



# About

## Typical country motel without a restaurant

Print Date:

Sunday, 12 January 2014

Welcome to a program assisting you to analyse motels to ascertain if you want to buy a motel and enter the Motel Industry as a motel operator or investor.

Being able to enter into this program you have paid a subscription allowing you to participate in the interaction of inspecting and recoding data to a controlled format.

The program allows you to analyse 5 motels and if you need to analyse more than 5 motels copy and save the total program before you commence entering data.

Enter the financial figures from the Profit & Loss provided by the owner of the business.

When completed you will observe that the pages have come alive with information.

Look through the data and consider that there may be more information required such as adjusting **add-back** or **add-on** amounts and there could even be items that have not been included in the Profit & Loss submitted to you.

When all these items have been attended, click on the green Report tabs at the bottom of the page which will show Reports on each motel.

**Report** gives you an overview of the motel with comparisons and assistance to establish if the motel's current financial return and capitalised value meet your criteria.

**Summary:** If you have viewed and entered more than one motel you can click on the Summary tab at the bottom of the page to compare all the motels inspected.

There are certain disciplines in assessing motels and this program has endeavoured to include those disciplines to produce easy to read reports.

You must appreciate the report is basic and is not acceptable as a financial document for the application of finance.

The program is designed to give you an entry level of understanding to what is required in the purchasing process of a motel without engaging high upfront professional costs until needed.

*If you decide to proceed further then you must consult with professional persons to minimise the risk in this necessary financial due diligence.*

### Cost for using this program:

If you have paid your annual subscription to Motel Assist there is no charge for the software.

**Assistance:** If assistance is required to input the data there is a Unit cost of \$95.00.

We will insert data for the first motel and step you through the use of the program and reports with no time limit until you understand the program's operation.

### To receive the best results from this program you will require:

1. Microsoft Office Suite with Excel software
2. Internet connection
3. Skype VoIP software
4. Preferably have a wide screen PC or laptop
5. In some cases if a practical demonstration on your computer is required be prepared to download software called "Go to Meeting". There is no cost in receiving this program.  
Click here for more information about "Go to Meeting"



# Instructions

Based on a Country motel without a Restaurant

Print Date:

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*We suggest you print this page so you can refer to it while you enter the data*

You have five motel templates to place financial information in.

Model Motel:

[Visit Model Motel](#)

On the left hand side of each page you have figures from an actual motel which is taken from the model motel Aston Hill Motor Lodge Port Macquarie. The motel has 16 motel rooms and 6 dual key apartments conference venue, in-house laundry - sheets are sent out to be laundered and there is no restaurant.

Where the text is highlighted in blue, this allows you to change those amounts.

Commence Procedure: (Best way to move through the page is to press the Tab key)

1. Adjust the parameters of the model motel to match the motel to be inspected.
2. Enter the details for the motel inspected. You will have to approach your Broker or the owner of the Motel to obtain the daily average room rate. Refer to 1. Calculate Daily Average Room Rate in the Logic tab.
3. State title of property, Freehold or Leasehold - Y if Leasehold or N if Freehold
4. Add the expenditure from the Profit & Loss figures supplied.  
There is a provision to place brief notations highlighted in blue, next to the expense figures.  
You will witness parameters change in the boxes at the bottom of the first page as you enter data.  
Place the yields for the motel on the advice of your Broker.

Worksheet:

This area is complex and we have done everything possible to make it easy to enter the data and understand the results derived from the data entry.

To create a level playing field there must be certain expenses returned to the Profit & Loss account which are one off expenses, owners expenses, interest and managers wages. These are called Add Backs  
Sometimes you may have to **Add On** to the expenses where items have been left out or under stated.  
Make those adjustments in the appropriate areas.

Business Activity Statement:

Collect the figures from the last two years of BAS statements and enter them into the report. Make sure you place the commencing month quarter highlighted in blue. Say, it is Sep 10 type in 30/09/2010  
Once you have entered this data the program will determine those figures and if there is a discretion a comment will appear at the bottom of that section of the report.

Expenses not included in the Profit & Loss:

This area alerts you to items that may have been omitted from the expenses within the Profit & Loss account. You have the opportunity to add these expenses to the best of your knowledge and have them verified at a later date.

Once you have compiled the data you can analyse each motel by pressing the **Summary tab** and also go to the **Logic tab** for more understanding of the financial matrix.

Highlighted in the red box are pdf downloads of further reports available.

Investment Motel: If it is your intention to purchase a Freehold Motel and later sell of the Lease Hold business there is a results breakdown of this procedure shown in a box at the bottom of the second page.

Special Comment:

This exercise is what would be classified as a preliminary investigation leading through to actions of purchase. Most of the information is based on Benchmark Comparison and it is on this basis that the information comparisons have to be referred to a motel analyst or specialist in this field for determination of accuracy..

**It is not recommended to purchase a motel on this information alone.**

The logic of this program is to group and compare motels you have inspected allowing comparisons of the best five motels inspected.

However there are still some more calculations to be carried out before you can assess the motel's full potential.

1. Calculate the average daily room rate (ADR), being the annual room revenue divided by the number of rooms sold. You can only obtain this information from the operator of the motel, usually through your Broker.
2. Calculate the RevPar (Revenue per available room) This is calculated by dividing the room revenue by the total number of rooms available in a 12 month period. This is already calculated for you in the program. RevPar Info

3. Yield plays a major part in obtaining a capitalised value for the motel business.

The benchmark yields we will be using in this program are:

Freehold Business: 16%

Leasehold Business: 30%

Yields will vary based on the location of the motel and the condition of the motel.

4. Active Goodwill is the gross revenue received from repeat customers. It is calculated below from the revenue received from those guests less the percentage of expenses shown in the Profit & Loss divided by the agreed yield.

Your Broker will guide you on acceptable yields for the area you have chosen to purchase, however you must calculate the yield variance on what has to be spent on the motel in the first 3 years of operation. To establish this yield add the estimated capital expenditure into the highlighted box below.

<b>Yield calculation understanding:</b>			
Insert Freehold or Leasehold yield	30%	Adjusted Net Profit	\$0
Estimated capital expenditure over 3 yrs:	\$0	Adjusted Yield	0.0%
Enter Asking Price:	\$0	Adj. Capitalised Worth	\$0
<b>Adjusted Yield:</b>	<b>0.0%</b>		

The ATO looks at this expenditure very closely which could be classified as a capital expense in your first financial year and may not be deemed a tax deductible operating expense. Of course, obvious refurbishment should be deducted in your yield calculation as shown below.

The obvious approach is to deduct the immediate expenditure from the asking price. It is still handy to know the adjusted yield when discussing returns during the negotiation process.

