



**FAMILY First in Hospitality**  
ABN: 70 002 615 974  
222 Carthage Street  
TAMWORTH NSW 2340  
Tel: 02-6766-5331  
Fax: 02-6766-1000  
**Mobile: 0428-668-357**  
Email: russ@familyfirst.net.au  
Web: www.familyfirst.net.au

## Interactive Motel Analysis Program

<b>Page One:</b>	This page
<b>Pages Two to Six:</b>	Explanation of Program
<b>Pages Seven &amp; Eight:</b>	Data Entry
<b>Pages Nine &amp; Ten:</b>	Freehold Industry Profit & Loss
<b>Pages Eleven &amp; Twelve:</b>	Leasehold Industry Profit & Loss
<b>Pages Thirteen &amp; Fourteen:</b>	What If Profit & Loss
<b>Page Fifteen:</b>	Questions
<b>Page Sixteen:</b>	Instructions

The example in this program is calculated by inserting a net profit of \$100,000 in the front page calculation box.

The result you are viewing is a fixed copy and the interaction and pop up explanations are not included in this copy.

It is to show you the layout only.

When you obtain the interactive program we recommend that you print the instructions first and refer to them as you use the program.

The links on the Questions page are not active in this copy.

The most important part of the program is understanding why the results appear from the data inserted.

If not sure always refer to your Motel Broker, Accountant or if you require our interpretation in understanding this information please refer to our services offered.

The physical aspects, location, size of residence and the hundred other areas are important in your decision making but it is imperative to make sure the business is a profitable enterprise.

We sincerely trust the program works for you.

The program is forwarded to you by email. If you have difficulty in downloading the program please telephone on our toll free telephone number 1800-235-232 for assistance.



# Interactive Motel Analysis Program Explanation

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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.

If you do not have the Microsoft Excel 2003 software we can download viewing software. Refer to Questions page for links to download the software.

Our initial obligation is to assist you load the program onto your computer and assume that you can transfer the program to your "My Documents" file and open the program. If you do not have this experience or are having difficulty please contact us on our toll free number 1800-235-232 for assistance.

## **About the Program:**

It is interactive and requires you to insert basis data. Once you have inserted the data the program will calculate a typical financial benchmark result on what to expect from a motel with similar statistics. The data has been collected over 18 years from actual Profit & Loss figures submitted to a NSW Motel Brokerage from motels offered for sale.

## **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.
2. **Level Two:** Other data is inserted to establish more detail in the operation and also displays income, 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**

Occupancy Expected: **68%**

At the top of the yellow input area there is a blank dark green box with a red border. Place an amount of \$100,000 in this box and observe the change in the figures on the right hand side of the page. Now view the following.

### **Freehold Result:**

You will notice that a Freehold motel without a restaurant requires a turnover of \$188,679 for a capitalised value 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.

**Leasehold Result:**

You will notice that a Leasehold motel without a restaurant requires a turnover of \$355,999 for a capitalised value 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.

You may change the indicative interest rates and add a salary component in the boxes to the right of the page. It 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:**

You have the option to investigate in more detail the impact of your data in a Benchmark Freehold Profit & loss or Leasehold Profit & Loss.

**Tab Two: Freehold Industry Profit & Loss:**

To assist in creating a scenario as accurate as possible there are additional questions relating to the operation of 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.
- n. Linen Hire (Laundry): If there is an external linen service answer "Yes". Note: the program is costing the linen being sheets only that is being laundered away from the motel. The towels, pillow slips, floor mats and washers are laundered at the motel.
- o. Restaurant: Click on the down arrow and select either Yes or No. You will notice quite a change in the figures. 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.

Now cursor through each position in the motel and estimate the hours you will work and the hours you will require staff.

The Housekeepers hours have been calculated by the program.

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

### **Tab Three: Leasehold Industry Profit & Loss:**

Apply the same approach to this section as the previous instructions except you will notice that the Minibar, 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.

The first area you must establish in this program is - what title you are assessing Freehold or Leasehold. This is 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.

### **Tab Five: Questions:**

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

If you attend a seminar this program together with full financial software is included in the seminar fees.

A special section in the Seminar is devoted to understanding the software so you can use it at any time in the future.

### **Tab Six: Instructions:**

This page allows you to download the instructions to operate this program plus other direct links which is explained on the page.

