) in Investments               | \$25,000   | -  | -  | -  |
| Decrease/(Increase) in Intangibles               | -  | -  | -  | -  |
| Decrease/(Increase) in Goodwill                  | -  | -  | -  | -  |
| Amortisation Expensed                            | -  | -  | -  | -  |
| Other Investment Income or Expenses              | \$75,000   | \$72,500   | \$100,000  | \$97,500   |
| <b>Investments Cash Flow</b>                     | <b>\$100,000</b>   | <b>\$72,500</b>  | <b>\$100,000</b>   | <b>\$97,500</b>  |
| Interest Income                                  | \$70   | \$80   | \$90   | \$100  |
| Interest Expense                                 | -  | -  | -  | -  |
| Increase/(Decrease) in Credit Cards              | -  | -  | -  | -  |
| Increase/(Decrease) in Asset Finance             | -  | -  | -  | -  |
| Increase/(Decrease) in Bank Loans                | -  | -  | -  | -  |
| Increase/(Decrease) in Other Loans               | -  | -  | -  | -  |
| Other Finance Income or Expenses                 | -  | -  | -  | -  |
| <b>Finance Cash Flow</b>                         | <b>\$70</b>  | <b>\$80</b>  | <b>\$90</b>  | <b>\$100</b>   |
| Increase/(Decrease) in Equity Capital            | -  | -  | -  | -  |
| Dividends and Distributions Accrued              | (\$74,950)   | (\$72,460)   | (\$99,970)   | (\$97,480)   |
| Loans From/(To) Associates                       | (\$18,688)   | \$3,018  | \$4,690  | \$7,435  |
| <b>Owner Cash Flow</b>                           | <b>(\$93,638)</b>  | <b>(\$69,442)</b>  | <b>(\$95,280)</b>  | <b>(\$90,045)</b>  |
| Miscellaneous Income or Expenses                 | -  | -  | -  | -  |
| <b>Miscellaneous Cash Flow</b>                   | -  | -  | -  | -  |
| <b>Net Cash Flow</b>                             | <b>\$6,312</b>   | <b>\$3,018</b>   | <b>\$4,690</b>   | <b>\$7,435</b>   |
| Opening Cash at Bank                             | \$5,234  | \$11,546   | \$14,564   | \$19,254   |
| <b>Closing Cash at Bank</b>                      | <b>\$11,546</b>  | <b>\$14,564</b>  | <b>\$19,254</b>  | <b>\$26,689</b>  |

|  | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--|--|--|--|--|
| <b>EBIT to Cashflow Reconciliation</b>               |  |  |  |  |
| EBIT   | \$74,880   | \$72,380   | \$99,880   | \$97,380   |
| Less: Investment Income or Expense                   | (\$75,000)   | (\$72,500)   | (\$100,000)  | (\$97,500)   |
| Decrease/(Increase) in Trade Receivable              | -  | -  | -  | -  |
| Decrease/(Increase) in WIP (Services)                | -  | -  | -  | -  |
| Increase/(Decrease) in Income in Advance             | -  | -  | -  | -  |
| Increase/(Decrease) in Trade Payables                | -  | -  | -  | -  |
| Decrease/(Increase) in Stock/Inventory               | -  | -  | -  | -  |
| Decrease/(Increase) in WIP (Inventory)               | -  | -  | -  | -  |
| Decrease/(Increase) in Prepayments                   | -  | -  | -  | -  |
| Increase/(Decrease) in Provisions and Accruals       | -  | -  | -  | -  |
| Decrease/(Increase) in Other Current Assets          | -  | -  | -  | -  |
| Increase/(Decrease) in Other Current Liabilities     | -  | -  | -  | -  |
| Decrease/(Increase) in Other Non-Current Assets      | -  | -  | -  | -  |
| Increase/(Decrease) in Other Current Non-Liabilities | -  | -  | -  | -  |
| Decrease/(Increase) in Fixed Assets (Depreciable)    | -  | -  | -  | -  |
| <b>Other Operating &amp; Capital Cash Flows</b>      | <b>(\$75,000)</b>  | <b>(\$72,500)</b>  | <b>(\$100,000)</b>   | <b>(\$97,500)</b>  |
| <b>Operating Cash Flow after Capital</b>             | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   |
| Income Tax Accrued                                   | -  | -  | -  | -  |
| Increase/(Decrease) in Income Tax Payable            | -  | -  | -  | -  |
| <b>Income Tax Cash Flow</b>                          | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>   |
| <b>Operating Cash Flow after Capital and Tax</b>     | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   | <b>(\$120)</b>   |
| Decrease/(Increase) in Investments                   | \$25,000   | -  | -  | -  |
| Decrease/(Increase) in Intangibles                   | -  | -  | -  | -  |
| Decrease/(Increase) in Goodwill                      | -  | -  | -  | -  |
| Amortisation Expensed                                | -  | -  | -  | -  |
| Other Investment Income or Expenses                  | \$75,000   | \$72,500   | \$100,000  | \$97,500   |