The four key areas we will be assessing in this program are:

Model Motel	Motel 1.	Motel 2.	Motel 3.	Motel 4.	Motel 5.	
LH	LH	LH	FH	FH	LH	
<b>1. Average Daily room rate: (inc GST)</b>	\$107.80	\$107.80	\$93.50	\$0.00	\$0.00	\$0.00
<b>2. RevPar: (inc GST)</b>	\$83.10	\$83.10	\$42.10	\$0.00	\$0.00	\$0.00
<b>3. Occupancy:</b>	66.1%	66.1%	45.0%	0.0%	0.0%	0.0%
Turnover: (exc GST)	667,327	661,755	363,189	0	0	0
Adjusted Net Profit from Reports:	158,698	196,378	116,624	0	0	0
Yield on Asking Price:		30.2%	30.3%	0.0%	0.0%	0.0%
<b>Asking Price: exc GST - Going Concern)</b>	Not for sale	650,000	385,000	0	0	0
Active Goodwill Revenue (inc GST)	\$0	\$0	\$0	\$0	\$0	\$0
<b>4. Active Goodwill Worth (exc GST)</b>	\$0	\$0	\$0	\$0	\$0	\$0

This information will allow you to assess the financial return of the motel business over the past 12 months.

What you have to do now is think outside the financial square and assess the whole package to make sure it fits into your overall plan.

**When a Motel has been Selected:**

This is where you consult with your Accountant, Solicitor and financier for verification of the information that has been collected.

A negotiation plan should be prepared whereby you consult a professional negotiator to represent you to obtain the best way to proceed with the purchase.

It is always recommended not to commence your negotiation without knowing the conditions of sale within the contract. Ask for a draft of the special conditions.

When you commence your negotiation it is recommended to place the offer in writing with the reasons on how the price was derived.



For: Demonstration - actual motel

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Cash in Hand:	<b>\$0</b>	Less	Amount Available for Finance	
Interest Rate Offered:	<b>7.0%</b>	Mortgage		
Residential Security:	<b>\$0</b>			\$0 On a loan valuation ratio of 80%
Commercial Security:	<b>\$0</b>			\$0 On a loan valuation ratio of 70%

Motel Name	Date Inspected	Title
<b>Motel 1.</b> Country Motel No.1	15/07/2013	Leasehold
<b>Motel 2.</b> Country Motel No.2	8/06/2013	Leasehold
<b>Motel 3.</b>		Freehold
<b>Motel 4.</b>		Freehold
<b>Motel 5.</b>		Leasehold

	Leasehold Motel 1	Leasehold Motel 2	Freehold Motel 3	Freehold Motel 4	Leasehold Motel 5
Asking Price:	\$650,000	\$385,000	\$0	\$0	\$0
Purchase Costs:	\$55,575	\$32,918	\$0	\$0	\$0
<b>Total Cost:</b>	<b>\$705,575</b>	<b>\$417,918</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Adj Net Profit:	\$196,378	\$116,624	\$0	\$0	\$0
Yield:	30%	30%	16%	16%	30%
<b>Adj Capitalised Value:</b>	<b>\$654,593</b>	<b>\$388,747</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Loan Valuation Ratio:	40%	40%	60%	60%	40%
<b>Finance Available:</b>	<b>\$261,837</b>	<b>\$155,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Cash Required:</b>	<b>\$443,738</b>	<b>\$262,419</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cash in Hand:	\$0	\$0	\$0	\$0	\$0
<b>Difference:</b>	<b>-\$443,738</b>	<b>-\$262,419</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Assessment One:** Without additional security

<b>Finance Available:</b>	<b>\$261,837</b>	<b>\$155,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cash in Hand:	\$0	\$0	\$0	\$0	\$0
Max Purchase Amount:	\$261,837	\$155,499	\$0	\$0	\$0
<b>Adj Net Profit:</b>	<b>\$196,378</b>	<b>\$116,624</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Interest Component:	\$18,329	\$10,885	\$0	\$0	\$0
<b>Net after Interest:</b>	<b>\$178,049</b>	<b>\$105,739</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Assessment Two:** With additional security when nominated above

<b>Finance Available:</b>	<b>\$261,837</b>	<b>\$155,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cash in Hand:	\$0	\$0	\$0	\$0	\$0
Additional Security:	\$0	\$0	\$0	\$0	\$0
Max Purchase Amount:	\$261,837	\$155,499	\$0	\$0	\$0
<b>Adj Net Profit:</b>	<b>\$196,378</b>	<b>\$116,624</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Interest Component:	\$18,329	\$10,885	\$0	\$0	\$0
<b>Net after Interest:</b>	<b>\$178,049</b>	<b>\$105,739</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

	Leasehold Motel 1	Leasehold Motel 2	Freehold Motel 3	Freehold Motel 4	Leasehold Motel 5
Negotiated Price:	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Cost:</b>	<b>\$55,575</b>	<b>\$32,918</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Maximum Finance:</b>	<b>\$261,837</b>	<b>\$155,499</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Addl Cash Required:</b>	<b>-\$206,262</b>	<b>-\$122,581</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Cash in Hand:	\$0	\$0	\$0	\$0	\$0
<b>Difference:</b>	<b>\$206,262</b>	<b>\$122,581</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

No doubt you have already established your financial limits before inspecting a motel.

However, as a guide I have applied Bank guidelines on how they assess risk lending to motels as going concerns.

**If the risk increases the loan value ratio decreases and the interest rate increases.**

Use this as a guide only which is in the spirit of this overall assessment of a motel business.

Once you can see that your financial position is in line with the motel you have inspected it is then you seek independent professional advice to proceed further.

Yours sincerely,

Russ Dodson  
Motel Assist



Where you see blue text, these amounts can be changed

**MOTEL Assist**  
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**Instructions Click Here**

Print Date

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When you see a small red triangle in the corner above

