



BUTTERFLY GROVE

ADJUSTED PROFIT & LOSS STATEMENT FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2024

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	Notes	Sep-24 \$
<u>INCOME</u>		
Administration Fees		5,969
Body Corporate Salary	6	113,556
Commissions		
Management Commission	8	133,545
Referral Commission	4	108
		133,653
Gardening & Landscaping	8	24,571
Letting Fees	8	18,615
Repairs & Maintenance		
Income		4,948
Smoke Alarm Servicing		(891)
		4,057
Total Gross Operating Income		300,422
<u>LESS EXPENSES</u>		
Accounting Fees		2,000
Auditor's Remuneration		1,200
Bank Charges		360
Computer Software and Support		2,400
Insurance		
- Public Liability/Professional Indemnity		3,435
Motor Vehicle Allowance		1,040
Permits, Licences & Fees	5	1,402
Printing & Stationery		600
Subscriptions		503
Telephone & Internet		1,200
Total Expenses		14,140
NET PROFIT		\$286,282

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NOTES TO THE ADJUSTED PROFIT & LOSS STATEMENT FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2024

1. General

The Adjusted Profit and Loss Statement for sale purposes has been prepared in accordance with Clause 12.1(a) of the REIQ Standard Conditions of Sale (Management Rights Contracts) as follows:

"For the purpose of this clause net operating profit shall be calculated by deducting from the gross income of the Business for the relevant period the actual expenses of operating the Business for that period (in particular excluding depreciation, GST, borrowing expenses, interest on borrowings and any payment for labour related to work which would normally be performed by a two person resident management team)."

The accompanying Adjusted Profit and Loss Statement is extracted from the financial records of our client for the period indicated, and have been adjusted to exclude expenditure considered personal to the current proprietors or expenditure of a non-cash nature as follows:

- (a) Depreciation
- (b) Finance Costs (Interest & Borrowing Costs)
- (c) Insurance (Personal to the Owner)
- (d) Private Motor Vehicle Expenses
- (e) Donations
- (f) Accounting Fees personal to the Operator
- (g) Formation Costs
- (h) Travelling Expenses
- (i) Body Corporate Fees, Electricity and Rates (private portion)

2. Basis of Reporting

The Business is operated by a Corporate entity that manages two complexes. As a result, the majority of overhead expenses are not separately identifiable to these individual properties. Therefore, many of the overhead expense items included in this Report are based on industry standard allowances rather than actual expenditure.

3. Advertising

For the 12 months ended 30 September 2024 Management collected advertising revenue of \$455 and incurred advertising expenditure of \$462. Advertising income and expenditure has been excluded from this Report on the basis that typically a complex of this nature will spend no more than the amount collected from owners over time.

4. Commission on Insurance

Commission on insurance is received from an insurance broker for referring landlord insurance. The commission income is considered to be an ongoing income item.

BUTTERFLY GROVE

NOTES TO THE ADJUSTED PROFIT & LOSS STATEMENT FOR THE 12 MONTHS ENDED 30 SEPTEMBER 2024

5. Licences, Fees and Permits

Licences, fees and permits include one annual Resident Letting Agent's Licence for an individual and a Corporation, assuming three year licenses are obtained and annualised.

6. Caretaking and Letting Agreements

The complex is managed in accordance with Caretaking and Letting Agreements which currently have a remaining term of 23 years. The Caretaking salary is reviewed annually on 14 December and increased in accordance with the Brisbane Consumer Price Index (CPI). This Report is inclusive of the annualised current salary, in accordance with industry standards.

7. Letting Pool

The complex consists of 71 units. As at the date of our Report, 65 units are in the long-term letting pool. Of the 6 other units, 5 are owner-occupied and 1 has an external agent.

8. Schedule of charges

Management charges various commissions and charges in relation to operating the complex. A summary of the current schedule of charges (exclusive of GST) is as follows:

- (a) Management Commission - 8% of gross tariffs
- (b) New Tenant Let fee - equal to one week's rent
- (c) Lease Renewal Fee - equal to half of one week's rent
- (d) Administration fee - \$8.00 per month
- (e) Gardening & Maintenance - \$9.90 per week

9. Office Expenses

The Manager's office is on title. In accordance with Industry standards electricity, rates, and Body Corporate Expenses have not been included as they are considered to be incidental to the private nature of the Manager's residence. Please ensure that you satisfy yourself of the ongoing costs in relation to the running of the office.

10. Labour Adjustment

During the period Management employed staff to carry out reception/administration duties, grounds maintenance, and other management duties for the business.

Based on an industry expectation of 45 hours work per week from a two-person team, adjustments have been made to remove employment costs paid by Management that would normally be undertaken by a full-time two-person management team.

COMPILATION REPORT TO Lakes Realty Pty Ltd ("Our Client")

Scope

On the basis of information provided per our client, we have compiled the accompanying special purpose financial statement of Butterfly Grove, which comprises an Adjusted Profit and Loss and explanatory notes for the 12 months ended 30 September 2024. These Reports have been prepared in accordance with the detailed notes and assumptions attaching to the report.

The Responsibility of the Directors

The Directors and their Officers are solely responsible for the information contained in the special purpose financial statement and have determined that the assumptions used are appropriate to meet their needs and for the purpose that the financial statement was prepared.

Our Responsibility

On the basis of information provided by the Directors and their Officers, we have compiled the accompanying special purpose financial statements in accordance with the Notice 1-16, and APES 315 Compilation of Financial Information.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors and their Officers provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No Audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statement was compiled exclusively for the benefit of the Directors. We do not accept responsibility to any other person for the contents of the special purpose financial statement.



Tony Rossiter CA
12 November 2024

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