At the top of the page you will notice a button "Press to align all pages". This button when pressed will align every 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: **18**

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

**Freehold Result:**

You will notice that a Freehold motel without a restaurant shows a turnover of \$483,202 for a capitalised value of \$1,835,144. The motel has 18 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:**

You will notice that a Leasehold motel without a restaurant matches the Freehold turnover of \$483,202 for a capitalised value of \$452,438 and the same 18 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:**

In assessing an Investment Motel you have stated a net profit return of 9% when in fact the net return on the residual value of the value of the Investment component is \$1,380,706 showing the rental of \$120,366 to be 8.71% 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 may change the indicative interest rates and add a salary component in the boxes at the right of the page. If 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.

There is no provision to change these calculations here, however you can add wages and other figures in the Industry P&L Tabs.

If you need further explanation please click on the "E" Explanation boxes numbered from E1 to E6 on the front 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 which is being updated all the time with new data.

If you apply to us at any time over the next eighteen months we will forward you by email a current update at no charge.

The program has no license limitations and can be readily copied. We believe the value in the program is how the data is interpreted.

RD 13/2/07



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

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## Initial appraisal & discussion on a motel

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

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.**

**Our seminar offers information showing you how to choose the right motel and systems to achieve this.**

EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation

Date Prepared: 13/02/2007

View Date 13/02/2007

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

Note: The figures below are exclusive of GST

<b>Assessment of a motel</b>		<b>E1</b>
To assess value of a motel clear the income box below		
Income I would like:	<b>\$100,000</b>	
Place yields & amounts in the following boxes.		
Freehold Benchmark Yield	14.0%	<b>E2</b>
Leasehold Benchmark Yield	30%	
Rental as a % of Freehold Net Profit	47.0%	<b>E3</b>
Average Daily Room Rate exc GST	\$99	
Average Daily Room Rate inc GST	\$109	<b>E4</b>
Ideal Number of Rooms	18	
Occupancy Expected	68%	
<b>Investment Freehold Motel</b>		
Net Rental Received:	Not Applicable	
Net Return Expected on Rental:	9%	
Capitalised Value of Motel	\$0	
Difference in price calc.		
Capitalised prices expected to pay:		
Freehold Price:	\$714,286	
Leasehold Price:	\$333,333	
Investment:	N/A	

<b>Turnover of a Freehold Bed &amp; Breakfast</b>	<b>\$188,679</b>	Capitalised Value	<b>\$714,286</b>
Expenses	\$88,679	47.0%	of turnover
<b>Net Profit (NOP) Adjusted net Profit (EBITDA)</b>	<b>\$100,000</b>	53.0%	of turnover
Estimated No. of rooms:	7	Average Daily Room Rate inc GST	\$109.00
<b>Turnover - Freehold with a Lic'd Restaurant</b>	<b>\$226,190</b>	Capitalised Value	<b>\$714,286</b>
Expenses	\$131,190	58.0%	of turnover
<b>Net Profit (NOP) Adjusted net Profit (EBITDA)</b>	<b>\$100,000</b>	42.0%	of turnover
T/O of Restaurant	\$37,511	Purchasing Costs:	<b>\$23,435.00</b>

<b>Turnover of a Leasehold Bed &amp; Breakfast</b>	<b>\$355,999</b>	Capitalised Value	<b>\$333,333</b>
Expenses	\$167,319	47.0%	of turnover
Net Profit before rent (EBITDAR)	\$188,679	53.0%	of turnover
Rent on 25yr lease	\$88,679	24.9%	of turnover
<b>Net after rent (NAR) or (EBITDA)</b>	<b>\$100,000</b>	28.1%	of turnover
Estimated No. Rooms:	13	Average Daily Room Rate inc GST	\$109.00
Rent as a percentage of net profit before rent:	47.0%	Purchase Costs	<b>\$46,506.43</b>
<b>Turnover- Leasehold with a Lic'd Restaurant</b>	<b>\$449,236</b>	Capitalised Value	<b>\$333,333</b>
T/O of Restaurant	Expenses	\$260,557	58.0% of turnover
\$93,238	Net Profit before rent	\$188,679	42.0% of turnover
<b>Hover here - Rental Ratios</b>	Rent on 25yr lease	\$88,679	19.7% of turnover
\$87,643	Net after rent (NAR)	<b>\$100,000</b>	22.3% of turnover

<b>Assessing of an Investment Motel using a Leasehold capitalised value from the above example</b>			
Capitalised Freehold Value	\$0	Calc on the Leasehold Freehold Net Profit of:	\$188,679
Less Leasehold Value	\$0	<b>Lending Value Ratios available from NAB</b>	
<b>Assessed Capitalised Value</b>	<b>\$0</b>	Leasehold - LVR	50% \$166,667
<b>Rental Return on Motel</b>	<b>\$0</b>	Freehold - LVR	60% \$428,571
<b>Return on Capitalised Value: 0.00%</b>		Investment - LVR	70% Not Applicable

**Click Here to understand Rental Ratios E5**

<b>Typical No. of rooms based on Room Rate &amp; Occupancy.</b>		
Total Rooms Freehold:	7	per day
Occupied Rooms Freehold:	5	per day
Total Rooms Leasehold:	13	per day
Occupied Rooms Leasehold:	9	per day

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: 13/02/2007

Date Prepared: 13/02/2007

Page 2.

