



Analysis of a motel comparing actual figures of a motel you can inspect

Enter the figures received from the Motel Profit & Loss Financial Report highlighted in yellow

Enter the yield advised for the location of the motel

Enter Number of Rooms within the Motel **22**

Aston Hill Motor Lodge has 22 rooms

Compare with Profit & Loss Account for Aston Hill Motor Lodge Port Macquarie

Income/Expense	Jul' 10 - Jun'11	% of Income
Income	<i>Change the motel income</i>	
Motel Income	589,043	0.00%
Total Income for Aston Hill M L	589,043	0.00%
Gross Profit	589,043	0.00%
Expense		
1. Food Costs	10,426	1.77%
2. Mini Bar Supplies	6,421	1.09%
3. Toiletries & Laundry Powder	0	0.00%
Accountancy & Professional Fees	2,827 F	0.48%
Advertising & Marketing	14,137	2.40%
Bank Fees & Charges	1,001	0.17%
Cable TV Austar	7,040 F	1.20%
Chain Fees	7,800 F	1.32%
Cleaning Chemicals & Materials	2,121	0.36%
Commissions to Booking Agents	10,367	1.76%
Compliance to Ordinances	2,121	0.36%
Computer Web Site	2,945 F	0.50%
Consumables to Rooms	8,364	1.42%
Courtesy Items on front counter	59	0.01%
Credit Card Charges	4,889	0.83%
Electricity & Gas	20,499	3.48%
Freight	1,001	0.17%
Fuel Levy	0	0.00%
Ground & Pool Maintenance	1,826	0.31%
Insurance	12,547 F	2.13%
License Fees & Subscriptions	1,296 F	0.22%
Linen Hire	11,133	1.89%
Miscellaneous	707	0.12%
Motor Vehicle - Tarago	5,537	0.94%
Office Supply Printing & Papers	3,475	0.59%
Rates & Land Tax	8,306 F	1.41%
Relief Management by Contract	5,125	0.87%
Replacements, Repairs & Maint	35,343	6.00%
Research & Development	589	0.10%
Restaurant Charge Backs	5,655	0.96%
Staff Amenities	236	0.04%
Superannuation - All Employees	6,120 F	1.04%
Telephone & Fax	12,488	2.12%
Wages - Employees	68,000 F	11.54%
Waste Removal	1,767	0.30%
Water Usage	7,658	1.30%
Total Expense	289,824	49.20%
Net Income - Freehold Business	299,219	50.80%
Rent 45% of Freehold Net Profit	130,421	22.14%
Net Income - Leasehold Business	168,799	28.66%

Actual return on a motel:

Basic Analysis without a restaurant

Total Turnover:	\$589,043.00	100%
Expenses:	\$282,740.64	48%
F.H. Net Profit:	\$306,302.36	52%
Rent 45% of F.H Net:	\$137,836.06	23%
L.H. Net Profit:	\$168,466.30	29%

	Net Yield	Assessed Price
Capitalised value of Freehold Motel	16%	\$1,914,390
Capitalised value of Leasehold Motel	30%	\$561,554

Now insert the figures received from the motel you are inspecting.

Basic Analysis without a restaurant

Turnover:	\$450,000.00	100%	
Expenses:	\$180,000.00	40%	
F.H. Net Profit:	\$270,000.00	60%	
Rent:	\$130,000.00	29%	Rent is 48.1% of FH Net
L.H. Net Profit:	\$140,000.00	31%	

	Net Yield	Assessed Price
Capitalised value of Freehold Motel	16%	\$1,687,500
Capitalised value of Leasehold Motel	30%	\$466,667

Explanatory Notes:

The Profit & Loss shown is the actual Profit & Loss for year ended Jun 2011 from Aston Hill Motor Lodge Port Macquarie.

The motel is used as an example so all comparisons and systems are truly tried and tested.

If you wish to investigate the operation of Aston Hill Motor Lodge further go to www.astonhill.com.au

Personal viewings of the motel are available upon arrangement

The stated figures have the following variations from the actual.

1. Replacements, Repairs & maintenance set at 6% of Motel Income
2. Rent set at 45% of Freehold Net Profit
3. Wages set at 12% of Motel Income

About this program:

It is constructed in Microsoft Excel 2003 and can be upgraded to later versions of Excel by downloading conversion software from the official Microsoft website.

This model is designed from actual figures for a country motel of between 12 to 22 rooms without a restaurant.

There is provision to change the room income in the template motel to gauge how the costs will change on a lesser to greater turnover.

The **F** shown in the figures column signifies that these costs are fixed making the rest variable, however the wages will vary on the extreme between 12 and 22 rooms. You will notice the wages will not change when the motel exceeds 18 rooms.

The complexity in assessing a motel business is immense because once you have analysed the figures you must then analyse the condition of the building and inclusions to work out at what part of the 7 year replacement renovation cycle you are entering the motel.

If it is established that \$100,000.00 is required to be spent in the first 12 months of operation you must factor this into the price. In most cases when you spend this money it may be classified as a capital expense and not rate as repairs and maintenance.

I trust this quick assessment assists you in assessing a purchase price within the benchmark criteria set out within the Motel Industry.

Regards,

Russ Dodson
 Phone 0428-668-357
 Email: russ@motelassist.com.au

Special Note: Please do not rely on the results produced within the report without seeking independent advice. The outcome is approximate due to the limited data placed in the report. However it will give you an idea of what a motel business is worth.