



Know the basics to assess what you have to pay for a typical motel

BASIC ANALYSIS

Motel Assist
 ABN: 70 002 615 974
 222 Carthage Street
 TAMWORTH NSW 2340
 Tel: 02-6766-5331
 Fax: 02-6761-2056
Mobile: 0428-668-357
 Email: russ@motelassist.com.au
 Web: www.motelassist.com.au

E Where you see this box, hover the cursor over it for an explanation.
 Please read E1 for instructions before commencing.

You can apply yield percentages on what to expect from a typical motel of about 10 rooms to 32 rooms with a conventional restaurant.
 Remember the **bottom line** is to purchase a business and **achieve or improve on the net profit stated.**

EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation
 EBITDAR - Earnings before Interest, Tax, Depreciation, Amortisation & Rent

Date Prepared: 22/12/2010

Note: The figures below are exclusive of GST

View Date

4/12/2011

Assessment of a typical country motel **E1**

Current Year Ended: **2010**
 Income I would like:
 To calculate the value of a motel **clear the above box**

Capitalised prices expected to pay:

Freehold Price:	\$1,098,375
Leasehold Price:	\$309,479
Investment:	\$788,896

Click Here to understand Rental Ratios **E2**

Place yields & amounts in the following boxes.	
Freehold Benchmark Yield	16.0%
Leasehold Benchmark Yield	30%
Rental as a % of Freehold Net Profit	42.0%
Average Daily Room Rate exc GST	\$142
Av Daily Room Rate inc GST	\$156 E3
Ideal Number of Rooms	9 E4
Occupancy Expected	65% E5
Investment Freehold Motel	
Net Rental Received:	\$67,232
Net Return Expected on Rental:	9%
Capitalised Value of Motel	\$747,019
Difference in price calc.	\$41,877

Typical No. of rooms based on Room Rate & Occupancy.

Total Rooms Freehold:	8	per day
Occupied Rooms Freehold:	5	per day
Total Rooms Leasehold:	8	per day
Occupied Rooms Leasehold:	5	per day

Turnover of a Freehold Motel inc Breakfast		\$302,029	Capitalised Value	\$1,098,375
Expenses	\$141,954	47.0%	of turnover <i>Breakfast revenue inc in T/Over</i>	
Net Profit (NOP) Adjusted net Profit (EBITDA)	\$175,740	53.0%	of turnover	
Estimated No. of rooms:	8	Average Daily Room Rate inc GST		\$156.00
Turnover - Freehold with a Lic'd Restaurant		\$397,507	Capitalised Value	\$1,098,375
Expenses	\$230,554	58.0%	of turnover	
Net Profit (NOP) Adjusted net Profit (EBITDA)	\$175,740	42.0%	of turnover	
T/O of Restaurant	\$95,478	Purchasing Costs:		\$69,538

Turnover of a Leasehold Motel inc Breakfast		\$302,029	Capitalised Value	\$309,479
Expenses	\$141,954	47.0%	of turnover <i>Breakfast revenue inc in T/Over</i>	
Net Profit before rent (EBITDAR)	\$160,075	53.0%	of turnover	
Rent on 25yr lease	\$67,232	22.3%	of turnover	
Net after rent (NAR) or (EBITDA)	\$92,844	30.7%	of turnover	
Estimated No. Rooms:	8	Average Daily Room Rate inc GST		\$156.00
Rent as a percentage of net profit before rent:	42.0%	Purchase Costs		\$22,147

Turnover- Leasehold with a Lic'd Restaurant		\$397,507	Capitalised Value	\$309,479
T/O of Restaurant	Expenses \$237,432	58.0%	of turnover	
\$95,478	Net Profit before rent \$160,075	42.0%	of turnover	
Hover here - Rental Ratios	Rent on 25yr lease \$67,232	16.9%	of turnover	
\$75,994	Net after rent (NAR) \$92,844	23.4%	of turnover	

Assessing of an Investment Motel using a Leasehold capitalised value from the above example

Capitalised Freehold Value	\$1,098,375	calc on the Leasehold Freehold Net Profit of: \$160,075	
Less Leasehold Value	\$309,479		
Assessed Capitalised Value	\$788,896		
Rental Return on Motel	\$67,232		
Return on Capitalised Value:	8.52%		
Purchase Costs	\$53,297		

Lending Value Ratios available from BankWest		
Leasehold - LVR	50%	\$154,740
Freehold - LVR	65%	\$713,944
Investment - LVR	75%	\$591,672

The above Lending Value Ratios require validation

Every effort has been made to provide as accurate as possible information in these reports. However Motelinfo is not responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.



Know the basics to assess what you have to pay for a typical motel

View Date: 4/12/2011
Date Prepared: 4/12/2011

Purchase Costs, Net Return on Motel & Capital Invested

Indicative Interest Rates - Freehold: **8.50%**
Leasehold: **9.50%**

Leasehold Purchase Costs	
Stamp Duty	\$9,416.57
Mortgage Duty	\$563.96
Loan Application	\$1,547.40
Legals	\$5,618.96
Other, inc Valuation	\$5,000.00
Total:	\$22,146.88

7.2% of Purchase Price

Freehold Purchase Costs	
Stamp Duty	\$45,900.63
Mortgage Duty	\$2,800.78
Loan Application	\$7,139.44
Legals	\$7,196.75
Other, inc Valuation	\$6,500.00
Total:	\$69,537.59

6.3% of Purchase Price

Investment Purchase Costs	
Stamp Duty	\$30,990.31
Mortgage Duty	\$2,311.69
Loan Application	\$5,916.72
Legals	\$6,577.79
Other, inc Valuation	\$7,500.00
Total:	\$53,296.51

6.8% of Purchase Price

EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation
EBITDAR - Earnings before Interest, Tax, Depreciation, Amortisation & Rent

E6

Establishing Food Income for Leasehold Restaurant & Bar	
Number of Licensed Settings	50
Motel Daily Room Occupancy	5
Guest Attendance:	7
Estimated Food & Liquor per setting:	Check \$38.00
Recommended Average Cost per setting:	\$38.00
Income per day:	\$262
Expected Income per annum:	\$95,478

Return on Business - Leasehold	
Net Income EBITDAR:	\$92,844
Interest at Indicative Rates	\$14,700
Net Return after Interest:	\$78,144
Mortgage Amount:	\$154,740
Funds Required to Complete:	\$176,887
Price inc. Acquisition Costs:	\$331,626
Net Return on Cash Spent:	44.18%
Net Return on Motel Business	28.00%