### Purchase Costs, Net Return on Motel & Capital Invested

Leasehold Purchase Costs	
Stamp Duty	\$10,490.00
Mortgage Duty	\$611.67
Loan Application	\$1,666.67
Legals	\$5,666.67
Other, inc Valuation	\$5,000.00
<b>Total:</b>	<b>\$23,435.00</b>

7.0% of Purchase Price

Freehold Purchase Costs	
Stamp Duty	\$27,632.86
Mortgage Duty	\$1,659.29
Loan Application	\$4,285.71
Legals	\$6,428.57
Other, inc Valuation	\$6,500.00
<b>Total:</b>	<b>\$46,506.43</b>

6.5% of Purchase Price

Investment Information Not Applicable	
Stamp Duty	\$0.00
Mortgage Duty	\$0.00
Loan Application	\$0.00
Legals	\$0.00
Other, inc Valuation	\$0.00
<b>Total:</b>	<b>\$0.00</b>

0.0% 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		9
Guest Attendance:		7
Estimated Food & Liquor per setting:	Check	\$38.00
Recommended Average Cost per setting:		<b>\$38.00</b>
Income per day:		\$255
<b>Expected Income per annum:</b>		<b>\$93,238</b>

Return on Business - Leasehold	
Net Income EBITDAR:	\$100,000
Less: Interest at Indicative Rates	\$14,167
Net Return after Interest:	\$85,833
Mortgage Amount:	\$166,667
<b>Funds Required to Complete:</b>	<b>\$190,102</b>
Price inc. Acquisition Costs:	\$356,768
Net when allowing a salary of: \$ -	24.06%
<b>Net Return on Cash Spent:</b>	<b>45.15%</b>
Net Return on Motel Business	24.06%

#### Indicative Interest Rates

Freehold: **8.00%**

Leasehold: **8.50%**

Owner's Salary:	
If you want to factor a salary into your net return, enter a salary: \$ -	
Amount of cash invested:	\$190,102
Net return after interest:	\$85,833

Return on Business - Freehold	
Net Income: EBITDA	\$100,000
Less: Interest at Indicative Rates	\$34,286
Net Return after Interest:	\$65,714
Mortgage Amount:	\$428,571
<b>Funds Required to Complete:</b>	<b>\$332,221</b>
Price inc. Acquisition Costs:	\$760,792
Net when allowing a salary of: \$ -	8.64%
<b>Net Return on Cash Spent:</b>	<b>19.78%</b>
Net Return on Motel	8.64%

Amount of cash invested:	\$332,221
Net return after interest:	\$65,714

Return on Investment	
Net Income EBITDA:	\$0
Interest at Indicative Rates	\$0
Net Return after Interest:	\$0
Mortgage Amount:	Not Applicable
<b>Funds Required to Complete:</b>	<b>\$0</b>
Price inc. Acquisition Costs:	\$0
<b>Net Return on Cash Spent:</b>	<b>0.00%</b>
Net Return on Investment	0.00%

Leasehold Restaurant & Bar Overview		
Total Income	\$93,238	100%
Food & Beverage Cost	\$39,160	42.00%
Gross Profit	\$54,078	58.00%
Labour	\$50,348	54.00%
<b>Net Profit</b>	<b>\$3,730</b>	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](http://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 Family First in Hospitality, its employees or consultants.



## Freehold Industry Template Profit & Loss Account

Assessment of a motel

Page 3.

