

Freshwater

TAXATION



Demo Company (AU)

Detailed business overview and customer report



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Executive Summary

Revenue

Revenue for the month of October 2023 was \$20,947, **an increase of 113.9%** from September 2023's revenue of \$9,795. October 2023's revenue of \$20,947 was **greater** than the average monthly revenue for the financial year of \$13,345 per month. Current financial year to date revenue at the end of October 2023 is \$53,378, **an increase of > 999%** from the prior financial year to date revenue at the end of 31 October 2022 of \$4,200.

Expenses

Expenses for the month of October 2023 was \$15,897, **a decrease of 7.7%** from September 2023's expenses of \$17,219. October 2023's expenses of \$15,897 was **greater** than the average monthly expenses for the financial year of \$15,212 per month. Current financial year to date expenses at the end of October 2023 is \$60,846, **an increase of 402.4%** from the prior financial year to date expenses at the end of 31 October 2022 of \$12,112.

The top expenses for the month of October 2023 were:

1. Wages and Salaries: \$6,700
2. Legal expenses: \$4,091
3. Advertising: \$2,273
4. Rent: \$1,074
5. Motor Vehicle Expenses: \$509

Net Profit

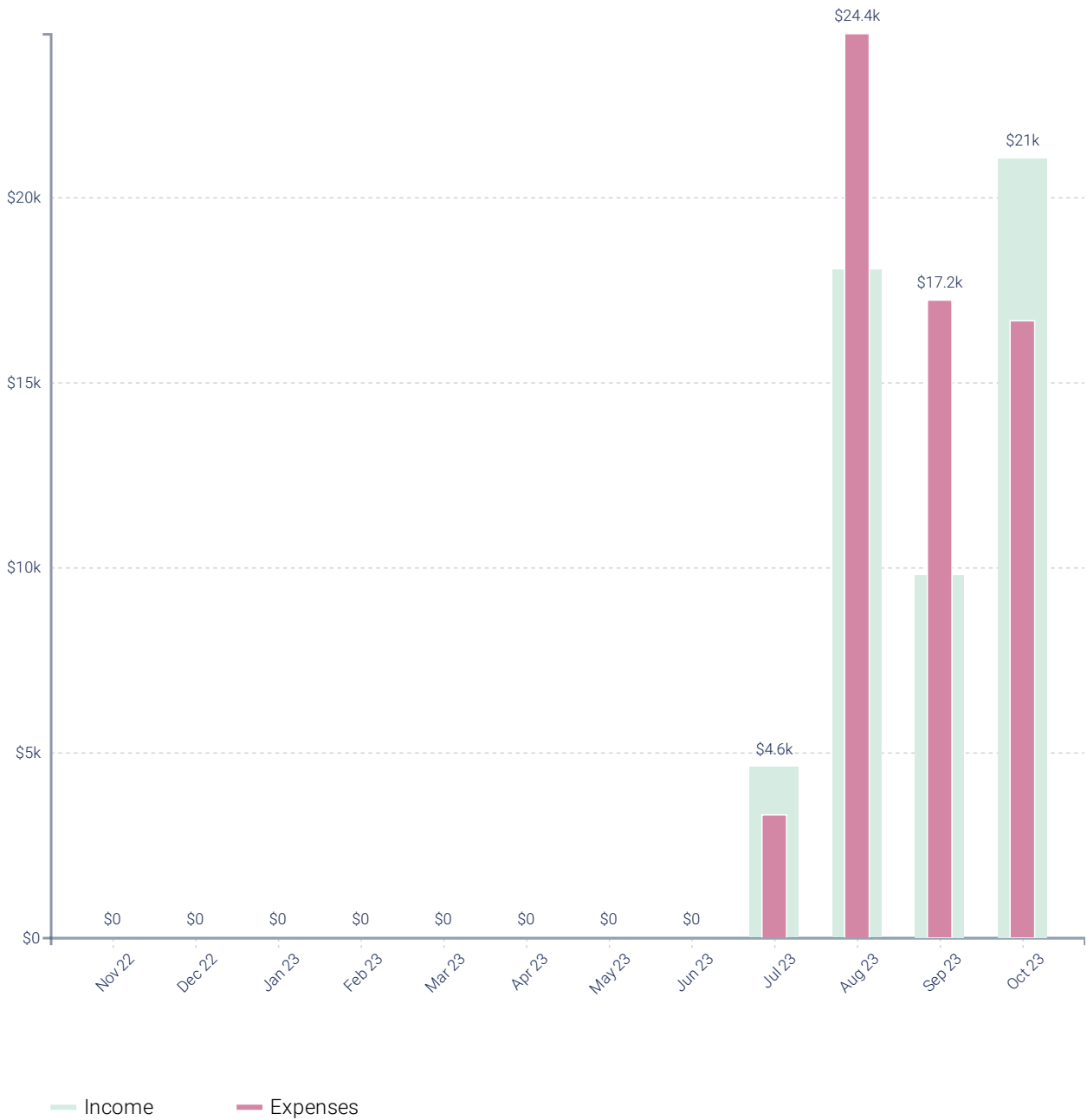
Net profit for the month of October 2023 was \$4,383, **an increase of 159.0%** from September 2023's net profit of (\$7,424). October 2023's net profit of \$4,383 was **greater** than the average monthly net profit for the financial year of (\$2,034) per month. Current financial year to date net profit at the end of October 2023 is (\$8,134), **a decrease of 2.8%** from the prior financial year to date net profit at the end of 31 October 2022 of (\$7,912).