|                                       | 01-Jul-20<br>To<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>To<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>To<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>To<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|---------------------------------------|--|--|--|--|
| <b>Investments Cash Flow</b>          | <b>\$100,000</b>   | <b>\$72,500</b>  | <b>\$100,000</b>   | <b>\$97,500</b>  |
| Interest Income                       | \$70   | \$80   | \$90   | \$100  |
| Interest Expense                      | -  | -  | -  | -  |
| Increase/(Decrease) in Credit Cards   | -  | -  | -  | -  |
| Increase/(Decrease) in Asset Finance  | -  | -  | -  | -  |
| Increase/(Decrease) in Bank Loans     | -  | -  | -  | -  |
| Increase/(Decrease) in Other Loans    | -  | -  | -  | -  |
| Other Finance Income or Expenses      | -  | -  | -  | -  |
| <b>Finance Cash Flow</b>              | <b>\$70</b>  | <b>\$80</b>  | <b>\$90</b>  | <b>\$100</b>   |
| Increase/(Decrease) in Equity Capital | -  | -  | -  | -  |
| Dividends and Distributions Accrued   | (\$74,950)   | (\$72,460)   | (\$99,970)   | (\$97,480)   |
| Loans From/(To) Associates            | (\$18,688)   | \$3,018  | \$4,690  | \$7,435  |
| <b>Owner Cash Flow</b>                | <b>(\$93,638)</b>  | <b>(\$69,442)</b>  | <b>(\$95,280)</b>  | <b>(\$90,045)</b>  |
| Miscellaneous Income or Expenses      | -  | -  | -  | -  |
| <b>Miscellaneous Cash Flow</b>        | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>   |
| <b>Net Cash Flow</b>                  | <b>\$6,312</b>   | <b>\$3,018</b>   | <b>\$4,690</b>   | <b>\$7,435</b>   |
| Opening Cash at Bank                  | \$5,234  | \$11,546   | \$14,564   | \$19,254   |
| <b>Closing Cash at Bank</b>           | <b>\$11,546</b>  | <b>\$14,564</b>  | <b>\$19,254</b>  | <b>\$26,689</b>  |

## Ratio Analysis

### Smith Family Trust

|  | 01-Jul-19<br>to<br>30-Jun-20<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-20<br>to<br>30-Jun-21<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-21<br>to<br>30-Jun-22<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-22<br>to<br>30-Jun-23<br><i>Actual</i><br><i>Unadjusted</i> | 01-Jul-23<br>to<br>30-Jun-24<br><i>Actual</i><br><i>Unadjusted</i> |
|--|--|--|--|--|--|
| <b>Profitability</b>                             |  |  |  |  |  |
| Total Operating Revenue                          | -  | -  | -  | -  | -  |
| Gross Profit Margin                              | -  | -  | -  | -  | -  |
| EBITDA Margin                                    | -  | -  | -  | -  | -  |
| EBIT Margin                                      | -  | -  | -  | -  | -  |
| NPAT Margin                                      | -  | -  | -  | -  | -  |
| <b>Cash Flow</b>                                 |  |  |  |  |  |
| Cash From Customers                              | N/A  | N/A  | N/A  | N/A  | N/A  |
| Gross Cash Flow Margin                           | N/A  | N/A  | N/A  | N/A  | N/A  |
| Operating Cash Flow Margin                       | N/A  | N/A  | N/A  | N/A  | N/A  |
| Operating Cash Flow after Capital Margin         | N/A  | N/A  | N/A  | N/A  | N/A  |
| Operating Cash Flow after Capital and Tax Margin | N/A  | N/A  | N/A  | N/A  | N/A  |
| Net Cash Flow Margin                             | N/A  | N/A  | N/A  | N/A  | N/A  |
| <b>Working Capital Efficiency</b>                |  |  |  |  |  |
| Debtor Days                                      | -  | -  | -  | -  | -  |
| Debtor Turnover Ratio                            | -  | -  | -  | -  | -  |
| Stock Days                                       | -  | -  | -  | -  | -  |
| Stock Turnover Ratio                             | -  | -  | -  | -  | -  |
| WIP (Inventory) Days                             | -  | -  | -  | -  | -  |
| WIP (Inventory) Turnover Ratio                   | -  | -  | -  | -  | -  |
| WIP (Services) Days                              | -  | -  | -  | -  | -  |
| WIP (Services) Turnover Ratio                    | -  | -  | -  | -  | -  |
| Creditor Days                                    | -  | -  | -  | -  | -  |
| Asset Turnover Ratio                             | -  | -  | -  | -  | -  |
| <b>Liquidity</b>                                 |  |  |  |  |  |

|               |      |      |      |      |      |
|---------------|------|------|------|------|------|
| Current Ratio | 0.09 | 0.32 | 0.37 | 0.44 | 0.52 |
| Quick Ratio   | 0.09 | 0.32 | 0.37 | 0.44 | 0.52 |