Freehold Assessment

Entry Date: 13/02/2007

Print Date: 13/02/2007

<b>Income:</b>	
Accommodation	
Breakfast	4.5% of Accom
Goods for own use	
Restaurant & Beverage	
Telephone	
Minibar	No
Internet	
<b>Total Income:</b>	
<b>Less, Cost of goods sold:</b>	
Breakfasts	
Restaurant & Beverage	
Minibar	
<b>Total, Cost of Sales</b>	
<b>Gross Profit:</b>	
<b>Expenses:</b>	
<i>Accountancy Fees</i>	
<i>Advertising (1% to 3%)</i>	
<i>Bank Charges</i>	
Credit Card & Eftpos Charges	
<i>Cable TV (\$19.00/Room)</i>	
Chain Fees	Yes
Cleaning or Cleaning Contracts	
Cleaning Chemicals inc Laundry	
Commission to Agents	
<i>Compliance to Ordinances</i>	
Consumables (\$0.75/room night)	
<b>Depreciation</b>	
Freight	
Electricity, Gas, Oil	
Excess Water	
<i>Ground &amp; Pool Maintenance</i>	
<i>Insurance - General</i>	
Insurance - Workers Comp	
<b>Interest</b>	
<i>Internet Access &amp; Computer Maintenance</i>	
Linen Hire (Laundry)	No
<i>Lease &amp; Hire Purchase</i>	
<i>License Fees &amp; Subscriptions</i>	
<i>Motor Vehicle &amp; Travelling</i>	
<b>Owners Wages or Drawings</b>	No
<b>Owners Superannuation</b>	
<i>Pest Control</i>	
Postage, Printing, & Papers	
<i>Rates &amp; Land Tax</i>	
Replacements, Repairs, Maint	
<i>Security</i>	
<i>Staff Amenities</i>	
Superannuation - Employees	
Telephone & Fax	
<i>Uniforms &amp; Training</i>	
Wages - Employees	
<b>Wages - Managers</b>	
<i>Wages - Relief Managers</i>	
<i>Waste Removal</i>	
Sundry	
<b>Total Operating Expenses</b>	
<b>Net Operating Profit</b>	
<b>Add the Add-backs</b>	
<b>Adjusted Net Operating Profit:</b>	
Rent	47.0% of FH Net Profit
<b>Adjusted Net Profit after rent</b>	

Room P.A.	% of T/O	2006	%	2005
	77.2%	\$174,509	76.4%	\$167,723
	3.5%	\$7,917	3.5%	\$7,679
	2.0%	\$4,444	2.0%	\$4,444
	16.6%	\$37,511	16.6%	\$36,386
	0.0%	\$0	0.0%	\$0
	0.6%	\$1,244	0.6%	\$1,207
	0.0%	\$0	0.9%	\$1,865
	0.3%	\$565	0.4%	\$768
	100%	\$226,190	100%	\$219,405
	1.5%	\$3,325	1.4%	\$3,225
	7.0%	\$15,755	6.8%	\$15,282
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	0.0%	\$0	0.0%	\$0
	8.4%	\$19,080	8.2%	\$18,507
		\$207,111	0%	\$200,897
<b>Items in Red are Industry Add-Backs</b>				
	0.6%	\$1,357		
	2.5%	\$5,655		
	0.3%	\$679		
	1.9%	\$4,298		
	0.7%	\$1,590		
	2.5%	\$4,363		
	0.0%	\$0		
	0.3%	\$679		
	2.1%	\$4,750		
	0.1%	\$226		
	0.6%	\$1,298		
		\$0		
	2.6%	\$5,881		
	0.4%	\$905		
	0.2%	\$452		
	1.3%	\$2,976		
	1.2%	\$2,687		
	0.0%	\$0		
	0.2%	\$452		
	0.0%	\$0		
	0.8%	\$1,800		
	1.3%	\$3,000		
		\$0		
		\$0		
	0.4%	\$975		
	0.8%	\$1,810		
	0.7%	\$1,583		
	5.0%	\$11,310		
	0.3%	\$565		
	0.1%	\$149		
	2.3%	\$5,246		
	1.3%	\$2,940		
	0.1%	\$113		
	25.8%	\$58,290		
		\$0		
	2.0%	\$4,480		
	0.3%	\$679		
	0.6%	\$1,357		
	0.0%	\$0		
	58.6%	\$132,545		
	33.0%	\$74,566		
	0.0%	\$0		inc W.C. Owners Wages
	33.0%	\$74,566		
	15.5%	\$35,046		
	17.5%	\$39,520		