Net Margin

Net margin for the month of October 2023 was 20.8%, **an increase of 127.5%** from September 2023's net margin of -75.8%. Current financial year to date net margin at the end of October 2023 is -15.2%, **an increase of 91.9%** from the prior financial year to date net margin at the end of 31 October 2022 of -188.4%.

Income Vs. Expenses

01 November 2022 - 31 October 2023



Graph Insights


Income for the period November 2022 to October 2023 was \$53.5k. Average income per month was \$4.5k. The best performing month was October 2023 (income of \$21k) while the worst performing months were November 2022, December 2022, January 2023, February 2023, March 2023, April 2023, May 2023 and June 2023 (income of \$0).

Expenses for the period November 2022 to October 2023 were \$61.6k. Average expenses per month were \$5.1k. The most expenses were incurred in August 2023 (expenses of \$24.4k) while the least expenses were incurred in November 2022, December 2022, January 2023, February 2023, March 2023, April 2023, May 2023 and June 2023 (expenses of \$0).

Loss for the period November 2022 to October 2023 was \$8.1k. Average loss per month was \$677.9. The best performing month was October 2023 (profit of \$4.4k).

Financial Health

01 October 2023 - 31 October 2023 vs 01 September 2023 - 30 September 2023

 **Health Status**

68%

Financial Health Score

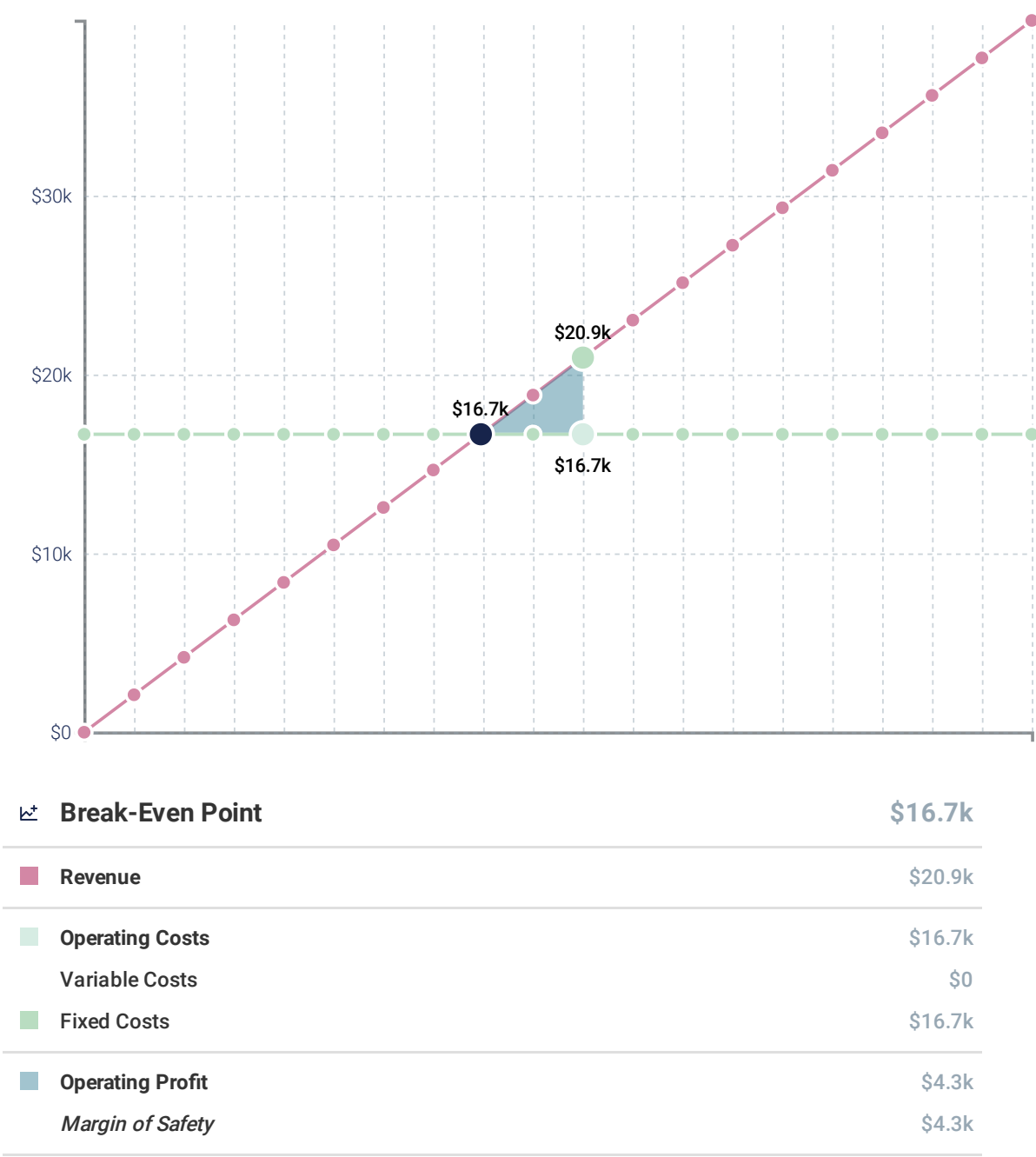
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Targets Achieved