Model Motel Profit Assessment		Model Motel	
<b>Basic Data from Draft Motel:</b>			
Number of Rooms:	22	Aston Hill Motor Lodge	
Rooms Available to sell:	8,030	15 Mort Street Port Macquarie NSW 2444	
Occupancy Rate%:	65.0%	Phone: 02-6583-3266	
Rooms Sold:	5,220	Fax: 02-6584-9003	
Average Tariff exc GST:	\$104	Email: <a href="mailto:stay@astonhill.com.au">stay@astonhill.com.au</a>	
Including GST	\$114	Website: <a href="http://www.astonhill.com.au">www.astonhill.com.au</a>	
		Reservations: 1800-235-232	
<b>Annual Revenue:</b>		Financial Year Ended	June-2011
Accommodation	\$542,828	94.6%	About Aston Hill Motor Lodge The motel was purchased in March 2003 with the sole purpose to offer it to people interested in experiencing first hand the operation of a typical country motel in Australia.
Food & Beverage	\$0	0.0%	
Breakfasts	\$27,141	5.0%	
Meals:	\$0	0.0%	
Mini Bar	\$3,659	0.6%	
<b>Total Revenue:</b>	<b>\$573,628</b>	100.0%	
<b>Goodwill Revenue:</b>	<b>\$210,000</b>	<b>36.6%</b>	Over the past 5 years all systems and anything that was added or amended to the motel's operation was recorded.
<b>Less - Variable Expenses:</b>			
Bank Fees	\$1,147	0.2%	The motel consists of 16 motel rooms and 6 dual key motel styled executive apartments.
Cleaning Supplies & Chemicals	\$2,295	0.4%	
Compliance to Ordinances	\$574	0.1%	Included are room cleaning systems especially designed to simplify the task. Also an in-house laundry with the latest technology.
Consumables for Rooms	\$8,031	1.4%	
Credit Card Fees	\$5,163	0.9%	Front and rear office systems together with proven software reducing time spent in this area.
<i>Depreciation</i>			
Electricity, Gas & Oil	\$24,092	4.2%	Tips are available on preparing breakfasts and evening meals.
Food for Breakfasts	\$11,473	2.0%	
Internet Agents Commission	\$10,325	1.8%	The motel is open for inspection to anybody requiring a first hand experience in seeing what it is like to live in and operate a motel.
<i>Interest</i>			
Laundry (In House)	\$2,295	0.4%	If you wish to inspect the motel it is important that you book in advance.
Laundry Hire per sheet	\$1.10 \$14,354	2.5%	
License Fees & Subscriptions	\$574	0.1%	Weekends are preferred due to it not being as busy as it is through the week.
Telephone	\$8,604	1.5%	
<i>Wages &amp; Super by Managers</i>			There is a cost which is set out in the links below.
Wages - Housekeeping	\$57,363	10.0%	
Superannuation	\$5,163	0.9%	<a href="#">Weekend at Aston Hill</a>
Water Rates	\$5,220	0.9%	
Workers Comp Insurance	\$2,639	0.5%	<a href="#">More about Aston Hill</a>
Expenses as shown in worksheet below			
<b>Total Variable Expenses:</b>	<b>\$159,310</b>	27.8%	If you cannot activate the above links go to the Aston Hill website and click on <u>Work in a motel for a day or two.</u>
<b>Less - Fixed Expenses:</b>			
Accountancy Fees	\$3,442	0.6%	All the best in your search.
Advertising	\$14,341	2.5%	
Austar - Cost per room/day	\$0.90 \$7,227	1.3%	Sincerely,
Chain Fees	\$7,800	1.4%	
Garbage Removal	\$1,893	0.3%	Russ Dodson
Ground & Pool Maintenance	\$2,280	0.4%	
Insurance - General	\$10,899	1.9%	<a href="#">Weekend at Aston Hill</a>
Internet Online Access	\$1,778	0.3%	
Motor Vehicle & Travelling	\$3,000	0.5%	<a href="#">More about Aston Hill</a>
Pest Control	\$1,147	0.2%	
Printing Postage & Stationery	\$2,868	0.5%	If you cannot activate the above links go to the Aston Hill website and click on <u>Work in a motel for a day or two.</u>
Rates & Land Tax	\$4,418	0.8%	
Repairs & Maintenance	\$11,473	2.0%	All the best in your search.
Replacements, <i>inc Capital Items</i>	\$45,890	8.0%	
Staff Training Uniforms & Amenities	\$1,721	0.3%	Sincerely,
Wages - Reception		0.0%	
Wages - Relief per day	\$200 \$5,600	1.0%	Russ Dodson
<b>Total Fixed Expenses:</b>	<b>\$125,777</b>	21.9%	
<b>Total Expenses:</b>	<b>\$285,086</b>	49.7%	
<b>Freehold Net Profit:</b>	<b>\$288,542</b>	<b>50.3%</b>	
Rent - % of FH Net Profit	45.0% \$129,844	\$129,844	22.6%
<b>Leasehold Net Profit</b>	<b>\$158,698</b>	<b>27.7%</b>	
Add-Backs - Add-Ons			
<b>Adjusted Lease Hold Net Profit</b>	<b>\$158,698</b>		
<b>Adjusted Freehold Net Profit</b>	<b>\$288,542</b>		
If leasehold, annual rental should be \$129,844 being 45% of FH Net Profit			
<b>Capitalised Value</b>			
Freehold:	16%	Yield	\$1,803,388
Leasehold:	30%	Yield	\$528,994

About Aston Hill Motor Lodge  
 The motel was purchased in March 2003 with the sole purpose to offer it to people interested in experiencing first hand the operation of a typical country motel in Australia.  
 Over the past 5 years all systems and anything that was added or amended to the motel's operation was recorded.  
 The motel consists of 16 motel rooms and 6 dual key motel styled executive apartments.  
 Included are room cleaning systems especially designed to simplify the task. Also an in-house laundry with the latest technology.  
 Front and rear office systems together with proven software reducing time spent in this area.  
 Tips are available on preparing breakfasts and evening meals.  
 The motel is open for inspection to anybody requiring a first hand experience in seeing what it is like to live in and operate a motel.  
 If you wish to inspect the motel it is important that you book in advance.  
 Weekends are preferred due to it not being as busy as it is through the week.  
 There is a cost which is set out in the links below.  
[Weekend at Aston Hill](#)  
[More about Aston Hill](#)  
 If you cannot activate the above links go to the Aston Hill website and click on Work in a motel for a day or two.  
 All the best in your search.  
 Sincerely,  
 Russ Dodson



**MOTEL Assist**  
putting you in hospitality

Leasehold Assessment  
You can change the blue highlighted amounts  
Place the cursor in the left hand to corner  
of the page and press the Tab key to show  
you where you can place your entries.

**MOTEL Assist**  
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Instructions Click Here

Hold your cursor over the red text below

State Motel Broker below:

When you see a small red triangle in the corner above

Not Applicable

Print Date: Sunday, 12 January 2014

Model Motel Profit Assessment				Results on 1st Motel Inspected			
<i>Match the template motel with the motel you are inspecting</i>				This report is for: Demonstration - actual motel			
<b>Basic Data from Draft Motel:</b>				Motel: Country Motel No.1			
Number of Rooms:	24			24			
Rooms Available to sell:	8,760			8,760			
Occupancy Rate%:	66.1%			66.1%			
Rooms Sold:	5,790			5,787			
Average Tariff exc GST:	\$98			\$98			
Including GST	\$108			\$108			
Is the property Leasehold?	Y	Select Y or N		Y			
Annual Revenue: Financial Year Ended June-2012				Enter figures below from motel's P&L			
Accommodation	\$567,455		85.0%	\$567,166			85.7%
Food & Beverage	\$99,872		17.6%	\$94,589			16.7%
Breakfasts	\$0		0.0%				0.0%
	\$0		0.0%				0.0%
Interest & Insurance Recovery			0.0%				0.0%
<b>Total Revenue:</b>	<b>\$667,327</b>		<b>100.0%</b>	<b>\$661,755</b>			<b>100.0%</b>
<b>Goodwill Revenue:</b>	<b>\$0</b>		<b>0.0%</b>	<b>G/will Revenue</b>			<b>0.0%</b>
<b>Less - Variable Expenses:</b>				<b>Notes:</b>			
Bank Fees	\$1,335		0.2%	\$1,296			0.2%
Cleaning Supplies & Chemicals	\$2,669		0.4%	\$101			0.0%
Compliance to Ordinances	\$667		0.1%				0.0%
Consumables for Rooms	\$9,343		1.4%	\$1,652			0.2%
Credit Card Fees	\$6,006		0.9%	\$5,104			0.8%
<b>Depreciation</b>				<b>\$11,581</b>			<b>1.8%</b>
Electricity, Gas & Oil	\$28,028		4.2%	\$44,548		Investigate-High	6.7%
Food for Breakfasts/Restaurant	\$13,347		2.0%	\$67,139		Inc. Restaurant	10.1%
Internet Agents Commission	\$12,012		1.8%	\$1,096		Investigate-Low?	0.2%
<b>Interest</b>				<b>\$2,300</b>			<b>0.3%</b>
Laundry (In House)	\$2,669		0.4%			Laundry Costs?	0.0%
Laundry Hire per sheet	\$1.10	\$15,923	2.4%				0.0%
License Fees & Subscriptions	\$667		0.1%	\$3,108		Check-High	0.5%
Telephone	\$10,010		1.5%	\$8,973			1.4%
<b>Wages &amp; Super by Managers</b>				<b>\$143,910</b>		Management Fees	21.7%
Wages - Housekeeping	\$66,733		10.0%	\$76,052		inc Restaurant?	11.5%
Superannuation	\$6,006		0.9%	\$6,472			1.0%
Water Rates	\$6,073		0.9%			inc in Rates?	0.0%
Workers Comp Insurance	\$3,070		0.5%	\$6,299		Check wages	1.0%
Expenses as shown in worksheet below				\$3,859			0.6%
<b>Total Variable Expenses:</b>	<b>\$184,557</b>		<b>27.7%</b>	<b>\$383,490</b>			<b>58.0%</b>
<b>Less - Fixed Expenses:</b>				<b>Notes:</b>			
Accountancy Fees	\$4,004		0.6%	\$4,285			0.6%
Advertising	\$16,683		2.5%	\$560		Low??	0.1%
Austar - Cost per room/day	\$0.90	\$7,884	1.2%	\$7,879			1.2%
Chain Fees	\$7,800		1.2%	\$9,811		Golden Chain	1.5%
Garbage Removal	\$2,202		0.3%	\$1,415			0.2%
Ground & Pool Maintenance	\$2,280		0.3%			Check	0.0%
Insurance - General	\$12,679		1.9%	\$6,973		Check	1.1%
Internet Online Access	\$2,069		0.3%			Check	0.0%
Motor Vehicle & Travelling	\$3,000		0.4%	\$7,027		add/back \$4027	1.1%
Pest Control	\$1,335		0.2%			Check	0.0%
Printing Postage & Stationery	\$3,337		0.5%	\$1,087			0.2%
Rates & Land Tax	\$8,902		1.3%	\$19,188		water?	2.9%
Repairs & Maintenance	\$13,347		2.0%	\$15,552			2.4%
Replacements, inc Capital Items	\$53,386		8.0%	\$6,354		Very Low-Beware	1.0%
Staff Training Uniforms & Amenities	\$2,002		0.3%	\$492			0.1%
Wages - Reception			0.0%			Relief Days	0.0%
Wages - Relief per day	\$200	\$5,600	0.8%			0	0.0%
<b>Total Fixed Expenses:</b>	<b>\$146,509</b>		<b>22.0%</b>	<b>\$80,623</b>			<b>12.2%</b>
<b>Total Expenses:</b>	<b>\$331,066</b>		<b>49.6%</b>	<b>Add rent in box below</b>	<b>\$464,113</b>		<b>70.1%</b>
<b>Freehold Net Profit:</b>	<b>\$336,261</b>		<b>50.4%</b>	<b>\$197,642</b>			<b>29.9%</b>
Rent - % of FH Net Profit	45.0%	\$151,317	22.7%	\$163,747			24.7%
<b>Leasehold Net Profit</b>	<b>\$184,944</b>		<b>27.7%</b>	<b>\$33,895</b>			<b>5.1%</b>
Add-Backs - Add-Ons				See Worksheet below	\$162,483		24.6%
<b>Adjusted Lease Hold Net Profit</b>	<b>\$184,944</b>			<b>\$196,378</b>			<b>29.7%</b>
<b>Adjusted Freehold Net Profit</b>	<b>\$336,261</b>			<b>\$360,125</b>			<b>54.4%</b>
If leasehold, annual rental should be	\$151,317	being 45% of FH Net Profit		Rent is	45.5%	Adj. Net Profit	
<b>Cost Per Room comparison:</b>				<b>Cost Per Room comparison:</b>			
Consumables for Rooms	\$1.61	per room			\$0.29	per room	
Wages - Housekeeping	\$11.52	per room			\$13.14	per room	
Laundry	\$3.21	per room			\$0.00	per room	
Electricity, Gas & Water	\$5.89	per room			\$7.70	per room	
<b>Capitalised Value</b>				<b>Net On P&amp;L Supplied</b>			
Freehold:	16%	Yield	\$2,101,631	Freehold:	\$1,235,263	Adjusted net as above	\$2,250,781
Leasehold:	30%	Yield	\$616,479	Leasehold:	\$112,983	Adjusted adl expenses	\$654,593



# Worksheet

**MOTEL Assist**  
 ABN: 70 002 615 974  
 222 Carthage Street  
 TAMWORTH NSW 2340  
 Tel: 02-8003-4206  
 Fax: 02-6761-2056  
 Mobile: 0428-668-357  
 Email: russ@motelassist.com.au  
 Web: www.motelassist.com.au

This report is for: Demonstration - actual motel  
 Motel Country Motel No.1  
 Location: SA  
 Asking Price: \$650,000  
 Title: Leasehold

Sunday, 12 January 2014

This worksheet is to fine tune the data received with Industry Benchmarks.  
 If requested I can provide a special report specific to the data with reasoning on why the outcome is not as expected.

**The capitalised values are calculated on the following adjusted net profits**

Freehold Net Profit:	Capitalised Value:
Leasehold Net Profit: \$196,378	30% Capitalised Value: \$654,593

**It is imperative that you consult with your Motel Broker to verify the capitalised returns for this motel.**

Work Sheet to adjust balance of P&L:			Business Activity Statement				
	Add Back		Quarter	Sales inc GST	Non -Cap	Capital	Wages
Motor Vehicle & Travelling	Add Back	\$4,027	Sep-10				
Donations	Add Back	\$665	Dec-10				
	Add Back		Mar-11				
	Add Back		Jun-11				
	Add Back		<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	Add Back		Sep-11				
	Add On		Dec-11				
	Add On		Mar-12				
	Add On		Jun-12				
Other Add-Backs in Red	Add Back	\$157,791	<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$162,483</b>					
Other Expenses to be added to P&L:			Summary:				
Donations		\$665	Excluding GST				
Freight		\$41	Jun-11	\$0	\$0	\$0	\$0
Protective Clothing		\$473	Jun-12	\$0	\$0	\$0	\$0
Book Keeping		\$2,680	Including GST				
			Jun-11	\$0	\$0	\$0	\$0
			Jun-12	\$0	\$0	\$0	\$0
<b>Total transposed to P&amp;L</b>		<b>\$3,859</b>	Comment:				