Return on Business - Freehold	
Net Income: EBITDA	\$175,740
Interest at Indicative Rates	\$60,685
Net Return after Interest:	\$115,055
Mortgage Amount:	\$713,944
Funds Required to Complete:	\$453,969
Price inc. Acquisition Costs:	\$1,167,913
Net Return on Cash Spent:	25.34%
Net Return on Motel	15.05%

Return on Investment	
Net Income EBITDA:	\$67,232
Interest at Indicative Rates	\$50,292
Net Return after Interest:	\$16,940
Mortgage Amount:	\$591,672
Funds Required to Complete:	\$250,520
Price inc. Acquisition Costs:	\$842,192
Net Return on Cash Spent:	6.76%
Net Return on Investment	7.98%

Leasehold Restaurant & Bar Overview		
Total Income	\$95,478	100%
Food & Beverage Cost	\$40,101	42.00%
Gross Profit	\$55,377	58.00%
Labour	\$51,558	54.00%
Net Profit	\$3,819	4.00%

Once you have established what you can buy for the cash and finance available the search for the motel begins. Refer to "Buy a Motel" in the Motelinfo web site. This will direct you to a list of active Motel Brokers who have a wide selection of motels to choose from. www.motelinfo.com.au

DISCLAIMER

The computer projections listed above simply illustrate the outcome calculated from the input values and assumptions contained in the model. Therefore the figures can be varied as required and are in no way intended to be a guarantee of future performance. The information is provided in good faith, it is also given on the basis that no person using the information, in whole or part, shall have claim against Motel Assist, its employees or consultants.



Freehold Industry Template Profit & Loss Account

Assessment of a typical country motel

Freehold Assessment

Entry Date: 22/12/2010

Print Date: 4/12/2011

Income:
 Accommodation
 Breakfast 3.7% of Accom
 Goods for own use
 Restaurant & Beverage
 Telephone
 Minibar
 Internet
Total Income:
Less, Cost of goods sold:
 Breakfasts
 Restaurant & Beverage
 Minibar
Total, Cost of Sales
Gross Profit:
Expenses:
Accountancy Fees
Advertising (1% to 3%)
Bank Charges
 Credit Card & Eftpos Charges
Cable TV (\$19.00/Room)
 Chain Fees
 Cleaning or Cleaning Contracts
 Cleaning Chemicals inc Laundry
 Commission to Agents
Compliance to Ordinances
 Consumables (\$0.75/room night)
Depreciation
 Freight
 Electricity, Gas, Oil
 Excess Water
Ground & Pool Maintenance
Insurance - General
 Insurance - Workers Comp
Interest
Internet Access & Computer Maintenance
 Linen Hire (Laundry)
Lease & Hire Purchase
License Fees & Subscriptions
Motor Vehicle & Travelling
Owners Wages or Drawings
Owners Superannuation
Pest Control
 Postage, Printing, & Papers
Rates & Land Tax
 Replacements, Repairs, Maint
Security
Staff Amenities
 Superannuation - Employees
 Telephone & Fax
Uniforms & Training
 Wages - Employees
Wages - Managers
Wages - Relief Managers
Waste Removal
 Sundry
Total Operating Expenses
Net Operating Profit
 Add the Add-backs
Adjusted Net Operating Profit:
Less: Rent 42.0% of F/H Net Profit
Adjusted Net Profit after rent

Room P.A.	% of T/O	2010	%	2009
	94.2%	\$284,598	94.1%	\$275,537
	3.5%	\$10,571	3.5%	\$10,254
	1.5%	\$4,444	1.5%	\$4,444
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	0.6%	\$1,661	0.6%	\$1,611
No	0.0%	\$0	0.9%	\$2,490
	0.3%	\$755	0.4%	\$1,025
	100%	\$302,029	100%	\$292,968
	1.5%	\$4,440	1.4%	\$4,307
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	1.5%	\$4,440	1.4%	\$4,307
		\$297,589	0%	\$288,662
Items in Red are Industry Add-Backs				
	0.6%	\$1,812	0%	\$0
	2.5%	\$7,551	0%	\$0
	0.3%	\$906	0%	\$0
	1.9%	\$5,739	0%	\$0
	0.6%	\$1,861	0%	\$0
Yes	3.0%	\$8,538	0%	\$0
	0.0%	\$0	0%	\$0
	0.3%	\$906	0%	\$0
	2.1%	\$6,343	0%	\$0
	0.1%	\$302	0%	\$0
	0.5%	\$1,452	0%	\$0
		\$0	0%	\$0
	2.6%	\$7,853	0%	\$0
	0.4%	\$1,208	0%	\$0
	0.2%	\$604	0%	\$0
	1.0%	\$3,142	0%	\$0
	0.5%	\$1,504	0%	\$0
	0.0%	\$0	0%	\$0
	0.2%	\$604	0%	\$0
Yes	1.2%	\$3,562	0%	\$0
		\$0	0%	\$0
	0.6%	\$1,800	0%	\$0
	1.0%	\$3,000	0%	\$0
		\$0	0%	\$0
		\$0	0%	\$0
	0.3%	\$975	0%	\$0
	0.8%	\$2,416	0%	\$0
	0.7%	\$2,114	0%	\$0
	5.0%	\$15,101	0%	\$0
	0.3%	\$755	0%	\$0
	0.1%	\$199	0%	\$0
	1.0%	\$2,936	0%	\$0
	1.3%	\$3,926	0%	\$0
	0.1%	\$151	0%	\$0
	10.8%	\$32,627	0%	\$0
		\$0	0%	\$0
		\$0	0%	\$0
	1.5%	\$4,480	0%	\$0
	0.3%	\$906	0%	\$0
	0.6%	\$1,812	0%	\$0
	0.0%	\$0	0%	\$0
	42.1%	\$127,087	0%	\$0
	56.5%	\$170,502	0%	\$0
	0.0%	\$0	0%	\$0
	56.5%	\$170,502	0%	\$0
	23.7%	\$71,611	0%	\$0
	32.7%	\$98,891	0%	\$0

Variable Income	Check on Questions asked & relevant material:	
	No	Is there a Minibar?
	Yes	Is the motel a member of a chain?
	Yes	External Linen Service used?
	Yes	Is the motel Freehold?
	No	Is there a Restaurant
	Annual Rental : \$71,611	
	Rent is 42.0% of Freehold net Profit or 23.7% of Turnover	
	Capitalised Value is: \$1,065,640	
	Asking Price is: \$1,200,000	
Assessed Purchase Costs: \$66,899		
Negotiated Price: \$1,200,000		
Amount decided to borrow: \$0		

Expenses are:
V - Variable
S - Static
Add-Back

Notes about Laundry
 In these calculations when you say Yes to Linen Hire it is assumed that only the sheets are laundered. The pillow slips, towels, face washers and bathmats are laundered on premises by the housekeepers.