<b>Variable Income</b>	Check on Questions asked & relevant material:	
	No	Is there a Minibar?
	Yes	Is the motel a member of a chain?
	No	External Linen Service used?
	Yes	Is the motel Freehold?
	Yes	Is there a Restaurant
	Annual Rental : \$35,046	
	Rent is 47.0% of Freehold net Profit	
	or 15.5% of Turnover	
	Capitalised Value is: \$532,613	
<b>Variable Expenses</b>	Asking Price is:	
	Assessed Purchase Costs: \$18,509	
	Negotiated Price: \$0	
	Amount decided to borrow: \$0	
	Expenses are:	
	<b>V - Variable</b>	
	<b>S - Static</b>	
	<b>Add-Back</b>	
	<b>Notes about Laundry</b>	
	S	In these calculations when you say Yes to
S	Linen Hire it is assumed that only the	
S	sheets are laundered. The pillow slips,	
V	towels, face washers and bathmats are	
S	laundered on premises by the housekeepers.	
<b>Borrowing Capacity Freehold</b>		
V	Loan Value Ratio on:	
V	Freehold Title LVR 60%	
V	Indicative Interest Rate 8.00%	
S	Assessed Capitalised Value	
V	Based on a yield of: 14.00%	
AS	<b>Capitalised Value is: \$532,613</b>	
V	Mortgage Available: \$319,568	
V	Negotiated Price	
V	Price including all costs \$18,509	
S	Cash in Hand	
S	Surplus/Shortfall \$18,509	
V	Funds required to Complete \$18,509	
AS	Amount decided to borrow	
S	Interest Payable per annum \$0	
<b>Wage Assessment in this Program</b>		
S	Reception \$0	
S	Bed & Breakfast Housekeepers \$18,323	
S	Laundry \$19,710	
AS	Restaurant <input checked="" type="checkbox"/> \$20,256	
AS	<b>Total Wages: \$58,290</b>	
Difference from wages below -\$163,476		
<b>Your assessment from below:</b>		
S	Position Annual Wages	
V	Reception % of Acc \$26,585.43	
S	<b>Housekeepers 9.8% \$17,110.96</b>	
S	Laundry \$43,296.30	
V	Maintenance \$0.00	
V	Breakfasts \$28,864.20	
S	<b>Restaurant: Total: \$115,856.89</b>	
V	Chef \$48,180.00	
AV	Kitchen Hand \$28,864.20	
S	Waitress \$28,864.20	
S	<b>Total: \$105,908.40</b>	
V	<b>Total Wages \$221,765.29</b>	
S		
<b>The adult casual award is applied in this exercise</b>		
Hospitality Services Grade 2. (Excluding Chef)		
Monday to Friday	18.2092	
Saturday	21.8511	
Sunday	25.4929	
Public Holiday	40.0603	
Refer to HMAA for advice in this area		





## Leasehold Industry Template Profit & Loss Account

Assessment of a motel

Page 5.

Leasehold Assessment

Entry Date:

13/02/2007

Print Date:

13/02/2007

Room P.A.	% of T/O	2006	%	2005				
<b>Income:</b>								
Accommodation	78.4%	\$352,377	77.8%	\$338,900	<b>Variable Income</b>	Check on Questions asked & relevant material: No Is there a Minibar? Yes Is the motel a member of a chain? No External Linen Service used? Yes Is the motel Leasehold? Yes Is there a Restaurant Annual Rental : \$75,823 Rent is 47.0% of Freehold net Profit or 16.9% of Turnover Capitalised Value is: \$285,008 Asking Price is: <input type="text"/> Assessed Purchase Costs: \$18,509 Negotiated Price: \$0 Amount decided to borrow: \$0 Note: to change the above settings go to FH Industry P&L page. Expenses are: <b>V - Variable</b> <b>S - Static</b> <b>Add-Back</b>		
Breakfast 4.5% of Accom	3.5%	\$15,723	3.5%	\$15,252				
Goods for own use	1.0%	\$4,444	1.0%	\$4,444				
Restaurant & Beverage	16.3%	\$73,098	16.3%	\$70,905				
	0.0%	\$0	0.0%	\$0				
Telephone	0.6%	\$2,471	0.6%	\$2,397				
Minibar	No	\$0	0.9%	\$3,704				
Internet	0.3%	\$1,123	0.4%	\$1,525				
<b>Total Income:</b>	<b>100%</b>	<b>\$449,236</b>	<b>100%</b>	<b>\$435,759</b>				
<b>Less, Cost of goods sold:</b>								
Breakfasts	1.5%	\$6,604	1.4%	\$6,406	<b>Variable Expenses</b>	Note: to change the above settings go to FH Industry P&L page. Expenses are: <b>V - Variable</b> <b>S - Static</b> <b>Add-Back</b>		
Restaurant & Beverage	8.7%	\$39,160	6.6%	\$29,780				
Minibar	0.0%	\$0	0.0%	\$0				
	0.0%	\$0	0.0%	\$0				
	0.0%	\$0	0.0%	\$0				
	0.0%	\$0	0.0%	\$0				
<b>Total, Cost of Sales</b>	<b>10.2%</b>	<b>\$45,764</b>	<b>8.1%</b>	<b>\$36,186</b>				
		<b>\$403,473</b>	<b>0%</b>	<b>\$399,573</b>				
<b>Gross Profit:</b>								
<b>Expenses:</b>								
<b>Items in Red are Industry Add-Backs</b>								
Accountancy Fees	0.6%	\$2,695			<b>S</b>	<b>Notes about Laundry</b>		
Advertising (1% to 3%)	2.5%	\$11,231						
Bank Charges	0.3%	\$1,348						
Credit Card & Eftpos Charges	1.9%	\$8,535						
Cable TV (\$19.00/Room)	0.7%	\$3,000						
Chain Fees	Yes	\$8,809						
Cleaning or Cleaning Contracts	0.0%	\$0						
Cleaning Chemicals inc Laundry	0.3%	\$1,348						
Commission to Agents	2.1%	\$9,434						
Compliance to Ordinances	0.1%	\$449						
Consumables (\$0.75/room night)	0.5%	\$2,450			<b>V</b>	<b>Borrowing Capacity</b> Loan Value Ratio on: Leasehold Title LVR 50% Indicative Interest Rate 8.50% Assessed Capitalised Value Based on a yield of: 30.00% <b>Capitalised Value is: \$285,008</b> Mortgage Available: \$142,504 Negotiated Price <input type="text"/> Price including all costs \$18,509 Cash in Hand <input type="text"/> Surplus/Shortfall \$18,509 Funds required to Complete \$18,509 Amount decided to borrow <input type="text"/> Interest Payable per annum \$0		
<b>Depreciation</b>		\$0						
Freight		\$0						
Electricity, Gas, Oil	2.6%	\$11,680						
Excess Water	0.4%	\$1,797						
Ground & Pool Maintenance	0.2%	\$898						
Insurance - General	0.9%	\$3,842						
Insurance - Workers Comp	1.1%	\$4,935						
<b>Interest</b>	<b>0.0%</b>	<b>\$0</b>						
Internet Access & Computer Maintenance	0.2%	\$898						
Linen Hire (Laundry)	No	\$0			<b>S</b>	<b>Wage Assessment in this Program</b> Reception \$0 Bed & Breakfast Housekeepers \$37,000 Laundry \$19,710 Restaurant <input type="checkbox"/> <b>Yes</b> \$50,348 <b>Total Wages: \$107,058</b> Difference from wages below \$74,773		
Lease & Hire Purchase		\$0						
License Fees & Subscriptions	0.4%	\$1,800						
Motor Vehicle & Travelling	0.7%	\$3,000						
<b>Owners Wages or Drawings</b>	No	\$0						
<b>Owners Superannuation</b>		\$0						
Pest Control	0.2%	\$975						
Postage, Printing, & Papers	0.8%	\$3,594						
Rates & Land Tax	0.7%	\$3,145						
Replacements, Repairs, Maint	5.0%	\$22,462						
Security	0.3%	\$1,123			<b>S</b>	<b>Your assessment from below:</b> Position Annual Wages Reception % of Acc \$0.00 Housekeepers 9.2% \$32,284.82 Laundry \$0.00 Maintenance \$0.00 Breakfasts \$0.00 <b>Restaurant: Total: \$32,284.82</b> Chef \$0.00 Kitchen Hand \$0.00 Waitress \$0.00 <b>Total: \$0.00</b> <b>Total Wages \$32,284.82</b>		
Staff Amenities	0.1%	\$296						
Superannuation - Employees	2.1%	\$9,635						
Telephone & Fax	1.3%	\$5,840						
Uniforms & Training	0.1%	\$225						
Wages - Employees	23.8%	\$107,058						
<b>Wages - Managers</b>		\$0						
Wages - Relief Managers	1.2%	\$5,600						
Waste Removal	0.3%	\$1,348						
Sundry	0.6%	\$2,695						
	0.0%	\$0			<b>S</b>	<b>The adult casual award is applied in this exercise</b> Hospitality Services Grade 2. (Excluding Chef) Monday to Friday 18.2092 Saturday 21.8511 Sunday 25.4929 Public Holiday 40.0603 Refer to HMAA for advice in this area		
<b>Total Operating Expenses</b>	<b>53.9%</b>	<b>\$242,147</b>						
<b>Net Operating Profit</b>	<b>35.9%</b>	<b>\$161,326</b>						
Add the Add-backs	0.0%	\$0		inc W.C. Owners Wages				
<b>Adjusted Net Operating Profit:</b>	<b>35.9%</b>	<b>\$161,326</b>						
Rent 47.0% of FH Net Profit	16.9%	\$75,823						
<b>Adjusted Net Profit after rent</b>	<b>19.0%</b>	<b>\$85,503</b>						