**Expenses not included in the Profit & Loss:**

**If you consider that there is a legitimate expense overlooked in the expenses listed below add your estimate.**

Variable Expenses:	Fixed Expenses:
Compliance to Ordinances	Check
	Ground & Pool Maintenance
	Internet Online Access
Laundry (In House)	Check
Laundry Hire per sheet	Pest Control
	Wages - Reception
Water Rates	In Rates?
	Wages - Relief per day
	<b>Total of all additions:</b>
	<b>\$0</b>

By adding expenses to the above classifications you will alter the capitalised value of the motel as follows

**The figures immediately below are after the adjustment of the income or expenses stated above.**

Freehold Net as shown in P&L above:	\$360,125 based on a	16.0%	capitalising a Net Profit of	<b>\$2,250,781</b>
Leasehold Net as shown in P&L above:	\$196,378 based on a	30.0%	capitalising a Net Profit of	<b>\$654,593</b>

**If you want to proceed further to purchase you must refer this information to your Accountant**

Once verified assess the purchase process in our specially prepared [Full Report Purchase Overview](#) which includes all the aspects of purchasing a motel in particular a [professional finance application](#).

If the property is a Leasehold consult your Solicitor to make sure the lease is acceptable before going any further.

Next step is to approach your Agent allowing him to present your purchase proposal to the Owner or Owner's Agent.

Please do not hesitate to contact me to obtain assistance reports which can be emailed to you assisting you.

through the purchasing process. One assistance report that is a must is the [Countdown Purchase Report](#) which

details all the steps you must go through up to and beyond settlement date.

[A-System](#) [Team Viewer](#) [Countdown](#)

**Tip: The following expenses must be at least those amounts shown below being minimum benchmarks in operating a motel**

Replacements inc capital items	8% of turnover	\$52,940.40	Based on a 10 year refurbishment program
Repairs & Maintenance	2% of turnover	\$13,235.10	Annual repairs and maintenance
Allow for Relief management	\$200 per day	\$5,600.00	You must have a break at least 10 days every quarter

All the best in your purchase. 7 days you have allowed for each quarter

Regards,  
 Russ Dodson  
 Motel Specialist:  
 Licensed Business Agent

Notes about the Investment Freehold	
Net Value of Freehold Investment:	\$1,596,188
Rental Income: \$163,747	Net return of: 10.3%
<b>A fair net return would be between 8.5% and 9.5%</b>	

v19 - 15/7/2013

Investment details appear when you insert a rental in the P&L



Leasehold Assessment

**You can change the blue highlighted amounts**

Place the cursor in the left hand to corner of the page and press the Tab key to show where you can place your entries.

**MOTEL Assist**  
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 TAMWORTH NSW 2340  
 Tel: 02-8003-4206  
 Fax: 02-6761-2056  
 Mobile: 0428-668-357  
 Email: russ@motelassist.com.au  
 Web: www.motelassist.com.au

**Instructions Click Here**

**Hold your cursor over the red text below**

When you see a small red triangle in the corner above

Print Date: Sunday, 12 January 2014

State Motel Broker below:

**Model Motel Profit Assessment**

*Match the template motel with the motel you are inspecting*

**Basic Data from Draft Motel:**

Number of Rooms:	26
Rooms Available to sell:	9,490
Occupancy Rate%:	45.0%
Rooms Sold:	4,271
Average Tariff exc GST:	\$85
Including GST	\$94
Is the property Leasehold?	Y <i>Select Y or N</i>

**Results on 2nd Motel Inspected**

This report is for:	Demonstration - actual motel
Motel:	Country Motel No.2
Location:	NSW
Asking Price:	\$385,000
Entry Date:	Saturday, 8 June 2013
RevPar:	\$42.10
Including GST	
Accommodation:	\$363,189 <i>Check</i>

Annual Revenue:	Financial Year Ended June-2012		Enter figures below from motel's P&L	
Accommodation	\$362,993	85.0%	\$363,189	100.0%
Food & Beverage	\$63,887	17.6%		0.0%
Breakfasts	\$0	0.0%		0.0%
Interest & Insurance Recovery		0.0%		0.0%
<b>Total Revenue:</b>	<b>\$426,879</b>	<b>100.0%</b>	<b>\$363,189</b>	<b>100.0%</b>
<b>Goodwill Revenue:</b>	<b>\$210,000</b>	<b>49.2%</b>	<b>\$0</b>	<b>G/will Revenue 0.0%</b>

**Less - Variable Expenses:**

Bank Fees	\$854	0.2%	\$1,887	0.5%
Cleaning Supplies & Chemicals	\$1,708	0.4%	\$2,230	0.6%
Compliance to Ordinances	\$427	0.1%	\$0	0.0%
Consumables for Rooms	\$5,976	1.4%	\$8,204	2.3%
Credit Card Fees	\$3,842	0.9%	\$1,790 <i>Low?</i>	0.5%
<i>Depreciation</i>				0.0%
Electricity, Gas & Oil	\$17,929	4.2%	\$13,719	3.8%
Food for Breakfasts/Restaurant	\$8,538	2.0%		0.0%
Internet Agents Commission	\$7,684	1.8%	\$7,331	2.0%
<i>Interest</i>				0.0%
Laundry (In House)	\$1,708	0.4%		0.0%
Laundry Hire per sheet	\$1,10 <i>\$1.10</i>	2.8%	\$21,946 <i>Quite High</i>	6.0%
License Fees & Subscriptions	\$427	0.1%		0.0%
Telephone	\$6,403	1.5%	\$3,446	0.9%
<i>Wages &amp; Super by Managers</i>				0.0%
Wages - Housekeeping	\$42,688	10.0%	\$18,405 <i>Check-low</i>	5.1%
Superannuation	\$3,842	0.9%		0.0%
Water Rates	\$3,885	0.9%	\$4,616	1.3%
Workers Comp Insurance	\$1,964	0.5%	\$305	0.1%
Expenses as shown in worksheet below			\$4,120	1.1%
<b>Total Variable Expenses:</b>	<b>\$119,616</b>	<b>28.0%</b>	<b>\$87,999</b>	<b>24.2%</b>