Borrowing Capacity		Freehold
Loan Value Ratio on:		
Freehold Title LVR		65%
Indicative Interest Rate		8.50%
Assessed Capitalised Value		
Based on a yield of: 16.00%		
Capitalised Value is:		\$1,065,640
Mortgage Available:		\$692,666
Negotiated Price		\$1,200,000
Price including all costs		\$1,266,899
Cash in Hand		\$0
Surplus/Shortfall		\$1,266,899
Funds required to Complete		\$1,266,899
Amount decided to borrow		\$0
Interest Payable per annum		\$0

Wage Assessment in this Program	
Reception	\$0
Bed & Breakfast Housekeepers	\$29,883
Laundry	\$2,744
Restaurant	\$51,558
Total Wages:	\$84,185
Difference from wages below \$64,689	

Your assessment from below:		
Position	Annual Wages	
Reception	% of Acc	\$0.00
Housekeepers	6.9%	\$19,496.37
Laundry		\$0.00
Maintenance		\$0.00
Breakfasts		\$0.00
Restaurant:	Total:	\$19,496.37
Chef		\$0.00
Kitchen Hand		\$0.00
Waitress		\$0.00
Total:		\$0.00
Total Wages		\$19,496.37

Refer to HMAA for advice in this area

Transparency on Financials

Public holidays have not been factored into award averages.

Add-Backs or Add-Ons:					Understand the Wage Component of a Motel				
	% of T/O	2006	% of T/O	2009	Position	Hrs/Day	Award	Wage Per Day	
Depreciation	0%	\$0	0%	\$0	Reception		18.5500	\$0.00	
Interest	0%	\$0	0%	\$0	Housekeepers	2.7	20.1400	\$53.41	
Motor Vehicle Adj.	0%	\$0	0%	\$0	Laundry		20.1400	\$0.00	
Owners Wages, Drawings & Super	0%	\$0	0%	\$0	Maintenance		18.5500	\$0.00	
Replacements etc.	0%	\$0	0%	\$0	Breakfasts		19.7700	\$0.00	
Wages - Managers	0%	\$0	0%	\$0	Restaurant:			\$0.00	
Wage Adjustment	0%	\$0	0%	\$0	Chef, say		22.0000	\$0.00	
Food % Adjustment	0%	\$0	0%	\$0	Kitchen Hand		19.7700	\$0.00	
Advertising	0%	\$0	0%	\$0	Waitress		19.7700	\$0.00	
Credit Card & Eftpos Charges	0%	\$0	0%	\$0	Total wages per day:			\$53.41	
Relief Managers	0%	\$0	0%	\$0	Total wages per annum:			\$19,496	
Personal Living	0%	\$0	0%	\$0	Wages show on Profit & Loss:			\$32,627	
Workers Comp Premium Owner's Wages	0%	\$0	0%	\$0	Difference:			-\$13,130	
	0%	\$0	0%	\$0	Note the hourly rate of	20.1400	is a weekly avge		
<i>Note: This area is not active.</i>	0%	\$0	0%	\$0	The adult casual award is applied in this exercise				
<i>It is listed showing the typical add-backs considered.</i>	0%	\$0	0%	\$0	Hospitality Services Grade 2. (Excluding Chef)				
	0%	\$0	0%	\$0	Monday to Friday		18.5500	Motels, Accommodation & Resorts	
	0%	\$0	0%	\$0	Saturday		22.2600	Award(Federal) from 1/10/07	
	0%	\$0	0%	\$0	Sunday		25.9700		
Total Add-backs	0%	\$0	0%	\$0	Public Holiday		40.8000		

Summary 2006				List of Purchase Costs based on Negotiated Price			
Total Income:	100%	\$302,029		Stamp Duty:		4.8%	\$51,490
Total, Cost of Sales	1%	\$4,440		Mortgage S/Duty: <input type="text" value="Loan"/> <input type="text" value="\$0"/>		0.0%	\$9
Gross Profit	99%	\$297,589		Legal Fees:		0.8%	\$8,400
Total Operating Expenses	42%	\$127,087		Finance Costs:		0.0%	\$0
Net Operating Profit	56%	\$170,502		Valuation, Pest, Building Reports, say		0.5%	\$5,000
Add the Add-backs	0%	\$0		Total		6.1%	\$64,899
Adjusted Net Operating Profit:	56%	\$170,502		Stock in Hand (Subject to stock take)		0.2%	\$2,000
Rent 42.0% of F/H Net P.	24%	\$71,611		Also Allow for deficit in 1st months trade:		0.0%	\$0
Adjusted Net Profit after rent	33%	\$98,891		All up costs to provide for:		6.3%	\$66,899
				Capitalised Value of Motel		100%	\$1,065,640
				Total Acquisition Cost:			\$1,132,539

Profit & Loss Check with input document		2006		2005	
Total Income:		\$302,029.20	100%	\$292,968.32	100%
Total, Cost of Sales		\$4,439.83	1%	\$4,306.63	1%
Gross Profit:		\$297,589.37	99%	\$288,661.69	99%
Current Rent 42.0% of Freehold Net Profit		\$71,611.00	24%	\$0.00	0%
Total Operating Expenses		\$127,087.00	42%	\$0.00	0%
Net Operating Profit		\$98,891.38	33%	\$0.00	0%
Add the Add-backs		\$0.00	0%	\$0.00	0%
Adjusted Net Operating Profit:		\$98,891.38	33%	\$0.00	0%

Negotiated Price **\$1,200,000**

Break-even Analysis in the First Year			
Refers to your assessed income and expenses:			
You need to make: \$133,489 in sales to break even			
	% over/ breakeven	Monthly	2006
Sales	100.0%	\$11,124	\$133,489
Less: Cost of sales	1.5%	\$164	\$1,962
Gross Margin	98.5%	\$10,961	\$131,527
LESS EXPENSES			
Admin & Overhead	92.9%	\$10,331	\$123,976
Sales & Marketing	5.7%	\$629	\$7,551
Interest Expense	0.0%	\$0	\$0
Rent	0.0%	\$0	\$0
Total Expenses	98.5%	\$10,961	\$131,527
Net Profit			\$0
Break-even sales			
as a % of total sales figure of		\$302,029	44%
To assess the break-even of a motel (80% - 82%) would be the highest % to consider unless you can establish an upside.			