	Oct 2023	Sep 2023	Target	Oct 2023 vs Target	Achieved	Importance
Growth						
Total Income	\$21,044	\$9,795	Increasing	-	✓	High
Net Profit	\$4,383	(\$7,424)	Increasing	-	✓	High
Net Profit Margin	20.8%	-75.8%	Increasing	-	✓	High
Cash	(\$11,118)	\$874	Increasing	-	✗	High
Net Assets	(\$16,670)	(\$21,053)	Increasing	-	✓	Medium
Return on Equity	23.2%	-42.8%	Increasing	-	✓	Low
Asset Use Efficiency	127.0%	78.5%	Increasing	-	✓	Medium
Profitability						
Operating Expense Ratio	75.9%	175.8%	Decreasing	-	✓	High
Net Profit	\$4,383	(\$7,424)	≥ \$0	\$4,383	✓	Critical
Net Profit Margin	20.8%	-75.8%	≥ 0.00%	20.8%	✓	Critical
Return on Equity	23.2%	-42.8%	≥ 0.00%	23.2%	✓	Medium
Liquidity						
Cash Balance	(\$11,118)	\$874	≥ \$0	(\$11,118)	✗	High
Current Ratio	0.36	0.35	≥ 2.00	-1.64	✗	Critical
Debtors Days	26.1 days	29.6 days	Decreasing	-	✓	Medium
Creditors Days	12.1 days	6.0 days	Increasing	-	✓	Medium
Solvency						
Net Assets	(\$16,670)	(\$21,053)	≥ \$0	(\$16,670)	✗	Critical

Break-Even

01 October 2023 - 31 October 2023



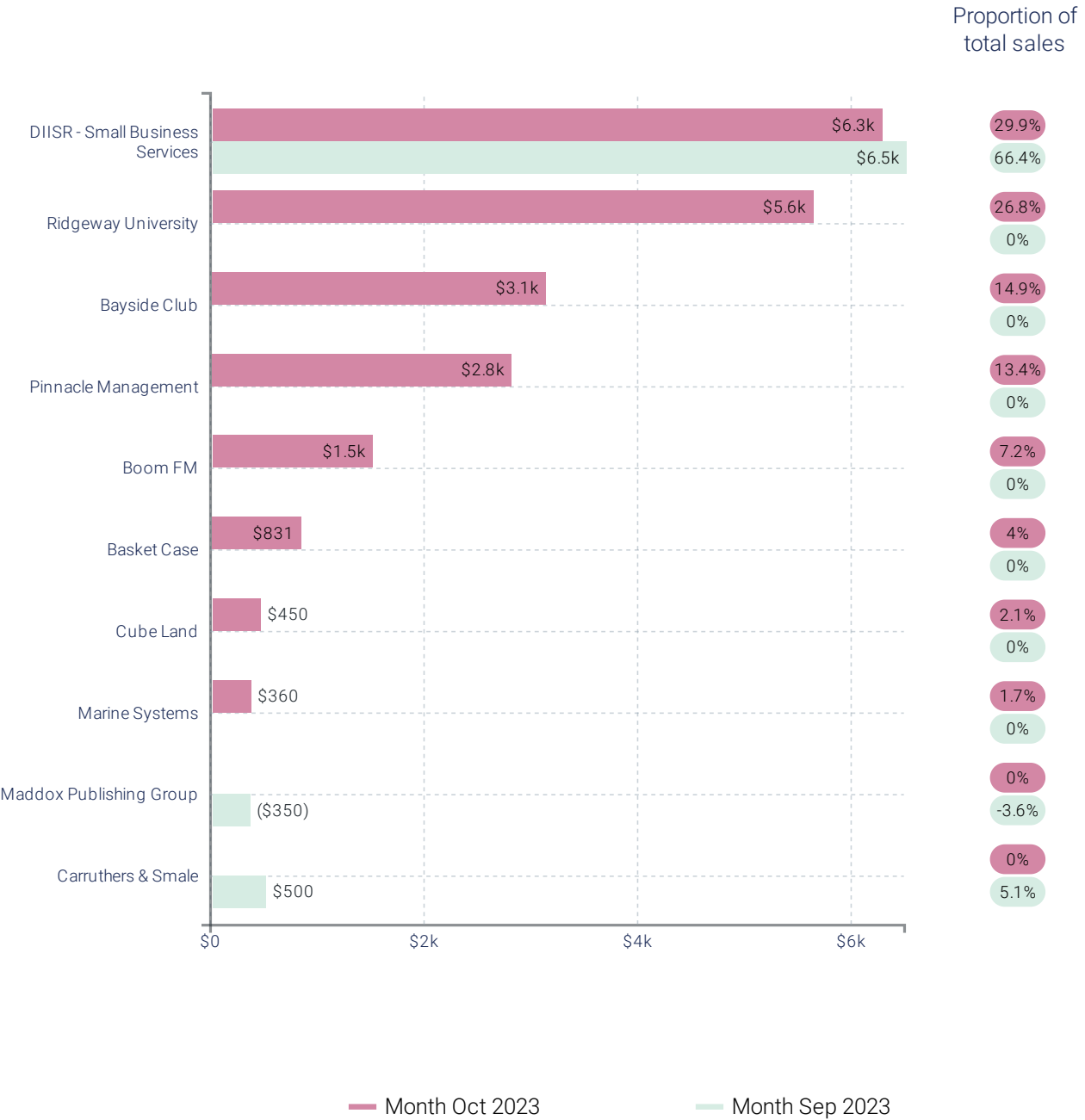
Graph Insights

The break-even point for the entity for the period of 01 October 2023 to 31 October 2023 was \$16.7k. The break-even point indicates the revenue at which the operating costs of the business are fully covered, any additional revenue past this point results in operating profit for the entity.