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

Note: Your Industry Total Income is shown as: **\$449,236**

	Room P.A.	% of T/O	2006	%	View Ratios		
<b>Income:</b>							<b>Variable Income</b>
Accommodation		77.2%	\$346,592	77.2%	\$346,592		
Breakfast      4.5% of Accom		3.5%	\$15,723	3.5%	\$15,723		
Goods for own use		2.0%	\$8,826	2.0%	\$8,826		
Restaurant & Beverage		16.6%	\$74,501	16.6%	\$74,501		
		0.0%	\$0	0.0%	\$0		
Telephone		0.6%	\$2,471	0.6%	\$2,471		
Minibar		0.0%	\$0	0.0%	\$0		
Internet		0.3%	\$1,123	0.3%	\$1,123		
<b>Total Income:</b>		100%	<b>\$449,236</b>	100%	<b>\$449,236</b>		
<b>Less, Cost of goods sold:</b>							<b>Variable Expenses</b>
Breakfasts		1.5%	\$6,604	1.5%	\$6,604		
Restaurant & Beverage		7.0%	\$31,290	7.0%	\$31,290		
Minibar		0.0%	\$0	0.0%	\$0		
		0.0%	\$0	0.0%	\$0		
		0.0%	\$0	0.0%	\$0		
		0.0%	\$0	0.0%	\$0		
<b>Total, Cost of Sales</b>		8.4%	<b>\$37,894</b>	8.4%	<b>\$37,894</b>		
			<b>\$411,342</b>	0%	<b>\$411,342</b>		
<b>Gross Profit:</b>							
<b>Expenses:</b>							
<i>Accountancy Fees</i>		0.6%	\$2,695				<b>Notes about Laundry</b>
<i>Advertising (1% to 3%)</i>		2.5%	\$11,231				
<i>Bank Charges</i>		0.3%	\$1,348				
Credit Card & Eftpos Charges		1.9%	\$8,535				
<i>Cable TV (\$19.00/Room)</i>		0.7%	\$3,000				
Chain Fees	Yes	2.5%	\$8,665				
Cleaning or Cleaning Contracts		0.0%	\$0				
Cleaning Chemicals inc Laundry		0.3%	\$1,348				
Commission to Agents		2.1%	\$9,434				
<i>Compliance to Ordinances</i>		0.1%	\$449				
Consumables (\$0.75/room night)		0.6%	\$2,578				
<b>Depreciation</b>			<b>\$0</b>				
Freight			\$0				
Electricity, Gas, Oil		2.6%	\$11,680				
Excess Water		0.4%	\$1,797				
<i>Ground &amp; Pool Maintenance</i>		0.2%	\$898				
<i>Insurance - General</i>		0.9%	\$3,842				
Insurance - Workers Comp		1.1%	\$4,907				
<b>Interest</b>		0.0%	<b>\$0</b>				
<i>Internet Access &amp; Computer Maint</i>		0.2%	\$898				
Linen Hire (Laundry)	No	0.0%	\$0				
<i>Lease &amp; Hire Purchase</i>			\$0				
<i>License Fees &amp; Subscriptions</i>		0.4%	\$1,800				
<i>Motor Vehicle &amp; Travelling</i>		0.7%	\$3,000				
<b>Owners Wages or Drawings</b>	No		<b>\$0</b>				
<b>Owners Superannuation</b>			<b>\$0</b>				
<i>Pest Control</i>		0.2%	\$975				
Postage, Printing, & Papers		0.8%	\$3,594				
<i>Rates &amp; Land Tax</i>		0.7%	\$3,145				
Replacements, Repairs, Maint		5.0%	\$22,462				
<i>Security</i>		0.3%	\$1,123				
<i>Staff Amenities</i>		0.1%	\$296				
Superannuation - Employees		2.1%	\$9,581				
Telephone & Fax		1.3%	\$5,840				
<i>Uniforms &amp; Training</i>		0.1%	\$225				
Wages - Employees		23.7%	\$106,451				
<b>Wages - Managers</b>			<b>\$0</b>				
<i>Wages - Relief Managers</i>		1.2%	\$5,600				
<i>Waste Removal</i>		0.3%	\$1,348				
Sundry		0.6%	\$2,695				
		0.0%	\$0				
<b>Total Operating Expenses</b>		53.7%	<b>\$241,441</b>				
<b>Net Operating Profit</b>		37.8%	<b>\$169,901</b>				
<b>Add the Add-backs</b>		0.0%	<b>\$0</b>				
<b>Adjusted Net Operating Profit:</b>		37.8%	<b>\$169,901</b>				
<i>Rent      47.0% of F/H Net P</i>		17.8%	\$79,853				
<b>Adjusted Net Profit after rent</b>		20.0%	<b>\$90,047</b>				

Check on Questions asked & relevant material:

No Is there a Minibar?