Cash Required to Complete the Purchase	
Total Price including all costs	\$1,266,899
Cash in Hand:	\$0
Cash Reserve:	Not Applicable
Development	Not Applicable
Interest:	Not Applicable
Net Funds Required:	\$1,266,899
Mortgaged Funds Available:	\$0
Surplus/Shortfall	\$1,266,899

Understanding your net returns on Cash Outlaid	
Total Cash Spent: (Excluding 1st months expenses)	\$0
Net Return of Motel	\$170,502
This equates to	0.00% net on money invested

What is the Leasehold Business Worth?	
Based on a net yield of:	30.00%
The Leasehold Business is worth:	\$329,638
Goodwill is Assessed at:	\$214,265
Plant Fixtures & Fittings:	\$115,373
Annual Rental for 25 a year lease:	\$71,611
The Plant Fixtures & Fittings is	35% of Business
The Annual Rental is:	42.0% of F.H. Net P.

What is the Investment Property Worth?	
The difference between Freehold and the Leasehold Values:	
Value of Investment Property	\$736,002
Rental Return of	\$71,611 9.7% net return

Goodwill: is "Evidence of a relationship that retains & promotes repeat business" The structure of this motel is set up below on our Benchmarks. The Plant Fixtures & Fittings (PF&F) value has not been taken from the Balance Sheet. (Note: The Freehold includes the Leasehold value.)

Freehold Business:	\$1,065,640	PF&F	\$115,373
Leasehold Business:	\$329,638	Goodwill	\$214,265
Investment Freehold:	\$736,002	Leasehold	\$329,638

The above figures are stated as a guide only, to carry out an in depth analysis of these values requires a physical inspection to establish the value of and condition of the PF&F and the condition of the Freehold.

Disclaimer:

The computer projections listed above simply illustrate the outcome calculated from the input values and assumptions contained in the model. Therefore the figures can be varied as required and are in no way intended to be a guarantee of future performance. The information is provided in good faith, it is also given on the basis that no person using the information, in whole or part, shall have claim against Motel Assist, its employees or consultants.

Transparency on Financials

Public holidays have not been factored into award averages.

Add-Backs or Add-Ons:					Understand the Wage Component of a Motel				
	% of T/O	2006	% of T/O	2009	Position	Hrs/Day	Award	Wage Per Day	
Depreciation	0%	\$0	0%	\$0	Reception		18.2092	\$0.00	
Interest	0%	\$0	0%	\$0	Housekeepers	2.7	19.7700	\$52.43	
Motor Vehicle Adj.	0%	\$0	0%	\$0	Laundry		19.7700	\$0.00	
Owners Wages, Drawings & Super	0%	\$0	0%	\$0	Maintenance		18.2092	\$0.00	
Replacements etc.	0%	\$0	0%	\$0	Breakfasts		19.7700	\$0.00	
Wages - Managers	0%	\$0	0%	\$0	Restaurant:			\$0.00	
Wage Adjustment	0%	\$0	0%	\$0	Chef, say		22.0000	\$0.00	
Food % Adjustment	0%	\$0	0%	\$0	Kitchen Hand		19.7700	\$0.00	
Advertising	0%	\$0	0%	\$0	Waitress		19.7700	\$0.00	
Credit Card & Eftpos Charges	0%	\$0	0%	\$0	Total wages per day:			\$52.43	
Relief Managers	0%	\$0	0%	\$0	Total wages per annum:			\$19,138	
Personal Living	0%	\$0	0%	\$0	Wages show on Profit & Loss:			\$32,627	
Workers Comp Premium Owner's Wages	0%	\$0	0%	\$0	Difference:			-\$13,489	
	0%	\$0	0%	\$0					
<i>Note: This area is not active.</i>	0%	\$0	0%	\$0	The adult casual award is applied in this exercise				
<i>It is listed showing the typical add-backs considered.</i>	0%	\$0	0%	\$0	Hospitality Services Grade 2. (Excluding Chef)				
	0%	\$0	0%	\$0	Monday to Friday		18.2092	Hotels, Accommodation & Resorts	
	0%	\$0	0%	\$0	Saturday		21.8511	Award(Federal) from 1/10/07	
	0%	\$0	0%	\$0	Sunday		25.4929		
Total Add-backs	0%	\$0	0%	\$0	Public Holiday		40.0603		

Summary 2006				List of Purchase Costs based on Negotiated Price			
Total Income:		100%	\$302,029	Stamp Duty:		0.6%	\$1,990
Total, Cost of Sales		1%	\$4,440	Mortgage S/Duty: Loan \$0		0.0%	\$9
Gross Profit		99%	\$297,589	Legal Fees:		1.9%	\$6,200
Total Operating Expenses		42%	\$127,087	Finance Costs:		0.0%	\$0
Net Operating Profit		56%	\$170,502	Valuation, Pest, Building Reports, say		1.5%	\$5,000
Add the Add-backs		0%	\$0	Total		4.0%	\$13,199
Adjusted Net Operating Profit:		56%	\$170,502	Stock in Hand (Subject to stock take)		0.6%	\$2,000
Rent 42.0% of F/H Net P.		24%	\$71,611	Also Allow for deficit in 1st months trade:		0.0%	\$0
Adjusted Net Profit after rent		33%	\$98,891	All up costs to provide for:		4.6%	\$15,199
				Capitalised Value of Motel		100%	\$329,638
				Total Acquisition Cost:			\$344,837

Profit & Loss Check with input document				2006		2005	
Total Income:		\$302,029.20	100%	\$292,968.32	100%		
Total, Cost of Sales		\$4,439.83	1%	\$4,306.63	1%		
Gross Profit:		\$297,589.37	99%	\$288,661.69	99%		
Current Rent 42.0% of Freehold Net Profit		\$71,611.00	24%	\$0.00	0%		
Total Operating Expenses		\$127,087.00	42%	\$0.00	0%		
Net Operating Profit		\$98,891.38	33%	\$0.00	0%		
Add the Add-backs		\$0.00	0%	\$0.00	0%		
Adjusted Net Operating Profit:		\$98,891.38	33%	\$0.00	0%		