For the period of 01 October 2023 to 31 October 2023, Demo Company (AU) achieved a revenue of \$20.9k with operating costs of \$16.7k. This resulted in an operating profit of \$4.3k. Revenue exceeded the break-even point by a margin of safety of \$4.3k.

Top Customers By Sales

01 October 2023 - 31 October 2023 vs 01 September 2023 - 30 September 2023



Graph Insights

The top customer by sales for the month of October 2023 was DIISR - Small Business Services. DIISR - Small Business Services accounts for 0.0% of sales (down versus 66.4% in September 2023). The top 3 clients account for 71.6% of total sales (up versus 0.0% in September 2023). DIISR - Small Business Services exhibited the largest change in proportion of sales from 66.4% in September 2023 to 0.0% in October 2023.

Customer Balances

At 31 October 2023

Customers	Current	Sep 2023	Aug 2023	Jul 2023	Older	Total Due	% of Total
DIISR - Small Business Services	\$8,050	-	-	-	-	\$8,050	32.1%
Ridgeway University	\$6,188	-	-	-	-	\$6,188	24.7%
Bayside Club	\$3,434	-	-	-	-	\$3,434	13.7%
Pinnacle Management	\$3,080	-	-	-	-	\$3,080	12.3%
Boom FM	\$1,650	-	-	-	-	\$1,650	6.6%
Basket Case	\$915	-	-	-	-	\$915	3.6%
City Limousines	-	(\$61)	\$660	\$250	-	\$850	3.4%
Central Copiers	\$550	-	-	-	-	\$550	2.2%
Cube Land	\$495	-	-	-	-	\$495	2.0%
Marine Systems	\$396	-	-	-	-	\$396	1.6%
Capital Cab Co	(\$550)	-	-	-	-	(\$550)	-2.2%
Total	\$24,207	(\$61)	\$660	\$250	-	\$25,057	100.0%
Percent of Total	96.6%	-0.2%	2.6%	1.0%	0.00%	100.0%	0.00%