Yes Is the motel a member of a chain?

No External Linen Service used?

No Is the motel Freehold?

Yes Is there a Restaurant

Annual Rental : \$79,853

Rent is 47.0% of Freehold net Profit or 17.8% of Turnover

**Capitalised Value is: \$300,158**

Asking Price is:

Assessed Purchase Costs: \$18,509

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	Leasehold
Loan Value Ratio on:	
Freehold Title	No 50%
Indicative Interest Rate	8.50%
Assessed Capitalised Value	
Based on a yield of:	30.00%
<b>Capitalised Value is:</b>	<b>\$300,158</b>
Mortgage Available:	\$150,079
Negotiated Price	<b>\$0</b>
Price including all costs	\$18,509
Cash in Hand	<b>\$0</b>
Surplus/Shortfall	<b>\$18,509</b>
Funds required to Complete	\$18,509
Amount decided to borrow	<b>\$0</b>
Interest Payable per annum	\$0

**Wage Assessment in this Program**

Reception	\$0
Bed & Breakfast Housekeepers	\$36,392
Laundry	\$19,710
Restaurant <input type="checkbox"/> Yes	\$50,348
<b>Total Wages:</b>	<b>\$106,451</b>
Difference from wages below	-\$130,489

**Your assessment from below:**

Position	Annual Wages
Reception	\$26,585.43
<b>Housekeepers</b> 9.3%	<b>\$32,284.82</b>
Laundry	\$43,296.30
Maintenance	\$0.00
Breakfasts	\$28,864.20
<b>Restaurant:</b> <b>Total:</b>	<b>\$131,030.76</b>
Chef	\$48,180.00
Kitchen Hand	\$28,864.20
Waitress	\$28,864.20
<b>Total:</b>	<b>\$105,908.40</b>
<b>Total Wages</b>	<b>\$236,939.16</b>

**The adult casual award is applied in this exercise**

Hospitality Services Grade 2. (Excluding Chef)		
Monday to Friday	18.2092	Refer to HMAA for advice in this area
Saturday	21.8511	
Sunday	25.4929	
Public Holiday	40.0603	



# Ten Questions that should be answered



**Freehold Assessment**

Family First in Hospitality  
 222 Carthage Street  
 Tamworth NSW 2340  
 Phone: 02-6766-5331

**Summary on:** Assessment of a motel

Date: 13/02/2007

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



# Instructions

The coloured boxes are linked to the internet all you have to do is click once inside the box area.

Press the above button to align all pages in the program  
**or Ctrl Shift A**

To read and print the instructions on this program the program is accessed through Motelinfo.

[Click here to obtain instructions on this program](#)

[Click here to enter Motelinfo website](#)

[Click here to enter Family First website](#)

The above boxes are links to the websites offering information on the Motel Industry.

Click on the blue box downloads a pdf file that will allow you to read or print the instructions in how to use this program.

The most important area to operate this program is to have two software programs.

1. Microsoft Excel 2003
  2. Adobe Reader Version 8
- Both of these downloads are free.

If you do not have Microsoft Excel in your computer you can click on the link below which will take you to the Microsoft website and you can download a special viewing program or you can contact us and we will send it to you.

The same applies to Adobe Reader Version 8.

[Download Microsoft Excel Viewer](#)

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## Additional Links:

[Click here for next Seminar Brochure](#)

[Click here for list of active Motel Brokers](#)

[Click here to obtain useful Links](#)

We trust you receive value from the program in making available months of work that has been carried out to produce this model. Every month goes by and the program is improved. If at any time you require an update please contact us by email and we will forward you the current version. A limit of 18 months must be given to this offer.

## Disclaimer:

The computer projections listed in this program 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 Family First in Hospitality, its employees or consultants.

If assistance is required to evaluate and negotiate the purchase of a motel please do not hesitate to contact either Megan Myers or Russ Dodson at Family First in Hospitality Port Macquarie.

Russ Dodson: 02-6766-5331 or 0428-668-357  
Megan Myers: 02-6583-6114 or 0429-833-266