**Less - Fixed Expenses:**

Accountancy Fees	\$3,842	0.9%	\$2,560	0.7%
Advertising	\$10,672	2.5%	\$3,321 <i>Check-low</i>	0.9%
Austar - Cost per room/day	\$0.90 <i>\$0.90</i>	2.0%	\$6,614 <i>Seems-low?</i>	1.8%
Chain Fees	\$7,800	1.8%		0.0%
Garbage Removal	\$1,409	0.3%	\$2,516	0.7%
Ground & Pool Maintenance	\$2,280	0.5%	\$991	0.3%
Insurance - General	\$8,111	1.9%	\$5,132 <i>Check-low</i>	1.4%
Internet Online Access	\$1,323	0.3%	\$1,077	0.3%
Motor Vehicle & Travelling	\$3,000	0.7%	\$815	0.2%
Pest Control	\$854	0.2%		0.0%
Printing Postage & Stationery	\$2,134	0.5%	\$423	0.1%
Rates & Land Tax	\$4,418	1.0%	\$8,902	2.5%
Repairs & Maintenance	\$8,538	2.0%	\$4,908	1.4%
Replacements, <i>inc Capital Items</i>	\$34,150	8.0%	\$5,932 <i>Very low-beware</i>	1.6%
Staff Training Uniforms & Amenities	\$1,281	0.3%		0.0%
Wages - Reception		0.0%		0.0%
Wages - Relief per day	\$200 <i>\$200</i>	1.3%		0.0%
<b>Total Fixed Expenses:</b>	<b>\$103,952</b>	<b>24.4%</b>	<b>\$43,191</b>	<b>11.9%</b>
<b>Total Expenses:</b>	<b>\$223,569</b>	<b>52.4%</b>	<b>\$131,190</b>	<b>36.1%</b>

<b>Freehold Net Profit:</b>	<b>\$203,311</b>	<b>47.6%</b>	<b>\$231,999</b>	<b>63.9%</b>
Rent - % of FH Net Profit	45.0%	\$91,490	\$91,490	21.4%
<b>Leasehold Net Profit</b>	<b>\$111,821</b>	<b>26.2%</b>	<b>\$114,439</b>	<b>31.5%</b>
Add-Backs - Add-Ons			\$2,185	0.6%
<b>Adjusted Lease Hold Net Profit</b>	<b>\$111,821</b>		<b>\$116,624</b>	<b>32.1%</b>
<b>Adjusted Freehold Net Profit</b>	<b>\$203,311</b>		<b>\$234,184</b>	<b>64.5%</b>

If leasehold, annual rental should be \$91,490 being 45% of FH Net Profit

Rent is 50.2% Net Profit

**Cost Per Room comparison:**

Consumables for Rooms	\$1.40 per room	\$1.92 per room
Wages - Housekeeping	\$10.00 per room	\$4.31 per room
Laundry	\$3.15 per room	\$5.14 per room
Electricity, Gas & Water	\$5.11 per room	\$4.29 per room

**Capitalised Value**

	Freehold:	Yield	Freehold:	Leasehold:	Yield
Freehold:	16%		\$1,270,691	30%	
Leasehold:			\$372,736		

On P&L Supplied	Adjusted as above	Adjusted adl expenses
\$1,449,995	\$1,463,651	\$1,463,651
\$381,464	\$388,747	\$388,747



This report is for: Demonstration - actual motel  
 Motel Country Motel No.2  
 Location: NSW  
 Asking Price: \$385,000  
**Title: Leasehold**

Sunday, 12 January 2014

 This worksheet is to fine tune the data received with Industry Benchmarks.  
 If requested I can provide a special report specific to the data with reasoning on why the outcome is not as expected.

**The capitalised values are calculated on the following adjusted net profits**

Freehold Net Profit:	\$234,184	16% Capitalised Value:	\$1,463,651
Leasehold Net Profit:	\$116,624	30% Capitalised Value:	\$388,747

**It is imperative that you consult with your Motel Broker to verify the capitalised returns for this motel.**

Work Sheet to adjust balance of P&L:			Business Activity Statement				
Allowance of \$3000.00	Add Back	\$2,185	Quarter	Sales inc GST	Non -Cap	Capital	Wages
Rent	Add Back		Sep-10				
	Add Back		Dec-10				
	Add Back		Mar-11				
	Add Back		Jun-11				
	Add Back		<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
	Add Back		Sep-11				
	Add On		Dec-11				
	Add On		Mar-12				
	Add On		Jun-12				
Other Add-Backs in Red	Add Back	\$0	<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$2,185</b>					
<b>Other Expenses to be added to P&amp;L:</b>			<b>Summary:</b>				
Sieminder		\$1,938	Excluding GST				
Satin Front Office		\$2,182	Jun-11	\$0	\$0	\$0	\$0
			Jun-12	\$0	\$0	\$0	\$0
			Including GST				
			Jun-11	\$0	\$0	\$0	\$0
			Jun-12	\$0	\$0	\$0	\$0
<b>Total transposed to P&amp;L</b>			<b>Comment:</b>				
		<b>\$4,120</b>					

Expenses not included in the Profit &amp; Loss:

**If you consider that there is a legitimate expense overlooked in the expenses listed below add your estimate.**

Variable Expenses:		Fixed Expenses:	
		Chain Fees	Not Applicable
Food for Breakfasts/Restauran			
Laundry (In House)	Linen sent out	Pest Control	Check when last done
License Fees & Subscriptions			
Superannuation	Look for entry	Staff Training Uniforms & Amenities	
		Wages - Reception	Owners attend
		Wages - Relief per day	Check for allowance
		<b>Total of all additions:</b>	<b>\$0</b>

By adding expenses to the above classifications you will alter the capitalised value of the motel as follows

**The figures immediately below are after the adjustment of the income or expenses stated above.**

Freehold Net as shown in P&L above:	\$234,184 based on a	16.0%	capitalising a Net Profit of	<b>\$1,463,651</b>
Leasehold Net as shown in P&L above:	\$116,624 based on a	30.0%	capitalising a Net Profit of	<b>\$388,747</b>

**If you want to proceed further to purchase you must refer this information to your Accountant**

 Once verified assess the purchase process in our specially prepared [Full Report Purchase Overview](#) which includes all the aspects of purchasing a motel in particular a [professional finance application](#).

**If the property is a Leasehold consult your Solicitor to make sure the lease is acceptable before going any further.**

Next step is to approach your Agent allowing him to present your purchase proposal to the Owner or Owner's Agent.

Please do not hesitate to contact me to obtain assistance reports which can be emailed to you assisting you.

 through the purchasing process. One assistance report that is a must is the [Countdown Purchase Report](#) which

details all the steps you must go through up to and beyond settlement date.

A-System Team Viewer Countdown
**Tip: The following expenses must be at least those amounts shown below being minimum benchmarks in operating a motel**

Replacements inc capital items	8% of turnover	\$29,055.10	Based on a 10 year refurbishment program
Repairs & Maintenance	2% of turnover	\$7,263.77	Annual repairs and maintenance
Allow for Relief management	\$200 per day	\$0.00	You must have a break at least 10 days every quarter

 All the best in your purchase. 0 days you have allowed for each quarter

 Regards,  
 Russ Dodson  
 Motel Specialist:  
 Licensed Business Agent

Notes about the Investment Freehold	
Net Value of Freehold Investment:	\$1,074,904
Rental Income: \$117,560	Net return of: 10.9%
<b>A fair net return would be between 8.5% and 9.5%</b>	

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Investment details appear when you insert a rental in the P&amp;L



Motel Comparisons

- Motel 1. Country Motel No.1
- Motel 2. Country Motel No.2
- Motel 3.
- Motel 4.
- Motel 5.