Negotiated Price \$100,000

Break-even Analysis in the First Year			
Refers to your assessed income and expenses:			
You need to make: \$206,169 in sales to break even			
	% over/ breakeven	Monthly	2006
Sales	100.0%	\$17,181	\$206,169
Less: Cost of sales	1.5%	\$253	\$3,031
Gross Margin	98.5%	\$16,928	\$203,138
LESS EXPENSES			
Admin & Overhead	60.1%	\$10,331	\$123,976
Sales & Marketing	3.7%	\$629	\$7,551
Interest Expense	0.0%	\$0	\$0
Rent	34.7%	\$5,968	\$71,611
Total Expenses	98.5%	\$16,928	\$203,138
Net Profit			\$0
Break-even sales			
as a % of total sales figure of		\$302,029	68%
To assess the break-even of a motel (80% - 82%) would be the highest % to consider unless you can establish an upside.			

Cash Required to Complete the Purchase	
Total Price including all costs	\$115,199
Cash in Hand:	\$0
Cash Reserve:	Not Applicable
Development	Not Applicable
Interest:	Not Applicable
Net Funds Required:	\$115,199
Mortgaged Funds Available:	\$0
Surplus/Shortfall	\$115,199

Understanding your net returns on Cash Outlaid	
Total Cash Spent: (Excluding 1st months expenses)	\$0
Net Return of Motel	\$98,891
This equates to	0.00% net on money invested

What is the Leasehold Business Worth?	
Based on a net yield of:	30.00%
The Leasehold Business is worth:	\$329,638
Goodwill is Assessed at:	\$214,265
Plant Fixtures & Fittings:	\$115,373
Annual Rental for 25 a year lease:	\$71,611
The Plant Fixtures & Fittings is	35% of Business
The Annual Rental is:	42.0% of F.H. Net P.

What is the Investment Property Worth?	
The difference between Freehold and the Leasehold Values:	
Value of Investment Property	\$736,002
Rental Return of	\$71,611 9.7% net return

Goodwill: is "Evidence of a relationship that retains & promotes repeat business" The structure of this motel is set up below on our Benchmarks. The Plant Fixtures & Fittings (PF&F) value has not been taken from the Balance Sheet. (Note: The Freehold includes the Leasehold value.)

Freehold Business:	\$1,065,640	PF&F	\$115,373
Leasehold Business:	\$329,638	Goodwill	\$214,265
Investment Freehold:	\$736,002	Leasehold	\$329,638

The above figures are stated as a guide only, to carry out an in depth analysis of these values requires a physical inspection to establish the value of and condition of the PF&F and the condition of the Freehold.

Disclaimer:

The computer projections listed above simply illustrate the outcome calculated from the input values and assumptions contained in the model. Therefore the figures can be varied as required and are in no way intended to be a guarantee of future performance. The information is provided in good faith, it is also given on the basis that no person using the information, in whole or part, shall have claim against Motel Assist, its employees or consultants.



Checking Freehold **What If Profit & Loss Account**

Assessment of a typical country motel

Entry Date: 22/12/2010

Print Date: 4/12/2011

Note: Your Industry Total Income is shown as: **\$302,029**

Income:
 Accommodation
 Breakfast 3.7% of Accom
 Goods for own use
 Restaurant & Beverage
 Telephone
 Minibar
 Internet
Total Income:
Less, Cost of goods sold:
 Breakfasts
 Restaurant & Beverage
 Minibar
Total, Cost of Sales
Gross Profit:
Expenses:
Accountancy Fees
Advertising (1% to 3%)
Bank Charges
 Credit Card & Eftpos Charges
Cable TV (\$19.00/Room)
 Chain Fees
 Cleaning or Cleaning Contracts
 Cleaning Chemicals inc Laundry
 Commission to Agents
Compliance to Ordinances
 Consumables (\$0.75/room night)
Depreciation
 Freight
 Electricity, Gas, Oil
 Excess Water
Ground & Pool Maintenance
Insurance - General
 Insurance - Workers Comp
Interest
Internet Access & Computer Maintenance
 Linen Hire (Laundry)
Lease & Hire Purchase
License Fees & Subscriptions
Motor Vehicle & Travelling
Owners Wages or Drawings
Owners Superannuation
Pest Control
 Postage, Printing, & Papers
Rates & Land Tax
 Replacements, Repairs, Maint
Security
Staff Amenities
 Superannuation - Employees
 Telephone & Fax
Uniforms & Training
 Wages - Employees
Wages - Managers
Wages - Relief Managers
Waste Removal
 Sundry
Total Operating Expenses
Net Operating Profit
 Add the Add-backs
Adjusted Net Operating Profit:
Rent 42.0% of F/H Net Profit
Adjusted Net Profit after rent

Room P.A.	% of T/O	2010	%	View Ratios
	93.3%	\$176,122	94.2%	\$284,598
	3.5%	\$6,604	3.5%	\$10,571
	2.4%	\$4,444	1.5%	\$4,444
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	0.6%	\$1,038	0.6%	\$1,661
	0.0%	\$0	0.0%	\$0
	0.3%	\$472	0.3%	\$755
	100%	\$188,679	100%	\$302,029
	1.5%	\$2,774	2.4%	\$4,440
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	1.5%	\$2,774	2.4%	\$4,440
		\$185,906	0%	\$297,589
Items in Red are Industry Add-Backs				
	0.6%	\$1,132	0%	\$0
	2.5%	\$4,717	0%	\$0
	0.3%	\$566	0%	\$0
	1.9%	\$3,585	0%	\$0
	1.0%	\$1,861	0%	\$0
Yes	3.0%	\$5,284	0%	\$0
	0.0%	\$0	0%	\$0
	0.3%	\$566	0%	\$0
	2.1%	\$3,962	0%	\$0
	0.1%	\$189	0%	\$0
	0.5%	\$907	0%	\$0
		\$0	0%	\$0
	2.6%	\$4,906	0%	\$0
	0.4%	\$755	0%	\$0
	0.2%	\$377	0%	\$0
	1.7%	\$3,142	0%	\$0
	0.5%	\$979	0%	\$0
	0.0%	\$0	0%	\$0
	0.2%	\$377	0%	\$0
Yes	1.9%	\$3,562	0%	\$0
		\$0	0%	\$0
	1.0%	\$1,800	0%	\$0
	1.6%	\$3,000	0%	\$0
		\$0	0%	\$0
		\$0	0%	\$0
	0.5%	\$975	0%	\$0
	0.8%	\$1,509	0%	\$0
	0.7%	\$1,321	0%	\$0
	5.0%	\$9,434	0%	\$0
	0.3%	\$472	0%	\$0
	0.1%	\$125	0%	\$0
	1.0%	\$1,911	0%	\$0
	1.3%	\$2,453	0%	\$0
	0.1%	\$94	0%	\$0
	11.3%	\$21,237	0%	\$0
		\$0	0%	\$0
	2.4%	\$4,480	0%	\$0
	0.3%	\$566	0%	\$0
	0.6%	\$1,132	0%	\$0
	0.0%	\$0	0%	\$0
	46.3%	\$87,376	0%	\$0
	52.2%	\$98,530	0%	\$0
	0.0%	\$0	0%	\$0
	52.2%	\$98,530	0%	\$0
	21.9%	\$41,382	0%	\$0
	30.3%	\$57,147	0%	\$0