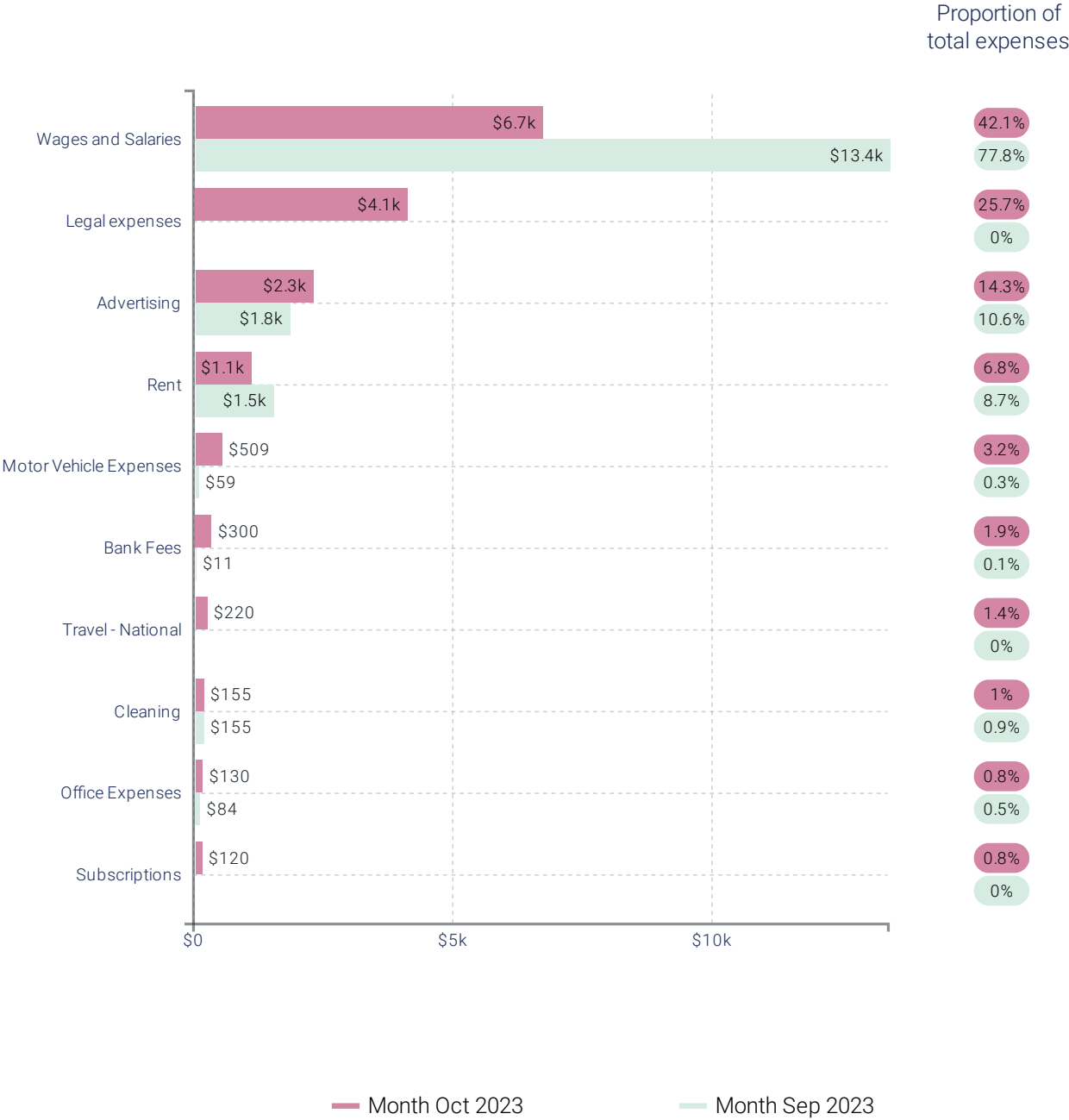
Report insights

The top debtor as at Oct 2023 is DIISR - Small Business Services with an outstanding balance of \$8.1k and DIISR - Small Business Services accounts for 32.1% of the top 11 debtors. The top 3 debtors (DIISR - Small Business Services, Ridgeway University and Bayside Club) have a combined outstanding balance of \$17.7k, which represents 70.5% of the outstanding balance of the top 11 debtor.

Total debt outstanding for the top undefined debtors as at Oct 2023 is \$25.1k. \$24.2k (96.6%) is outstanding for the current month. -\$60.5 (-0.2%), is outstanding for the past month, \$660 (2.6%), is outstanding for over 2 months, \$250 (1.0%), is outstanding for over 3 months and, \$0 (0.0%), is outstanding for over 4 months.

Top Expenses Accounts

01 October 2023 - 31 October 2023 vs 01 September 2023 - 30 September 2023



Graph Insights

The top expenses account for the month of October 2023 is Wages and Salaries. Wages and Salaries represents 42.1% of expenses accounts (down versus 77.8% in September 2023). The top 3 expenses accounts represent 82.2% of total expenses (down versus 88.4% in September 2023). Wages and Salaries exhibited the largest change in proportion of expenses from 77.8% in September 2023 to 42.1% in October 2023.

Supplier Balances

At 31 October 2023

Suppliers	Current	Sep 2023	Aug 2023	Jul 2023	Older	Total Due	% of Total
SMART Agency	\$2,500	\$2,000	-	-	-	\$4,500	50.1%
PC Complete	\$2,167	-	-	-	-	\$2,167	24.1%
Bayside Wholesale	\$840	-	-	-	-	\$840	9.3%
Kayleigh Ellerbeck	-	-	-	-	\$477	\$477	5.3%
Capital Cab Co	\$242	-	-	-	-	\$242	2.7%
MCO Cleaning Services	\$171	-	-	-	-	\$171	1.9%
Central Copiers	-	-	\$164	-	-	\$164	1.8%
Heritage Trust	\$132	-	-	-	-	\$132	1.5%
Bayside Club	\$130	-	-	-	-	\$130	1.4%
PowerDirect	\$109	-	-	-	-	\$109	1.2%
Net Connect	\$54	-	-	-	-	\$54	0.6%
Total	\$6,344	\$2,000	\$164	-	\$477	\$8,985	100.0%
Percent of Total	70.6%	22.3%	1.8%	0.00%	5.3%	100.0%	0.01%

