



Strategy Session

Report

Thank you for your time

It was fantastic to meet you and hear about your personal and business goals last week.

In support of your Strategy Session, we have created this document to provide you reference on our discussion points and detail of next steps.

During the session, we introduced you to our system of Get Set, Get Moving, Get Free.



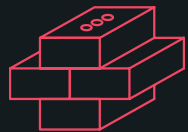
Get Free

Build your wealth to a level that gives you financial freedom.



Get Moving

Grow sustainably to the level of profit you need to give you the life you want.



Get Set

Get the fundamentals in your business and personal life right.



Your Financial Future

Future actionable items to address
Tax Savings, Asset Protection & Risk Analysis

Get Set

We discussed 6 out of 6 items for this phase

Plan

Structure

Online
Accounting

Protect

People & HR

Will

Plan

- This document outlines a 100-day plan for the items that you should consider addressing to reduce the risks in your business and personal life, and to drive further growth.
- You would benefit from implementing a financial plan to support your goal of financial freedom in 10 years.
- We recommend building a business growth plan to identify the key financial drivers that will support your profit targets over the next 3 years.

Refer to following pages for remaining items

Get Set (continued)

Plan

Structure

Online
Accounting

People & HR

Protect

Will

Structure Business and Personal Assets

Protection of personal assets

- Your current business structure is not set up appropriately to provide protection for your personal assets from litigation risks the business may face.
- To protect your home as a personal asset, we recommend transferring ownership of this asset to your wife. This transfer can occur free from Stamp Duty and does not have any implications in the event of a marriage break down.

Current and Future Effects of the Structure of the business

- A new business structure will allow you to distribute profits from the business in the most tax effective way.
- If profits reach a certain level, you could also distribute to a bucket company as this would be more effective than distributing to your family members.
- Should you wish to leave the business, and other partners be brought on, we could consider other structures such as a unit trust.

Get Set (continued)

Plan

Structure

Online
Accounting

People & HR

Protect

Will

Online Accounting

- Your business is currently on Xero however you are not utilising the software to its full capability.
- You do not have your reports set up correctly.
- You do not have rules set up for your recurring transactions.
- We will look into helping you utilise this program by providing you and your staff with Xero training and setting up reports for you to better understand the numbers in your business.

People and HR

- Your employees are subject to award rates, penalty rates and super.
- You have not updated these rates in recent years.
- You have several sub-contractors who have been with the business over 12 months, under current legislation they should be paid super.
- Several employees do not have contracts or position descriptions.

Get Set (continued)

Plan

Structure

Online
Accounting

People & HR

Protect

Will

Protect Business and personal Risk

- You have public liability and building insurance in place.
- You do not have cyber insurance in place, given your significant online bank transactions - this exposes your business to cyber threats.
- You may not have adequate Life or TPD insurance in place in the event of your passing.
- You will consider Key Man Insurance for your business operations.

Personal & Business Wills

- Your current Will is out of date and doesn't make reference to all family members.
- There is no shareholders agreement in place with the current business owners. This could create uncertainty in the event of an owner passing away or wanting to leave the business.
- You have Binding Death Benefit nomination within your super fund.

Get Moving

We discussed 5 out of 6 items for this phase

Numbers

Delegate
Bookkeeping

Systematise &
Automate

Minimise Tax

Cashflow

Coaching

Understanding your numbers

- You don't use Xero much for this, currently working off an excel budget report.
- You need clarity in the key numbers you are tracking each month to drive profit in your business.
- The gross profit benchmark for your industry is 62%.

Delegating Bookkeeping

- You have a bookkeeper in place, however they require more Xero training.

Systematise & automate your business

- You need to put systems in place so the business can increase scale and operate without relying on you.
- You have recently implemented a rostering and timesheet app. Consider whether Deputy may be appropriate.

Refer to following pages for remaining items

Get Moving (continued)

Numbers

Delegate
Bookkeeping

Systematise &
Automate

Minimise Tax

Cashflow

Coaching

Minimise tax

- By restructuring your business and making distributions, we estimate you could save approximately \$27,525 in tax per annum.
- If you were to set up a bucket company and distribute to this entity, you could cap your annual tax rate at 27.5%.
- There is the potential for Joel to make a claim for home office expenses from his rent.
- As you are considering converting your existing home to an investment property, you could conduct a spousal transfer on your existing property to make your home loan tax deductible.
- A number of your recent purchases will qualify for the immediate deduction for assets costing less than \$20k. These can all be deducted in the previous financial year.
- Some of your recent expenditure can qualify for the R&D tax incentive. You may be eligible to receive a 40% refundable offset on this expenditure.

Get Moving (continued)

Numbers

Delegate
Bookkeeping

Systematise &
Automate

Minimise Tax

Cashflow

Coaching

Forecast Cashflow and Capital

- Current cashflow projections show that you will exhaust your business cash reserves in March next year.
- By cutting your accounts receivable days down from 45 days to 35 days, you will unlock \$43,267 of cash from your debtors.
- Alternative options for this could be an overdraft with your current bank, or sourcing short-term funding from a small business FinTech lender.
- Your current business loan of \$500,000 has an interest rate of 7.3%. We are seeing similar businesses in your industry source loans for around 6.2%.

Get Free

We discussed 4 out of 6 items for this phase

Wealth
Creation

Investment
Portfolio

Investment
Property

Super

Succession &
Exit

Legacy

Understanding Wealth Creation.

- Our financial modelling showed that you will need \$1.8m of investable assets to provide an income of \$100,000 per annum in 10 years.
- The interest rates on your home loan are not the most competitive in the market. You could also benefit from a home loan offset account.

Investment Property

- You are considering converting your home property to an investment. A spousal transfer may be beneficial.
- There may be potential to purchase your business property via your SMSF and lease the property back to your business. This will be both a tax-effective investment and also build on your super contributions.

Refer to following pages for remaining items

Get Free (continued)

Wealth
Creation

Investment
Portfolio

Investment
Property

Super

Succession &
Exit

Legacy

Superannuation

- Your super is spread across a number of funds. You would benefit from a consolidation to reduce fees and simplify your savings.
- You are invested in conservative profile in 2 of your funds. Your asset allocation does not align with your desire for increased growth and investment return.
- Your SMSF may have the capability to purchase your business property. Creating a long-term tax-effective investment that could be sold without incurring capital gains.

Succession and Exit Planning

- You plan to exit the business in 10 years and achieve a sale price of \$3m.
- Our research indicates that businesses in your industry sell for a profit multiple of 2.6x
- Over the next 10 years you will need to increase annual profit to \$1.1m
- You may qualify for small business CGT concessions upon the sale of your business. Reducing your tax payable to under \$100,000 upon the sale.



Ignite your passion.
Own your future.