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## Annual Performance Report

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The United Renovations  
2024 (YTD to Nov 2024)

Published on 23 Dec 2024

# Executive Summary

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## REVENUE

**Revenue \$825,532** (Last year \$552,542)

Positive trend upwards.

## PROFITABILITY

**Profitability Ratio 22.42%** (Last year 27.47%)

Negative trend downwards. Strategies to improve profitability include: increasing price, increasing sales volume, reducing cost of sales and reducing operating expenses

## ACTIVITY

**Activity Ratio 17.54 times** (Last year 2.76 times)

Positive trend upwards. Strategies to improve the activity ratio include seeking ways to optimize the balance sheet, ie. by reducing the investment in working capital, selling-off any unused assets or by increasing sales using the same asset base.

## EFFICIENCY

**Return on Capital Employed 393.1%** (Last year 75.91%)

Positive trend upwards. A higher ROCE% is favourable, indicating that the business generates more earnings per \$1 of capital employed.

## WORKING CAPITAL

**Cash Conversion Cycle 0 days** (Last year 0 days)

Positive trend downwards. Strategies to improve cash conversion include: collecting debt faster, reducing inventory levels, billing work in progress faster and paying creditors slower

## CASH FLOW

**Free Cash Flow \$159,840**

Free Cash Flow is positive. After paying its operating expenses and investing for future growth (capital expenditures) the business has generated cash. This cash is available to be paid back to the suppliers of capital.

## MARGINAL CASH FLOW

**Net Variable Cash Flow 81.59%**

Net variable cash flow is positive. The business will generate cash from each additional \$1 of products or services that the business sells.

## DEBT

**Net Debt \$23,442** (Last year \$42,481)

Net debt levels have fallen.

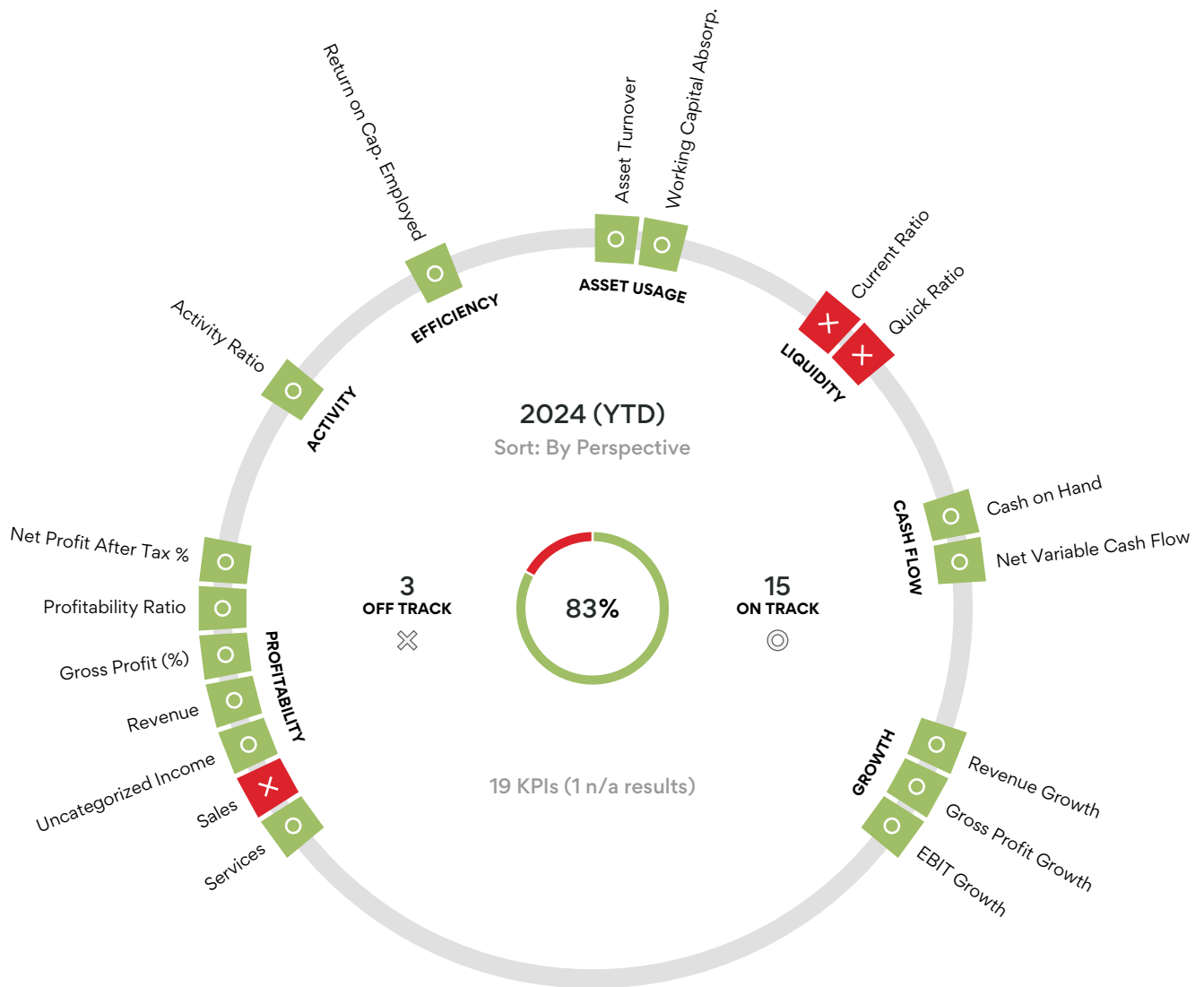
## COVERAGE

**Interest Cover 120.87 times**

Operating profits are sufficient to cover interest payments.