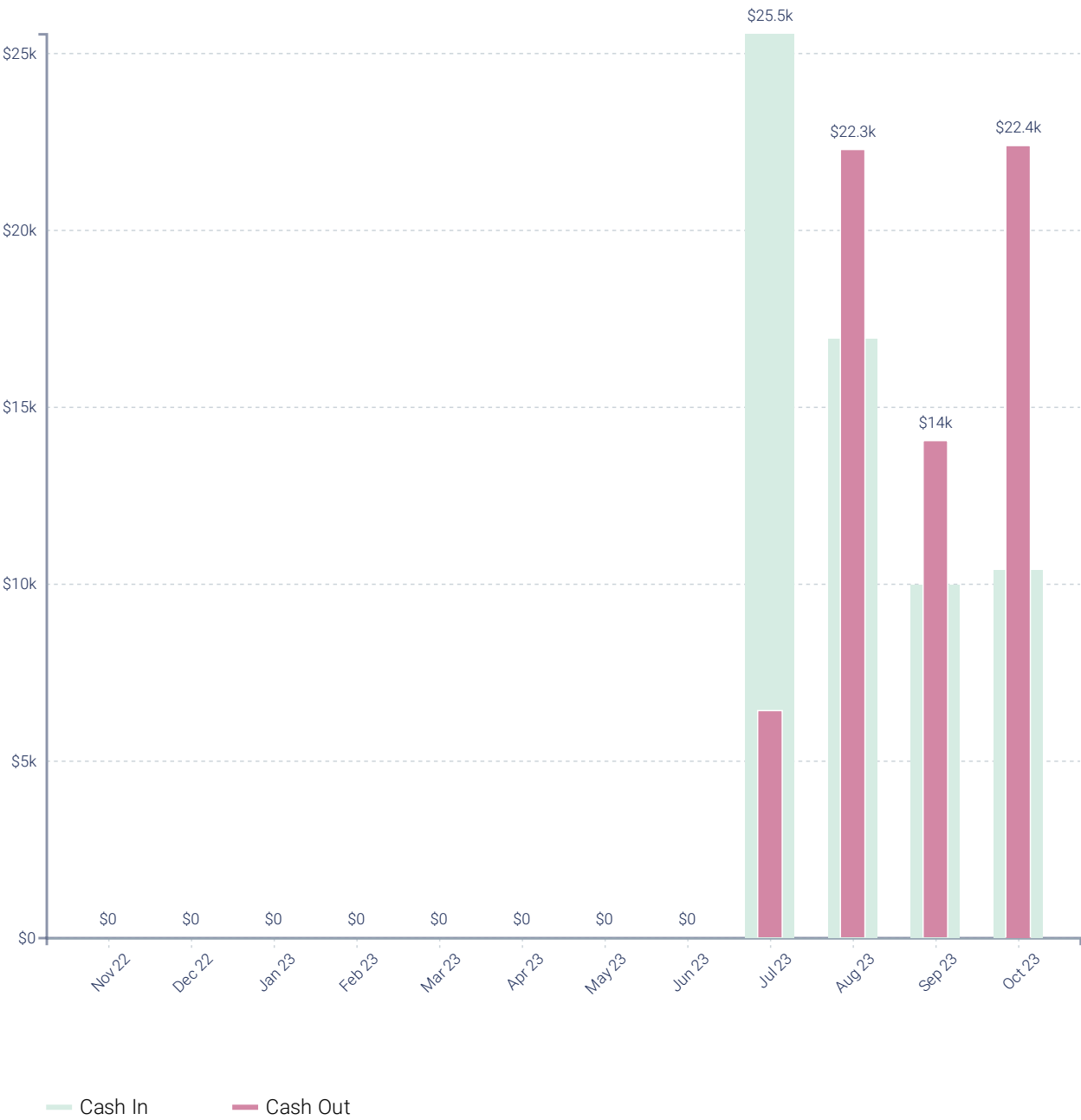
Report insights

The top creditor as at Oct 2023 is SMART Agency with an outstanding balance of \$4.5k and SMART Agency accounts for 50.1% of the top 11 creditors. The top 3 creditors (SMART Agency, PC Complete and Bayside Wholesale) have a combined outstanding balance of \$7.5k, which represents 83.6% of the outstanding balance of the top 11 creditor.

Total debt outstanding for the top undefined creditors as at Oct 2023 is \$9k. \$6.3k (70.6%) is outstanding for the current month. \$2k (22.3%), is outstanding for the past month, \$163.6 (1.8%), is outstanding for over 2 months, \$0 (0.0%), is outstanding for over 3 months and, \$476.8 (5.3%), is outstanding for over 4 months.

Cash In vs Cash Out

01 November 2022 - 31 October 2023



Graph Insights

Cash received for the period November 2022 to October 2023 was \$62.8k. Average cash received per month was \$5.2k. The most cash received was in July 2023 (cash received of \$25.5k) while the least cash received was in November 2022, December 2022, January 2023, February 2023, March 2023, April 2023, May 2023 and June 2023 (cash received of \$0).

Cash paid for the period November 2022 to October 2023 was \$65.1k. Average cash paid per month was \$5.4k. The most cash paid was in October 2023 (cash paid of \$22.4k) while the least cash paid was in November 2022, December 2022, January 2023, February 2023, March 2023, April 2023, May 2023 and June 2023 (cash paid of \$0).

Net cash for the period November 2022 to October 2023 was -\$2.3k. Average net cash per month was -\$189. The best performing month was July 2023 (net cash of \$19.1k)

KPIs

01 October 2023 - 31 October 2023 vs 01 September 2023 - 30 September 2023

	Oct 2023	Sep 2023	Variance		Variance (%)
Profitability					
Gross Profit Margin	96.4%	100.0%	-3.6%	▼	(-4%)
Operating Expense Ratio	75.9%	175.8%	-99.9%	▼	(-57%)
Net Profit Margin	20.8%	-75.8%	96.6%	▲	(+127%)
Liquidity					
Current Ratio	0.36	0.35	0.01	▲	(+4%)
Quick Ratio	0.36	0.35	0.01	▲	(+4%)
Debtors Days	26.1 days	29.6 days	-3.5 days	▼	(-12%)
Creditors Days	12.1 days	6.0 days	6.1 days	▲	(+101%)
Inventory Days	0.0 days	N/A	0.0 days		
Solvency					
Debt to Equity	-2.33	-1.52	-0.81	▼	(-53%)
Du Pont Analysis					
Operating Efficiency	20.8%	-75.8%	96.6%	▲	(+127%)
Asset Use Efficiency	127.0%	78.5%	48.6%	▲	(+62%)
Financial Leverage	0.88	0.72	0.16	▲	(+22%)
Return on Equity	23.2%	-42.8%	66.1%	▲	(+154%)

KPI explanations

Profitability

Gross Profit Margin: $\text{Gross Profit} / \text{Revenue (COA)}$

$$\$20,184 / \$20,947 = 96.4\%$$

The gross profit margin ratio represents the amount of profit that an entity retains after incurring the direct costs associated with producing and selling its goods or services. The higher the ratio, the more the entity retains to service its other costs and debt obligations.

Operating Expense Ratio: $(\text{Total Expenses} - \text{Amortisation} - \text{Depreciation (COA)} - \text{Interest Expense (COA)}) / \text{Revenue (COA)}$

$$(\$15,897 - \$0 - \$0 - \$0) / \$20,947 = 75.9\%$$

The operating expense ratio represents the efficiency of an entity's management by comparing operating expenses to sales. The ratio illustrates how efficient an entity's management is at keeping costs low while generating sales. More efficient entities have lower ratios.