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**Debt and Equity Capital**

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|                            |            |            |            |            |            |
|----------------------------|------------|------------|------------|------------|------------|
| Total Debt                 | \$55,134   | \$36,446   | \$39,464   | \$44,154   | \$51,589   |
| Total Equity               | \$100      | \$100      | \$100      | \$100      | \$100      |
| Debt to Assets Ratio       | 1.00       | 1.00       | 1.00       | 1.00       | 1.00       |
| Debt to Equity Ratio       | 551.34     | 364.46     | 394.64     | 441.54     | 515.89     |
| Interest Cover Ratio       | -          | -          | -          | -          | -          |
| Net Debt                   | \$49,900   | \$24,900   | \$24,900   | \$24,900   | \$24,900   |
| Return on Invested Capital | 89.57%     | 224.64%    | 217.14%    | 299.64%    | 291.34%    |
| Return on Equity           | 59,776.23% | 74,950.00% | 72,460.00% | 99,970.00% | 97,213.66% |
| Dividend Yield             | 59,776.23% | 74,950.00% | 72,460.00% | 99,970.00% | 97,213.66% |

## Equity Structure

| Equity Structure at 30 June 2024 - Smith Family Trust |                 |
|---|-----------------|
| Equity Class (Proportions Based on Percentages)       | Class Weighting |
| Discretionary Trust Hypothetical Equity               | 100.00%         |
| Equity Holding  | % of Class      |
| John Smith  | 50.00%          |
| Sally Smith   | 50.00%          |

**Summation of Net Asset Values Summary****Smith Family Trust****Summation of Net Asset Values Method**

| <b>Equity Value at 30 June 2024 (by Category) - Smith Family Trust</b> |                  |                                   |                  |
|--|------------------|-----------------------------------|------------------|
| <b>Assets</b>  |                  | <b>Liabilities</b>                |                  |
| Cash at Bank   | \$26,689         | Associate Loans (related parties) | \$51,589         |
| Investments  | \$940,284        |                                   |                  |
| <b>Total Assets</b>  | <b>\$966,973</b> | <b>Total Liabilities</b>          | <b>\$51,589</b>  |
| <b>Equity Value</b>  |                  |                                   | <b>\$915,384</b> |



**Value Balance Sheet**  
**Smith Family Trust**  
**Summation of Net Asset Values Method**

|                                   | <b>Financials</b>      | <b>Value</b>            |
|-----------------------------------|------------------------|-------------------------|
|                                   | <b>30-Jun-24</b>       | <b>30-Jun-24</b>        |
| <b>Assets</b>                     |                        |                         |
| Bank - Savings                    | \$26,689               | \$26,689                |
| Shares Held in XYZ Accounting Ltd | \$25,000               | \$940,284 <sup>1</sup>  |
| <b>Total Assets</b>               | <b>\$51,689</b>        | <b>\$966,973</b>        |
| <b>Liabilities</b>                |                        |                         |
| Loan - John Smith                 | \$25,795               | \$25,795                |
| Loan - Sally Smith                | \$25,795               | \$25,795                |
| <b>Total Liabilities</b>          | <b>\$51,589</b>        | <b>\$51,589</b>         |
|                                   | <b>Book Net Assets</b> | <b>Value Net Assets</b> |
| <b>Net Amounts</b>                | <b>\$100</b>           | <b>\$915,384</b>        |

**Notes**

1: Adjusted to Valuation

**Equity Value****Smith Family Trust****Summation of Net Asset Values Method**

| <b>Equity Value at 30 June 2024 - Smith Family Trust</b> |                  |                          |                  |
|--|------------------|--------------------------|------------------|
| <b>Assets</b>  |                  | <b>Liabilities</b>       |                  |
| Bank - Savings   | \$26,689         | Loan - John Smith        | \$25,795         |
| Shares Held in XYZ Accounting Ltd                        | \$940,284        | Loan - Sally Smith       | \$25,795         |
| <b>Total Assets</b>                                      | <b>\$966,973</b> | <b>Total Liabilities</b> | <b>\$51,589</b>  |
| <b>Equity Value</b>                                      |                  |                          | <b>\$915,384</b> |

**Equity Holding Values****Smith Family Trust****Summation of Net Asset Values Method**

| <b>Equity Holding Value - 50% held by John Smith in Smith Family Trust (class: Discretionary Trust Hypothetical Equity) at 30-Jun-24</b> |           |
|--|-----------|
| Total Equity Value   | \$915,384 |
| Proportion Percentage  | 50%       |
| Proportional Value   | \$457,692 |

| <b>Equity Holding Value - 50% held by Sally Smith in Smith Family Trust (class: Discretionary Trust Hypothetical Equity) at 30-Jun-24</b> |           |
|---|-----------|
| Total Equity Value  | \$915,384 |
| Proportion Percentage   | 50%       |
| Proportional Value  | \$457,692 |