



Accommodation in Port Macquarie P/L T/As

Family First in Hospitality

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Re: Explanation of services available

My motel analysis programs allow you to assess the profitability of a motel business and find financial abnormalities when compared with similar sized motels. Various reports compare benchmark averages over a 20-year period from sales of motels. There is a financial analysis included showing comparisons with Benchmarks from Maus an independent analysis supplied by data from the Industry and participating Chartered Accountants.

Services:

Four levels of service, allowing you to choose a level that best suits you.

- | | |
|---------------------------------------|--|
| 1. Supply of Software:- | Email only. (Three software titles)
i. Basic Financial Analysis
ii. Full Financial Analysis
iii. New Motel Assessment |
| 2. Explanation of Software:- | Instruction & telephone assistance by Skype only |
| 3. Finance & Insurance Applications:- | Assist with information on Finance & Insurance |
| 4. Further Information:- | Assistance & information on an hourly basis |

1. Supply of Specialised Software: **\$385.00 including GST**

This allows you to enter the information and carry out the analysis yourself, purchase the software for \$385.00 Inc GST which is downloaded over the internet. There are three software programs prepared in Microsoft Excel 2003.

2. Assistance in Using and understanding the software: **additional \$165.00 including GST**

For this service to be available it will be necessary for you to subscribe to Skype a free VoIP telephone program. To load the program go to www.motelinfo.com.au click on the **GUEST** icon at the top of the web page and then click on "Set up Skype". It is suggested you purchase a webcam allowing visual communication.

3. Finance and Insurance Assistance:

Having the data available from the above Finance and Analysis reports I can prepare applications for finance on your behalf in readiness to submit to Finance and Insurance providers. The reports show those Providers your proposal in the best light. The better the presentation showing forward planning and risk awareness will impact in the best interest rates and insurance premiums offered.

4. Further Information on an hourly basis

I have compiled work sheets to assist with every aspect in the assessment of a motel business. You can elect to have these work sheets sent to you allowing you to carry out the inspections or you can commission me to complete the reports on your behalf.

The cost for this assistance is \$99.00 (including GST) per hour plus travelling.

Typical Inspection and Purchase Scenario:

- Make sure a contract for sale is available, including copy of a Lease if a leasehold property and an AAA Tourism Australian STAR Rating Scheme Report.
- If the motel business is leasehold it is imperative the lease be legally interpreted by a Solicitor.
- It is important you study the AAA Tourism Australian STAR Rating Scheme report which is the star rating you are purchasing. If you have any doubts request the owner to sign an authority allowing you to obtain a current copy of the AAA report.
- I can prepare a finance application with a projected 1st year trading Profit & Loss Account, a projected 2-year cash flow on the motel business, a financial risk assessment and break-even confirmation.
- Request an inventory of plant fixtures and fittings to be annexed to the contract.
- Carefully inspect the condition, structure, plant fittings and fixtures, room furniture and bathroom layout of the motel.
- Establish a value for the motel and plan a negotiation and purchase strategy.
- Before you submit a final offer make sure you have the full contract and all associated annexures because without a contract you cannot commit the Vendor to the sale price and negotiated terms of sale. If you negotiate a deal and then wait for a contract, time works against you allowing another party to enter and steal your opportunity by offering better terms.

- i) Once contracts have been received, the price and terms agreed upon, execute exchange and commence the procedures stated in the "Sales Control Sheet" which shows the sale process over a 12-week period.
- j) On completion of sale, the following duties must take place.
 - a. Stock Take
 - b. Inventory check
 - c. Adjust cash floats and deposits from forward bookings
 - d. All other financial adjustments.
 - e. Liaise with the Solicitors and financial institutions to complete the settlement.
- k) On completion of sale you must prepare for trading. If you require assistance in the front and back office systems. I have prepared computer hardware packages and a back office accounting structures with a chart of accounts within Quicken (Home & Business 2010 and QuickBooks 2009/2010). These programs can produce monthly, quarterly BAS reports and much more. Your Accountant will also have his preference of software packages.
- l) Upon you joining HMAA, check the current awards. I can direct you in setting up Occupational Health & Safety systems from templates supplied by HMAA.
- m) Set up cleaning programs from proven work sheets supplied and compare existing cleaning chemicals with a selection of proven safe effective cleaning chemicals.
- n) Due to the complexity of operating Restaurants and Conference Facilities allow additional time in assessing the viability of these specialised areas.

Explaining my services in a nutshell:

I supply information and work sheets to simplify and most importantly reduce the time it takes to gather the data to construct the due diligence reports.

Once the reports have been completed it is imperative that you seek independent advice from professionals such as Accountants, Financial Advisors and Solicitors.

Upon receiving their interpretation this allows you to compare their advice with the logic given in the nominated Family First reports taken from Industry standards.

If necessary my services can be extended to enter the information into the reports on your behalf and then liaise with your nominated professional advisors to determine the viability of the motel business.

Yours faithfully,

Russ Dodson
Licensed Business Agent

It must be stated that I cannot give advice on the data collected in the reports. You must seek independent advice from professional people qualified in the particular field you are seeking advice on.

In most cases I confer with those professionals verifying and explaining the source of the information.

The value of my services is the saving of time it takes the professionals to prepare the due diligence reports.

RD: 7/4/2010