Net Profit Margin: $\text{Net Profit/Loss After Tax} / \text{Total Income}$

$$\$4,383 / \$21,044 = 20.8\%$$

The net profit margin ratio represents the amount of profit that an entity retains after incurring all costs. The higher the ratio, the more profit is generated per each unit of sales.

Liquidity

Current Ratio: $\text{Total Current Assets} / \text{abs}(\text{Total Current Liabilities})$

$$\$13,938 / \text{abs}(\$38,803) = 0.36$$

The current ratio represents an entity's ability to pay short-term obligations (those due within one year). Lenders, investors, and creditors often use this ratio to understand how an entity can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

Quick Ratio: $(\text{Cash \& Cash Equivalents (COA)} + \text{Accounts Receivable (COA)}) / \text{abs}(\text{Total Current Liabilities})$

$$(\$11,118 + \$25,057) / \text{abs}(\$38,803) = 0.36$$

The quick ratio represents an entity's ability to pay short-term obligations (those due within one year) using its most liquid assets. The most liquid assets are assets that can be converted quickly to cash. The quick ratio is also known as the acid test ratio.

Debtors Days: $((\text{prior Accounts Receivable (COA)}/2 + \text{Accounts Receivable (COA)}/2) / \text{Revenue (COA)}) * \text{Number of Days in Period}$

$$((\$10,200/2 + \$25,057/2) / \$20,947) * 31.0 \text{ days} = 26.1 \text{ days}$$

The debtor days ratio indicates the average number of days that an entity takes to collect its receivables or money owed to it by clients. The ratio demonstrates how effective an entity manages the credit it extends to customers and how quickly that short-term debt is collected. The lower the ratio, the faster the entity receives money from its debtors.

Creditors Days: $((\text{prior Accounts Payable (COA)}/2 + \text{Accounts Payable (COA)}/2) / (\text{Total Cost of Sales} + \text{Total Expenses})) * \text{Number of Days in Period}$

$$((\$4,042/2 + \$8,985/2) / (\$764 + \$15,897)) * 31.0 \text{ days} = 12.1 \text{ days}$$

The creditor days ratio indicates the average number of days that an entity takes to pay its bills, invoices and expenses to suppliers, vendors and employees. A higher ratio indicates that the entity takes longer to pay its bills and expenses which means that it retains the available funds for a longer duration. A higher ratio may allow the entity an opportunity to utilize the available cash in a better way to maximize return.

Solvency

Debt to Equity: $(\text{Total Current Liabilities} + \text{Total Long-Term Liabilities}) / \text{Total Capital and Reserves}$

$$(\$38,803 + \$0) / (\$16,670) = -2.33$$

The debt to equity ratio represents an entity's financial leverage. The ratio is a measure of the degree to which an entity is financing its operations through debt versus wholly owned funds. A lower ratio reflects the ability of shareholder equity to cover all outstanding debts.

Du Pont Analysis

Operating Efficiency: Net Profit/Loss After Tax / Total Income

$$\$4,383 / \$21,044 = 20.8\%$$

The operating efficiency ratio is identical to the net margin ratio and represents the amount of profit that an entity retains after incurring all costs. The higher the ratio, the more profit is generated per each unit of sales.

Asset Use Efficiency: Total Income / ((prior Total Current Assets + prior Total Non-Current Assets)/2 + (Total Current Assets + Total Non-Current Assets)/2)

$$\$21,044 / ((\$11,074 + (\$75))/2 + (\$13,938 + \$8,195)/2) = 127.0\%$$

The asset use efficiency ratio is used to demonstrate how effective an entity is at utilizing its assets to generate sales. The higher the ratio, the lower the quantum of assets required to generate sales.

Financial Leverage: ((prior Total Current Assets + prior Total Non-Current Assets)/2 + (Total Current Assets + Total Non-Current Assets)/2) / abs(prior Total Capital and Reserves/2 + Total Capital and Reserves/2)

$$((\$11,074 + (\$75))/2 + (\$13,938 + \$8,195)/2) / \text{abs}((\$21,053)/2 + (\$16,670)/2) = 0.88$$

The financial leverage ratio demonstrates how much debt the entity has utilized to finance its business. The higher the ratio, the more debt the entity is using in its funding structure.

Return on Equity: Net Profit/Loss After Tax / abs(prior Total Capital and Reserves/2 + Total Capital and Reserves/2)

$$\$4,383 / \text{abs}((\$21,053)/2 + (\$16,670)/2) = 23.2\%$$

The return on equity ratio is considered a measure of how effectively management is using an entity's assets, leverage and expenses to create profits for shareholders. ROE can be increased by improving operating efficiency, asset use efficiency or by increasing financing leverage via more debt funding.

