

# TaxFitness Group Pty Ltd

WealthGenerator Report

For the year ended 30th June 2021

Prepared by



**Roadrunner Advisory**

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## 1. About wealth generation

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### **What is WealthGenerator?**

The TaxFitness WealthGenerator software makes creating and growing wealth easier.

The software achieves this by:

- Making business more profitable, valuable, and scalable.
- Growing an individual's wealth through smart investing, optimising personal finances, tax minimization, business structures and asset protection.

### **Who can benefit from WealthGenerator?**

Employees, investors, and business owners can all benefit from wealth generation.

The two essential criteria are:

1. Desire to create wealth.
2. Discipline to make the necessary changes to create wealth.

### **What this report does**

Firstly, the report calculates your current wealth/net worth i.e. the market value of all your assets less your liabilities.

Secondly, the WealthGenerator report details selected wealth generation strategies that have the potential to generate more wealth if correctly implemented.

## 2. Summary - For the year ended 30th June 2021

	ACTUALS	TARGET %S	TARGET \$'S	ACTUAL LESS TARGET \$	ACTION REQUIRED
Business Revenue	\$2,200,000				
Materials And Subcontractors	\$0				
Net Revenue	\$2,200,000	100%	\$2,200,000		
Rent	\$200,000	7%	\$154,000	46000	Decrease
Wages	\$1,125,000	38%	\$836,000	289000	Decrease
Overhead	\$550,000	20%	\$440,000	110000	Decrease
Owner's Compensation	\$300,000	10%	\$220,000	80000	Decrease
Profit/Income	\$25,000	25%	\$550,000	-525000	Increase

### 3. WealthGenerator snapshot

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The table below provides a snapshot of the selected wealth generation strategies. It assists in the comparison of different strategies and in the decision making process of which strategies to implement now and which ones to defer at this point in time.

STRATEGY	ESTIMATED INCREASE
Have staff work from home	\$20,000
Sublease part of the premises	\$25,000

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## 4. Selected WealthGenerator strategies

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We have selected the following wealth generation strategies that we believe may be applicable to your specific circumstances. Each strategy is explained below so you can understand its background and how the wealth is generated.

HAVE STAFF WORK FROM HOME	INCREASE
Estimated Increase	\$20,000

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### Overview

Having staff work from home reduces office space requirements and reduces rent. Additional advantages include:

- Increased talent pool - companies can hire the best talent regardless of their location.
- Increases productivity - studies show productivity gains of between 15-45%.
- Improves employee satisfaction - 67% of people want to work from home, and 36% would choose it over a pay rise.
- Reduces employee sick days by 50% - 78% of employees who call in ill aren't, and are doing so because of family issues, personal needs, and stress.
- Improves employee retention - 67% of employees would take another job to reduce their daily commute.

### Implementation and costs

- Consider the different types of employee roles that could be performed from home- not all employee roles are suitable to be done from home.
- Start by allowing employees to work from home once a week or a few days per month. Trial it and see how it goes.
- Working from home is not suitable for all employees - some employees miss the social element of the office, and other employees cannot motivate and organise themselves when at home.
- Home-based employees need to understand that working from home is not a suitable replacement for daycare.
- Employees must have a defined home office space.

SUBLEASE PART OF THE PREMISES	INCREASE
Estimated Increase	\$25,000

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### Overview

If you have unused space, subleasing part of your business premises to a third party is a great short-term strategy to reduce some of your fixed costs. This action reduces your rent expense and provides extra cash flow. Subleasing makes sense when:

- Business conditions are severe - this reduces your overheads and improves profitability.
- Downsizing - the business can operate with less space than it previously needed.
- You're looking to retire - you can sign up a subtenant for a short term lease with a view to them eventually assuming your lease.
- Your planning to move due to business expansion.
- Introducing a complementary business will generate extra sales and customers for your business - for example, an accountant subleasing part of their office to a financial planning business.

## **Implementation and costs**

1. Determine the amount of excess space you have available.
2. Confirm whether your lease agreement allows you to sublease the excess space - unless the lease states otherwise, the landlord has discretion whether to grant your request.
3. Get the landlords written approval to sublease.
4. Work out the rent to charge the tenant.
5. Find a suitable tenant - the tenant needs to be both compatible with your business and financial.
6. Have a sublease agreement drafted with the tenant - the subtenant is to provide personal guarantees and bank guarantee.