Variable Income

Check on Questions asked & relevant material:
 No Is there a Minibar?
 Yes Is the motel a member of a chain?
 Yes External Linen Service used?
 Yes Is the motel Freehold?
 No Is there a Restaurant
 Annual Rental : \$41,382
 Rent is 42.0% of Freehold net Profit
 or 21.9% of Turnover
Capitalised Value is: \$615,810

Variable Expenses

Asking Price is: _____
 Assessed Purchase Costs: \$13,009
 Negotiated Price: _____
 Amount decided to borrow: \$0

Expenses are:
V - Variable
S - Static
Add-Back

Notes about Laundry

In these calculations when you say Yes to Linen Hire it is assumed that only the sheets are laundered. The pillow slips, towels, face washers and bathmats are laundered on premises by the housekeepers.

Borrowing Capacity		Freehold
Loan Value Ratio on:		
Freehold Title	Yes	65%
Indicative Interest Rate		8.50%
Assessed Capitalised Value		
Based on a yield of:		16.00%
Capitalised Value is:		\$615,810
Mortgage Available:		\$400,276
Negotiated Price		\$0
Price including all costs		\$13,009
Cash in Hand		\$0
Surplus/Shortfall		\$13,009
Funds required to Complete		\$13,009
Amount decided to borrow		\$0
Interest Payable per annum		\$0

Wage Assessment in this Program		
Reception		\$0
Bed & Breakfast Housekeepers		\$18,493
Laundry		\$2,744
Restaurant	No	\$51,558
Total Wages:		\$72,795
Difference from wages below		\$53,657

Your assessment from below:		
Position	% of Acc	Annual Wages
Reception		\$0.00
Housekeepers	10.9%	\$19,138.20
Laundry		\$0.00
Maintenance		\$0.00
Breakfasts		\$0.00
Restaurant:	Total:	\$19,138.20
Chef		\$0.00
Kitchen Hand		\$0.00
Waitress		\$0.00
	Total:	\$0.00
Total Wages		\$19,138.20

Refer to HMAA for advice in this area

Transparency on Financials

Public holidays have not been factored into award averages.

Add-Backs or Add-Ons:					Understand the Wage Component of a Motel				
	% of T/O	2010	% of T/O	View Ratios	Position	Hrs/Day	Award	Wage Per Day	
Depreciation	0%	\$0	0%	\$0	Reception	0	18.2092	\$0.00	
Interest	0%	\$0	0%	\$0	Housekeepers	2.7	19.7700	\$52.43	
Motor Vehicle Adj.	0%	\$0	0%	\$0	Laundry	0	19.7700	\$0.00	
Owners Wages, Drawings & Super	0%	\$0	0%	\$0	Maintenance	0	18.2092	\$0.00	
Replacements etc.	0%	\$0	0%	\$0	Breakfasts	0	19.7700	\$0.00	
Wages - Managers	0%	\$0	0%	\$0	Restaurant:	0		\$0.00	
Wage Adjustment	0%	\$0	0%	\$0	Chef, say	0	22.0000	\$0.00	
Food % Adjustment	0%	\$0	0%	\$0	Kitchen Hand	0	19.7700	\$0.00	
Advertising	0%	\$0	0%	\$0	Waitress	0	19.7700	\$0.00	
Credit Card & Eftpos Charges	0%	\$0	0%	\$0	Total wages per day:			\$52.43	
Relief Managers	0%	\$0	0%	\$0	Total wages per annum:			\$19,138	
Personal Living	0%	\$0	0%	\$0	Wages show on Profit & Loss:			\$21,237	
Workers Comp Premium Owner's Wages	0%	\$0	0%	\$0	Difference:			-\$2,099	
	0%	\$0	0%	\$0					
<i>Note: This area is not active.</i>	0%	\$0	0%	\$0	The adult casual award is applied in this exercise				
<i>It is listed showing the typical add-backs considered.</i>	0%	\$0	0%	\$0	Hospitality Services Grade 2. (Excluding Chef)				
	0%	\$0	0%	\$0	Monday to Friday		18.2092	Motels, Accommodation & Resorts	
	0%	\$0	0%	\$0	Saturday		21.8511	Award(Federal) from 1/10/07	
	0%	\$0	0%	\$0	Sunday		25.4929		
Total Add-backs	0%	\$0	0%	\$0	Public Holiday		40.0603		

Summary 2010				List of Purchase Costs Based on Negotiated Price			
Total Income:		100%	\$188,679	Stamp Duty:		0.0%	\$0
Total, Cost of Sales		1%	\$2,774	Mortgage S/Duty: <input type="text" value="Loan"/> <input type="text" value="\$0"/>		0.0%	\$9
Gross Profit		99%	\$185,906	Legal Fees:		1.0%	\$6,000
Total Operating Expenses		46%	\$87,376	Finance Costs:		0.0%	\$0
Net Operating Profit		52%	\$98,530	Valuation, Pest, Building Reports, say		0.8%	\$5,000
Add the Add-backs		0%	\$0	Total		1.8%	\$11,009
Adjusted Net Operating Profit:		52%	\$98,530	Stock in Hand (Subject to stock take)		0.3%	\$2,000
Rent 42.0% of F/H Net P.		22%	\$41,382	Also Allow for deficit in 1st months trade:		0.0%	\$0
Adjusted Net Profit after rent		30%	\$57,147	All up costs to provide for:		2.1%	\$13,009
				Capitalised Value of Motel		100%	\$615,810
				Total Acquisition Cost:			\$628,819