Broker:  
Not Applicable

Asking Price:  
\$650,000  
\$385,000  
\$0  
\$0  
\$0

**MOTEL Assist**  
ABN: 70 002 615 974  
222 Carthage Street  
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Where you see a small red triangle in the corner above

Print Date: Sunday, 12 January 2014

**Typical Country Motel Profit Assessment (Using Industry Benchmarks)**

Annual Revenue: Financial Year Ending 30 June 2012

Motel Name:	Country Motel No.1	Country Motel No.2							
Accommodation	\$567,166 85.7%	\$363,189 100.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Food & Beverage	\$94,589 16.7%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Breakfasts	\$0 0.0%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Interest & Insurance Recovery	\$0 0.0%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
<b>Total Revenue:</b>	<b>\$661,755 100.0%</b>	<b>\$363,189 100.0%</b>	<b>\$0</b>	<b>100.0%</b>	<b>\$0</b>	<b>100.0%</b>	<b>\$0</b>	<b>100.0%</b>	<b>\$0</b>
<b>Variable Expenses:</b>	<b>1st Motel Inspected</b>	<b>2nd Motel Inspected</b>	<b>3rd Motel Inspected</b>	<b>4th Motel Inspected</b>	<b>5th Motel Inspected</b>				
Bank Fees	\$1,296 0.2%	\$1,887 0.5%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Cleaning Supplies & Chemicals	\$101 0.0%	\$2,230 0.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Consumables for Rooms	\$1,652 0.2%	\$8,204 2.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Credit Card Fees	\$5,104 0.8%	\$1,790 0.5%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Depreciation	\$11,581 1.8%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Electricity, Gas & Water	\$44,548 6.7%	\$13,719 3.8%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Food for Breakfasts/Restaurant	\$67,139 10.1%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Internet Agents Commission	\$1,096 0.2%	\$7,331 2.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Interest	\$2,300 0.3%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Laundry	\$0 0.0%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Laundry Hire per sheet	\$0 0.0%	\$21,946 6.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
License Fees & Subscriptions	\$3,108 0.5%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Telephone	\$8,973 1.4%	\$3,446 0.9%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Wages & Super by Owners	\$143,910 21.7%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Wages - Housekeeping	\$76,052 11.5%	\$18,405 5.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Superannuation	\$6,472 1.0%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Water Rates	\$0 0.0%	\$4,616 1.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Workers Comp Insurance	\$6,299 1.0%	\$305 0.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Expenses as shown in worksheet b	\$3,859 0.6%	\$4,120 1.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
<b>Total Variable Expenses:</b>	<b>\$383,490 58.0%</b>	<b>\$87,999 24.2%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>
<b>Fixed Expenses:</b>									
Accountancy Fees	\$4,285 0.6%	\$2,560 0.7%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Advertising	\$560 0.1%	\$3,321 0.9%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Austar - Cost per room/day	\$7,879 1.2%	\$6,614 1.8%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Chain Fees	\$9,811 1.5%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Garbage Removal	\$1,415 0.2%	\$2,516 0.7%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Ground & Pool Maintenance	\$0 0.0%	\$991 0.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Insurance - General	\$6,973 1.1%	\$5,132 1.4%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Internet Online Access	\$0 0.0%	\$1,077 0.3%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Motor Vehicle & Travelling	\$7,027 1.1%	\$815 0.2%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Pest Control	\$0 0.0%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Printing Postage & Stationery	\$1,087 0.2%	\$423 0.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Rates & Land Tax	\$19,188 2.9%	\$8,902 2.5%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Repairs & Maintenance	\$15,552 2.4%	\$4,908 1.4%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Replacements, inc Capital Items	\$6,354 1.0%	\$5,932 1.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Wages - Reception	\$0 0.0%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
Wages - Relief per day	\$0 0.0%	\$0 0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
<b>Total Fixed Expenses:</b>	<b>\$80,623 12.2%</b>	<b>\$43,191 11.9%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>
<b>Total Expenses:</b>	<b>\$464,113 70.1%</b>	<b>\$131,190 36.1%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>
<b>Freehold Net Profit:</b>	<b>\$197,642 30%</b>	<b>\$231,999 35%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>
Rent - % of FH Net Profit	\$163,747 24.7%	\$117,560 32.4%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
<b>Leasehold Net Profit</b>	<b>\$33,895 5%</b>	<b>\$114,439 17%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>
Add-Backs - Add-Ons	\$162,483 24.6%	\$2,185 0.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0
<b>Adjusted Net Profit</b>	<b>\$196,378 30%</b>	<b>\$116,624 32%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>
<b>If leasehold, annual rental should be</b>	Rent is 45.5% Net Profit	Rent is 50.2% Net Profit	Rent is 0.0% Net Profit	Rent is 0.0% Net Profit	Rent is 0.0% Net Profit				
<b>Cost Per Room comparison:</b>	<b>Cost Per Room comparison:</b>	<b>Cost Per Room comparison:</b>	<b>Cost Per Room comparison:</b>	<b>Cost Per Room comparison:</b>	<b>Cost Per Room comparison:</b>				
Consumables by Guests	\$0.29 p/room \$1.61	\$1.92 p/room \$1.40	\$0.00 p/room \$1.71	\$0.00 p/room \$1.71	\$0.00 p/room \$1.71				
Wages - Housekeeping	\$13.14 p/room \$11.52	\$4.31 p/room \$10.00	\$0.00 p/room \$12.23	\$0.00 p/room \$12.23	\$0.00 p/room \$12.23				
Laundry	\$0.00 p/room \$3.21	\$5.14 p/room \$3.15	\$0.00 p/room \$3.24	\$0.00 p/room \$3.24	\$0.00 p/room \$3.24				
Electricity, Gas & Oil	\$7.70 p/room \$5.89	\$4.29 p/room \$5.11	\$0.00 p/room \$6.25	\$0.00 p/room \$6.25	\$0.00 p/room \$6.25				
<b>Capitalised Value</b>	On P&L Supplied Adjusted	On P&L Supplied Adjusted	On P&L Supplied Adjusted	On P&L Supplied Adjusted	On P&L Supplied Adjusted				
Freehold:	1,235,263 2,250,781	1,449,995 1,463,651	1,463,651	0 0	0 0				
Leasehold:	112,983 654,593 654,593	381,464 388,747 388,747		0 0	0 0				
<b>Motel Name:</b>	Country Motel No.1	Country Motel No.2							



**MOTEL Assist**  
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 222 Carthage Street  
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 Email:  
 russ@motelassist.com.au  
 Web: www.motelassist.com.au

v19 - 15/7/2013

Leasehold Assessment

## Report on 1st Motel Inspected

Report: **Country Motel No.1**

of: SA

For: Demonstration - actual motel

Asking Price: **\$650,000**

Year Ended: Jun-12

Motel Broker: Not Applicable

Print Date:

Sunday, 12 January 2014

Preparation Date:

Monday, 15 July 2013

This report explains the outcome from what was inserted in the two page input Motel 1. assessment

The report has calculated an assessed occupancy of 66.1% on an average daily room rate of \$107.80 including GST. **RevPar is \$83.10 inc GST** (Refer to RevPar in Articles of Interest in website)

This is based on annual turnover of \$661,755 exc. GST and \$727,931 inc. GST [View RevPar](#)

Compare the following scenarios to establish where the subject motel sits.