## 5. Taxable income

MEMBER	INCOME DEDUCTIONS	2021	TAX PAID
Mr TaxFitness	Wages (TaxFitness Group Pty Ltd)	\$125,000	\$40,000
	Beneficiary (50% TaxFitness Property Trust)	\$5,500	\$0
	<b>Total</b>	<b>\$130,500</b>	<b>\$40,000</b>
Mrs TaxFitness	Wages (TaxFitness Group Pty Ltd)	\$125,000	\$40,000
	Beneficiary (50% TaxFitness Property Trust)	\$5,500	\$0
	<b>Total</b>	<b>\$130,500</b>	<b>\$40,000</b>
TaxFitness Group Pty Ltd	Business Revenue	\$2,200,000	\$0
	Rent	(\$200,000)	n/a
	Wages	(\$1,125,000)	n/a
	Overhead	(\$550,000)	n/a
	Owner's Compensation	(\$300,000)	n/a
	<b>Total</b>	<b>\$25,000</b>	<b>\$0</b>
TaxFitness SMSF	Taxable Contributions (TaxFitness Group Pty Ltd)	\$50,000	\$0
	Dividends	\$35,000	\$15,000
	<b>Total</b>	<b>\$85,000</b>	<b>\$15,000</b>
TaxFitness Property Trust	Rent	\$50,000	\$0
	Distribution (50% Mr TaxFitness)	(\$5,500)	\$0
	Distribution (50% Mrs TaxFitness)	(\$5,500)	\$0
	Rental Properties	(\$15,000)	n/a
	Interest Expense	(\$24,000)	n/a
	<b>Total</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$371,000</b>	<b>\$95,000</b>



## 6. Net worth

(Reported in the \$000s)

ASSETS LIABILITIES	2021	2020	2019	2018	2017
<b>Mr TaxFitness's Assets:</b>					
Boats Yachts	\$250	\$350	\$400	\$450	\$500
Home Residence	\$750	\$700	\$700	\$675	\$625
<b>Mr TaxFitness's Liabilities:</b>					
Credit Cards	(\$12)	\$0	\$0	\$0	\$0
Home Mortgage	(\$250)	(\$275)	(\$280)	(\$295)	(\$350)
<b>Total</b>	<b>\$738</b>	<b>\$775</b>	<b>\$820</b>	<b>\$830</b>	<b>\$775</b>
<b>Mrs TaxFitness's Assets:</b>					
Home Residence	\$750	\$700	\$700	\$675	\$625
Other - Art	\$75	\$0	\$0	\$0	\$0
<b>Mrs TaxFitness's Liabilities:</b>					
Credit Cards	\$0	\$0	(\$13)	\$0	(\$8)
Home Mortgage	(\$250)	(\$275)	(\$280)	(\$295)	(\$350)
<b>Total</b>	<b>\$575</b>	<b>\$425</b>	<b>\$407</b>	<b>\$380</b>	<b>\$268</b>
<b>TaxFitness Group Pty Ltd's Assets:</b>					
Bank Deposit Cash	\$25	\$15	\$99	\$47	\$100
Business Goodwill	\$500	\$450	\$400	\$0	\$350
Directors Loans	\$0	\$0	\$0	\$380	\$0
Motor Vehicles	\$45	\$50	\$25	\$20	\$35
<b>TaxFitness Group Pty Ltd's Liabilities:</b>					
Business Loans	(\$250)	(\$275)	(\$300)	(\$325)	(\$350)
Credit Cards	(\$15)	(\$22)	(\$2)	\$0	(\$4)
Motor Vehicle Loans	(\$35)	(\$38)	\$0	\$0	\$0
<b>Total</b>	<b>\$270</b>	<b>\$180</b>	<b>\$223</b>	<b>\$122</b>	<b>\$131</b>
<b>TaxFitness SMSF 's Assets:</b>					
Bank Deposit Cash	\$7	\$88	\$25	\$45	\$0
Shares	\$1,100	\$900	\$850	\$880	\$725
<b>TaxFitness SMSF 's Liabilities:</b>					
<b>Total</b>	<b>\$1,107</b>	<b>\$988</b>	<b>\$875</b>	<b>\$925</b>	<b>\$725</b>
<b>TaxFitness Property Trust's Assets:</b>					
Bank Deposit Cash	\$5	\$8	\$0	\$0	
Rental Properties	\$850	\$800	\$760	\$740	
<b>TaxFitness Property Trust's Liabilities:</b>					
Rental Property Loans	(\$600)	(\$650)	(\$675)	(\$700)	
<b>Total</b>	<b>\$255</b>	<b>\$158</b>	<b>\$85</b>	<b>\$40</b>	
	<b>\$2,945</b>	<b>\$2,526</b>	<b>\$2,410</b>	<b>\$2,297</b>	<b>\$1,899</b>

## 7. Disclaimer

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as at 04 March 2021