Profit & Loss Check with input document		2010		2009	
Total Income:		\$188,679.25	100%	\$302,029.20	100%
Total, Cost of Sales		\$2,773.58	1%	\$4,439.83	1%
Gross Profit:		\$185,905.66	99%	\$297,589.37	99%
Current Rent 42.0% of Freehold Net Profit		\$41,382.41	22%	\$0.00	0%
Total Operating Expenses		\$87,376.12	46%	\$0.00	0%
Net Operating Profit		\$57,147.13	30%	\$0.00	0%
Add the Add-backs		\$0.00	0%	\$0.00	0%
Adjusted Net Operating Profit:		\$57,147.13	30%	\$0.00	0%

Break-even Analysis in the First Year			
Refers to your assessed income and expenses:			
You need to make: \$91,495 in sales to break even			
	% over/ breakeven	Monthly	2010
Sales	100.0%	\$7,625	\$91,495
Less: Cost of sales	1.5%	\$112	\$1,345
Gross Margin	98.5%	\$7,512	\$90,150
LESS EXPENSES			
Admin & Overhead	93.4%	\$7,119	\$85,433
Sales & Marketing	5.2%	\$393	\$4,717
Interest Expense	0.0%	\$0	\$0
Rent	0.0%	\$0	\$0
Total Expenses	98.5%	\$7,512	\$90,150
Net Profit			\$0
Break-even sales			
as a % of total sales figure of		\$188,679	48%
To assess the break-even of a motel (80% - 82%) would be the highest % to consider unless you can establish an upside.			

Negotiated Price		\$0
Cash Required to Complete the Purchase		
Total Price including all costs		\$13,009
Cash in Hand:	\$0	
Cash Reserve:	Not Applicable	
Development	Not Applicable	
Interest:	Not Applicable	
Net Funds Required:		\$13,009
Mortgaged Funds Available:		\$0
Surplus/Shortfall		\$13,009

Understanding your net returns on Cash Outlaid	
Total Cash Spent: (Excluding 1st months expenses)	\$0
Net Return of Motel	\$98,530
This equates to	0.00% net on money invested

What is the Leasehold Business Worth?	
Based on a net yield of:	30.00%
The Leasehold Business is worth:	\$190,490
Goodwill is Assessed at:	\$123,819
Plant Fixtures & Fittings:	\$66,672
Annual Rental for 25 a year lease:	\$41,382
The Plant Fixtures & Fittings is	35% of Business
The Annual Rental is:	42.0% of F.H. Net P.

What is the Investment Property Worth?	
The difference between Freehold and the Leasehold Values:	
Value of Investment Property	\$425,319
Rental Return of	\$41,382 9.7% net return

Goodwill: is "Evidence of a relationship that retains & promotes repeat business" The structure of this motel is set up below on our Benchmarks. The Plant Fixtures & Fittings (PF&F) value has not been taken from the Balance Sheet. (Note: The Freehold includes the Leasehold value.)

Freehold Business:	\$615,810	PF&F	\$66,672
Leasehold Business:	\$190,490	Goodwill	\$123,819
Investment Freehold:	\$425,319	Leasehold	\$190,490

The above figures are stated as a guide only, to carry out an in depth analysis of these values requires a physical inspection to establish the value of and condition of the PF&F and the condition of the Freehold.

Disclaimer:

The computer projections listed above simply illustrate the outcome calculated from the input values and assumptions contained in the model. Therefore the figures can be varied as required and are in no way intended to be a guarantee of future performance. The information is provided in good faith, it is also given on the basis that no person using the information, in whole or part, shall have claim against Motel Assist, its employees or consultants.



Ten Questions that should be answered

Freehold Assessment

MOTEL Assist
222 Carthage Street
Tamworth NSW 2340
Phone: 02-6766-5331

Summary on: Assessment of a typical country motel

Date: 22/12/2010

1. Location: The first question and the most important. The closer to the activities the better.	
2. Pull Up Appeal: If the motel has an appeal from the outside it assists in attracting clientele.	
3. Residence Size: Your family and living conditions make an enormous difference to your day to day life.	
4. Motel Room Design & Bathrooms: If you're looking at an older motel with smaller rooms be wary if the tariffs are high.	
5. Condition of Premises: Assess condition and estimate what has to be spent over the next three years.	
6. Condition of Plant Fixtures/Fittings: If a restaurant and refrigeration equipment is old have it appraised.	
7. Distance from Family: Very important - you must have a life.	
8. AAA Rating: An excellent report - must be analysed	
9. Clientele: This is the goodwill of the motel - no records of repeat business - limited goodwill.	
10. Reason For Selling: There is always a reason to sell. It must be genuine and plausible.	
Strengths: What makes this motel stand out from the rest. Location paramount	
Weaknesses: Look for reasons for sale, rooms too small Does not comply to ordinances	
Opportunities: New industrial or housing developments in the immediate area, large allotment	
Threats: New Motel development, road by pass Large employment Industry closing	

Comments: You must assess the town and district the motel is located in to establish the transient population who are visiting the area. This is the backbone of your trade. Each region has its attraction and active Councils promote their region. The ABS supply occupancy data which should be sourced in your assessment.

Business Plan:

Once you have sourced this data compare it with the clientele who visit the motel. This should give you an idea if the motel is obtaining its fair share of the trade. Also it gives you an idea in where to establish your marketing plan for the first 12 month of operation.

Now you can prepare a business plan:

Please enquire about our template Business Plan.



BASIC ANALYSIS

Program Explanation

This program has been constructed in Microsoft Excel 2003 and is downloaded into your computer by email. All precautions for eliminating viruses have been carried out but we cannot be liable for any viruses introduced through your firewall configuration.

About the Program:

E1

You will notice these boxes in the Data Entry page. Hover the cursor over the box and an explanation note will appear.

The program input is set at two levels:

1. Level One: Insertion of a net profit or income you would like to receive from a motel business. The program calculates the Motel's worth, expected turnover and net profit. expenditure and worth of the motel. The data inserted would be an extract from the financials of the motel you have chosen to investigate.

Level One:

Tab One: Data Entry:

Establish worth and turnover from Net Profit:

There are template percentages and amounts placed in the dark green boxes. If you are not sure on these percentages leave them as they are stated.