Profit and Loss

01 October 2023 - 31 October 2023 vs 01 September 2023 - 30 September 2023

	Oct 2023	Sep 2023	Variance	Variance (%)	YTD (FY)
Sales					
Sales	\$20,947	\$9,795	\$11,152	▲ (+114%)	\$53,378
Total Sales	\$20,947	\$9,795	\$11,152	▲ (+114%)	\$53,378
Cost of Sales					
Purchases	\$764	-	\$764	▲	\$764
Total Cost of Sales	\$764	-	\$764	▲	\$764
Gross Profit	\$20,184	\$9,795	\$10,389	▲ (+106%)	\$52,615
Other Income					
Interest Income	\$97	-	\$97	▲	\$97
Total Other Income	\$97	-	\$97	▲	\$97
Expenses					
Advertising	\$2,273	\$1,818	\$455	▲ (+25%)	\$4,103
Bank Fees	\$300	\$11	\$290	▲ (>999%)	\$332
Cleaning	\$155	\$155	-		\$465
Consulting & Accounting	\$49	\$49	-		\$98
Entertainment	-	(\$200)	\$200	▲ (+100%)	\$277
Freight & Courier	(\$9)	-	(\$9)	▼	(\$9)
General Expenses	\$118	-	\$118	▲	\$1,085
Legal expenses	\$4,091	-	\$4,091	▲	\$4,091
Light, Power, Heating	\$99	\$301	(\$202)	▼ (-67%)	\$1,045
Motor Vehicle Expenses	\$509	\$59	\$450	▲ (+761%)	\$938
Office Expenses	\$130	\$84	\$46	▲ (+56%)	\$1,540
Printing & Stationery	\$20	\$10	\$10	▲ (+96%)	\$66
Rent	\$1,074	\$1,500	(\$426)	▼ (-28%)	\$5,574
Wages and Salaries	\$6,700	\$13,400	(\$6,700)	▼ (-50%)	\$40,200
Subscriptions	\$120	-	\$120	▲	\$120
Telephone & Internet	\$49	\$33	\$17	▲ (+51%)	\$240
Travel - National	\$220	-	\$220	▲	\$682
Total Expenses	\$15,897	\$17,219	(\$1,322)	▼ (-8%)	\$60,846
Net Profit/Loss Before Tax	\$4,383	(\$7,424)	\$11,807	▲ (+159%)	(\$8,134)
Net Profit/Loss After Tax	\$4,383	(\$7,424)	\$11,807	▲ (+159%)	(\$8,134)

Balance Sheet

01 October 2023 - 31 October 2023 vs 01 September 2023 - 30 September 2023

	Oct 2023	Sep 2023	Variance	Variance (%)
Assets				
Current Assets				
Accounts Receivable				
Accounts Receivable	\$25,057	\$10,200	\$14,857	▲ (+146%)
Total Accounts Receivable	\$25,057	\$10,200	\$14,857	▲ (+146%)
Bank Accounts				
Business Bank Account	(\$17,996)	(\$10,707)	(\$7,289)	▼ (-68%)
Business Savings Account	\$6,878	\$11,581	(\$4,703)	▼ (-41%)
Total Bank Accounts	(\$11,118)	\$874	(\$11,992)	▼ (>999%)
Total Current Assets	\$13,938	\$11,074	\$2,865	▲ (+26%)
Non-Current Assets				
Office Equipment	\$7,050	\$750	\$6,300	▲ (+840%)
Less Accumulated Depreciation on Office Equipment	(\$825)	(\$825)	-	
Computer Equipment	\$1,970	-	\$1,970	▲
Total Non-Current Assets	\$8,195	(\$75)	\$8,270	▲ (>999%)
Total Assets	\$22,133	\$10,999	\$11,135	▲ (+101%)
Current Liabilities				
Accounts Payable	\$8,985	\$4,042	\$4,943	▲ (+122%)
GST	\$1,565	\$1,263	\$302	▲ (+24%)
PAYG Withholdings Payable	\$9,042	\$7,535	\$1,507	▲ (+20%)
Historical Adjustment	\$19,212	\$19,212	-	
Rounding	(\$0)	(\$0)	-	
Total Current Liabilities	\$38,803	\$32,052	\$6,751	▲ (+21%)
Total Liabilities	\$38,803	\$32,052	\$6,751	▲ (+21%)
Net Assets	(\$16,670)	(\$21,053)	\$4,383	▲ (+21%)
Capital and Reserves				
Retained Earnings	(\$8,535)	(\$8,535)	-	
Net Income	(\$8,134)	(\$12,518)	\$4,383	▲ (+35%)
Total Capital and Reserves	(\$16,670)	(\$21,053)	\$4,383	▲ (+21%)

Cash Flow Statement Direct

01 October 2023 - 31 October 2023 vs 01 September 2023 - 30 September 2023

	Oct 2023	Sep 2023	Variance	Variance (%)	
Trading Activities					
Cash Received	\$6,090	\$8,701	(\$2,610)	▼	(-30%)
Cash Paid	(\$9,910)	(\$12,766)	\$2,856	▲	(+22%)
Accounts					
Interest Received	\$97	-	\$97	▲	
Total Accounts	\$97	-	\$97	▲	
Total Cash Flows from Operating Activities	(\$3,722)	(\$4,065)	\$343	▲	(+8%)
Cash Flow from Investing Activities					
Proceeds from sale/(acquisition) of Property, Plant and Equipment	(\$8,270)	-	(\$8,270)	▼	
Total Cash Flows from Investing Activities	(\$8,270)	-	(\$8,270)	▼	
Free Cash Flow	(\$11,992)	(\$4,065)	(\$7,927)	▼	(-195%)
Summary					
Opening Balance	\$874	\$4,940	(\$4,065)	▼	(-82%)
Movement	(\$11,992)	(\$4,065)	(\$7,927)	▼	(-195%)
Closing Balance	(\$11,118)	\$874	(\$11,992)	▼	(>-999%)

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