	Subject Motel		Industry Template	Model Motel
	From P&L Supplied	Adjusted P&L		
Income:	\$661,755 100%	\$661,755 100%	\$661,755 100%	\$667,327 100%
Cost of Goods:	\$67,139 10.1%	\$67,139 10%	\$5,956 0.9%	\$13,347 2.0%
Gross Profit:	\$594,616 89.9%	\$594,616 90%	\$655,799 99.1%	\$653,981 98.0%
Expenses:	\$396,974 60.0%	\$396,974 60%	\$295,110 44.6%	\$317,720 47.6%
<b>FH Net Profit:</b>	<b>\$197,642 29.9%</b>	<b>\$197,642 30%</b>	<b>\$360,690 54.5%</b>	<b>\$336,261 50.4%</b>
Less, Add-Backs:	\$162,483 24.6%	\$162,483 25%		
Additional Expenses:		\$0 0%		
<b>Adj FH Net Profit:</b>	<b>\$360,125 54.4%</b>	<b>\$360,125 54%</b>		
Rent:	\$163,747 24.7%	\$163,747 25%	\$162,310 24.5%	\$151,317 22.7%
<b>Adj. LH Net Profit:</b>	<b>\$196,378 29.7%</b>	<b>\$196,378 30%</b>	<b>\$198,379 30.0%</b>	<b>\$184,944 27.7%</b>

Capitalised Value	\$654,593	\$654,593	\$661,264	\$616,479
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It is quite important to understand the percentages of expenses in relation to turnover to arrive at the net profit.

Industry average for expenses as a percentage of turnover for a Country Motel without a restaurant is around 45%.

Make sure the rental stated falls within the 45% of the Freehold Net Profit, where the subject motel shows. 45.5%

**Beware the rental ratio over the Freehold Net Profit exceeds 45% The ratio is 45.5%**

Based on the above net profit and a yield of 30% the motel's capitalised value \$654,593

**Expenses not included in the Profit & Loss reduce the Capitalised Value to \$654,593**

### Page 2 of the Motel Report is the Worksheet:

Check through the **worksheet area** to make sure the add-backs and add-ons are inserted and they are within the guidelines given by your Broker of Financial Advisor.

The total add-backs you have stated amount to \$162,483 which is listed on page 2 of the Motel Report.

### Amounts not Shown in the Profit & Loss provided by the Broker or Owner:

Establish if there have been any items in the profit loss that have been omitted. Add what you consider these expenses should be in the area provided on page 2. Refer to the Template Motel it should give you a guide here. If in doubt check with your Accountant or Financial Advisor to make sure they are realistic amounts.

The amounts you have placed in this section of the program totals \$0 which reduces the motel's net profit to \$196,378 exc.GST capitalising value to \$654,593 on a 30% yield

The complexities you will encounter when entering the data for the first time may need to be explained to you.

For assistance you have the option to extend the package to include that assistance.

[Load Team Viewer](#)

Regards,

To utilise the assistance you will need to subscribe to Skype which is a free download

Russ Dodson

[Download Skype](#)

This generic report highlights sections on the two page report you have inserted data into

**Under no circumstances rely on this report until you have had it explained to you** by your Accountant or Financial Advisor.



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Leasehold Assessment

Report on 2nd Motel Inspected

Report: **Country Motel No.2**  
 of: NSW

For: Demonstration - actual motel

Asking Price: **\$385,000**

Year Ended: Jun-12

Motel Broker:

Print Date:

Sunday, 12 January 2014

Preparation Date:

Saturday, 8 June 2013

This report explains the outcome from what was inserted in the two page input Motel 2. assessment

The report has calculated an assessed occupancy of 45.0% on an average daily room rate of \$93.50 including GST. **RevPar is \$42.10 inc GST** (Refer to RevPar in Articles of Interest in website)

This is based on annual turnover of \$363,189 exc. GST and \$399,508 inc. GST [View RevPar](#)

Compare the following scenarios to establish where the subject motel sits.

	Subject Motel		Industry Template	Model Motel
	From P&L Supplied	Adjusted P&L		
Income:	\$363,189 100%	\$363,189 100%	\$363,189 100%	\$426,879 100%
Cost of Goods:	\$0 0.0%	\$0 0%	\$3,269 0.9%	\$8,538 2.0%
Gross Profit:	\$363,189 100.0%	\$363,189 100%	\$359,920 99.1%	\$418,342 98.0%
Expenses:	\$131,190 36.1%	\$131,190 36%	\$161,964 44.6%	\$215,031 50.4%
<b>FH Net Profit:</b>	<b>\$231,999 63.9%</b>	<b>\$231,999 64%</b>	<b>\$197,956 54.5%</b>	<b>\$203,311 47.6%</b>
Less, Add-Backs:	\$2,185 0.6%	\$2,185 1%		
Additional Expenses:		\$0 0%		
<b>Adj FH Net Profit:</b>	<b>\$234,184 64.5%</b>	<b>\$234,184 64%</b>		
Rent:	\$117,560 32.4%	\$117,560 32%	\$89,080 24.5%	\$91,490 21.4%
<b>Adj. LH Net Profit:</b>	<b>\$116,624 32.1%</b>	<b>\$116,624 32%</b>	<b>\$108,876 30.0%</b>	<b>\$111,821 26.2%</b>

<b>Capitalised Value</b>	<b>\$388,747</b>	<b>\$388,747</b>	<b>\$362,919</b>	<b>\$372,736</b>
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It is quite important to understand the percentages of expenses in relation to turnover to arrive at the net profit. Industry average for expenses as a percentage of turnover for a Country Motel without a restaurant is around 45%. Make sure the rental stated falls within the 45% of the Freehold Net Profit, where the subject motel shows. 45.5%  
**Beware the rental ratio over the Freehold Net Profit exceeds 45% The ratio is 50.2%**  
 Based on the above net profit and a yield of 30% the motel's capitalised value \$388,747  
**Expenses not included in the Profit & Loss reduce the Capitalised Value to \$388,747**

**Page 2 of the Motel Report is the Worksheet:**

Check through the **worksheet area** to make sure the add-backs and add-ons are inserted and they are within the guidelines given by your Broker of Financial Advisor.

The total add-backs you have stated amount to \$2,185 which is listed on page 2 of the Motel Report.

**Amounts not Shown in the Profit & Loss provided by the Broker or Owner:**

Establish if there have been any items in the profit loss that have been omitted. Add what you consider these expenses should be in the area provided on page 2. Refer to the Template Motel it should give you a guide here. If in doubt check with your Accountant or Financial Advisor to make sure they are realistic amounts.

The amounts you have placed in this section of the program totals \$0 which reduces the motel's net profit to \$116,624 exc.GST capitalising value to \$388,747 on a 30% yield

The complexities you will encounter when entering the data for the first time may need to be explained to you. For assistance you have the option to extend the package to include that assistance.

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