Freehold Benchmark Yield: **14%**

Leasehold Benchmark Yield: **30%**

Rental as a percentage of Freehold Net Profit: **47%**

Average Daily Room Rate including GST: **\$109.00**

Ideal Number of Rooms: (For the time being leave this blank)

Occupancy Expected: **68%**

an amount of \$100,000 in this box being the net you would like to receive from a motel. Study the results of the figures on the right hand side of the page.

Now analyse the following.

Freehold Result:

of \$717,286. The motel required 7 rooms to obtain those results on an average room rate of \$109.00 including GST and on an occupancy of 68%.

When a restaurant is included the turnover and labour is increased. Due to the complexity of the analysis we will only analyse the restaurant in the leasehold. You can see in this example of expecting a \$100,000.00 net profit from a Freehold Motel it is not big enough to substantiate the running of a restaurant

Leasehold Result:

of \$333,333. The motel required 13 rooms to obtain those results on an average room rate of \$109.00 including GST and on an occupancy of 68%.

The restaurant has a higher turnover and labour could be rationalised.

Investment Freehold Motel:

This title is excluded from this data. It is included in the second part of the program.

Move down the page to establish purchase costs and return on the funds outlaid.

is suggested you leave the salary component blank until you have studied the rest of the options available in the program.

You will note at the bottom of the page an attempt has been made to alert you to the lack of profitability of a restaurant in relation to the size of the motel. A Leasehold Motel business has been illustrated.

Other Tabs at the Bottom of the Program:

Leasehold Profit & Loss.

Tab Two: Freehold Industry Profit & Loss:

the motel business.

The best way to address these questions is to place your cursor in the top left hand corner of the page and "Tab" down the page by pressing the "Tab" key on the keyboard. The following will appear:

a. Insert the type of additional income, say Tours.

b. Insert the amount.

c. Minibar: Click on the down arrow and select either Yes or No.

d. Asking Price: If the motel is for sale insert the asking price.

e. Insert the additional item of cost.

f. Insert the amount.

g. Insert the additional item of cost.

h. Insert the amount.

i. Chain Fees: Click on the down arrow and select either Yes or No.

j. Cleaning or Cleaning Contracts: Insert an amount if applicable.

k. Negotiated Price: Inserted the negotiated price. The purchase costs are calculated on this amount.

l. Cash in Hand: Place your available cash in this area.

m. Amount decided to borrow: Insert the amount you have to borrow on your current cash position.

being sheets only that is being laundered away from the motel. The towels, pillow slips, floor mats and washers are laundered at the motel.

Study the effects closely.

p. Insert an additional expense item.

q. Insert the amount.

Understanding the wage components of a motel:

This is an area that is often understated and this area of the program is designed to make you aware of the cost mechanism. **Note: Public Holiday rate has not been averaged into the award.** Usually a careful assessment of the future public holidays can be planned from the acquisition date.

The motel parameters are listed above so you can see the data inserted in the front page.
staff.

The Housekeepers hours have been calculated by the program. You will also see that the hourly rate has increased slightly due to the weekend loadings that have been factored into the rate.

current legislation if you pay an employee under \$55,000 per annum all hours worked have to be recorded. I suggest you contact AAoA for a ruling.

Finally you have the option to alter the template Valuation, Pest Reports etc. costs shown as \$5,000.

Tab Three: Leasehold Industry Profit & Loss:

Chain Fees, Linen Hire and Restaurant questions require you to return to the Freehold section if you want to change them in the Leasehold area.

Tab Four: What If Profit & Loss:

This program allows you to insert more interactive data to assess the motel.

determined by clicking on the title in the yellow checking box at the top of the page and selecting the title from the drop down box.

Now move to the right of the green heading click on the "Transfer Ratios" button to transfer the current figures from the previous template Profit & Loss templates. You can change these figures to suit your scenario.

You can now "Tab" through the page as previously instructed in the template Profit & Loss pages.

"Summary" tab of the detailed and in depth Motel Analysis Program. This is preparing you for your real analysis of the motel you are considering to purchase.

Tab Five: Questions:

The questions are reminders of pertinent areas of a motel operation you must be aware of.

Tab Six: Instructions:

explained on the page.

page in the program to the top of the page to allow you to scroll through the program and view the results from your out put.

Level Two:

Establish worth and turnover from Net Profit:

There are template percentages and amounts placed in the dark green boxes. If you are not sure on these percentages leave them as they are stated.

Freehold Benchmark Yield: **14%**

Leasehold Benchmark Yield: **30%**

Rental as a percentage of Freehold Net Profit: **47%**

Average Daily Room Rate including GST: **\$109.00**

Occupancy Expected: **68%**

At the top of the yellow input area there is a blank dark green box with a red border make sure that it is blank with no figures in it. This activates the program to accept data in the other boxes.

Now you can modify any box in the yellow area to suit the motel you are investigating.

If you accept the template data in the boxes the additional data is.

Ideal Number of Rooms: **16**

Net Return Expected on Rental: **9%**

Freehold Result:

\$1,631,239. The motel has 16 rooms to obtain those results on an average room rate of \$109.00 including GST and on an occupancy of 68%.

When a restaurant is included the turnover and labour is increased.

Leasehold Result:

capitalised value of \$402,167 and the same rooms to obtain those results on an average room rate of \$109.00 including GST and on an occupancy of 68%.

The restaurant has a higher turnover and labour could be rationalised.

Allowing the same turnover allows you to compare the differences between a Freehold & Leasehold business.

Investment Freehold Motel:

residual value of the value of the Investment component is \$1,521,207 showing the rental of \$120,366 to be 7.91% of the Residual Value. The Residual Value is the Freehold Capitalised Value less the Leasehold Capitalised Value.

The difference in the return is shown in red in the Investment Freehold Motel area shown in bright green box.

Page two of the report:

Move down to the page below to establish purchase costs and return on the funds outlaid.

you add a wage component the wages will appear in the Tab Industry P&Ls, however you must answer the drop down box to Yes in the area next to Owners Wages in the FH Industry P&L page for the wages to appear in the Industry Profit & Losses.

You will note at the bottom an attempt has been made to alert you to the profitability of a restaurant in relation to the size of the motel. A leasehold title has been illustrated.

Industry P&L Tabs.

page.

Tabs at the Bottom of the Program:

Please refer to the information under this heading on page 2.

Comment on Software:

We trust that you receive benefit from the layout of the software.
data is interpreted.

Every effort has been made to provide as accurate as possible information in these reports. However Motel Assist cannot be responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.