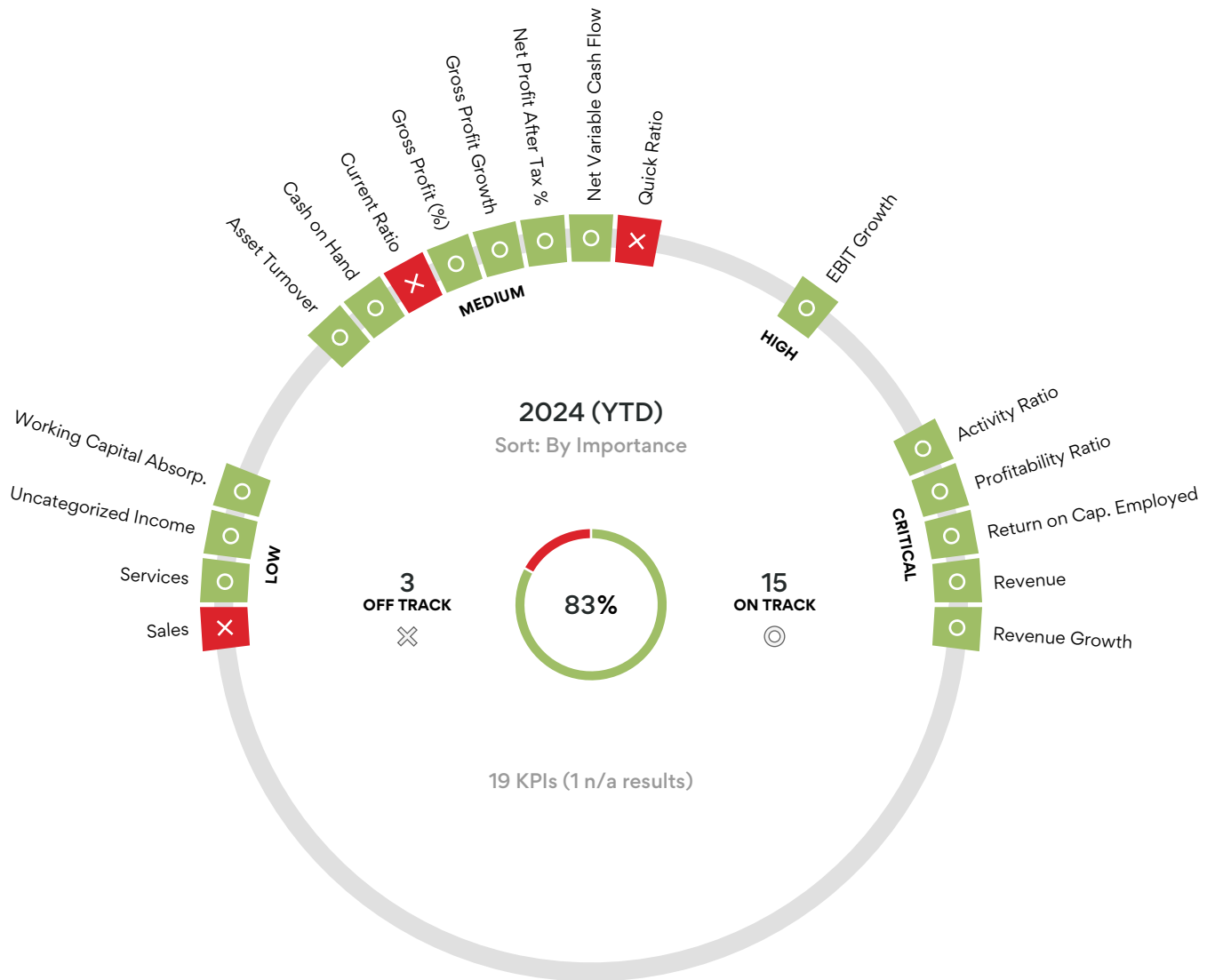
# KPI Results

This chart shows KPIs grouped into performance perspectives.



# KPI Results

This chart shows KPIs sorted by degree of importance. KPIs are classified as either low, medium, high or critical importance.



# KPI Results

	2 ALERTS	RESULT	TARGET	TREND	IMPORTANCE
<b>A</b> PROFITABILITY		2024 (YTD)		vs 2023 (YTD)	
Services		\$825,019	\$825,000	✓ ▲ 214.1%	Low
Sales		\$0	\$16,500	✗ ▼ -100%	Low
Uncategorized Income		\$513	\$495	✓ ▲ \$513	Low
Total Revenue		\$825,532	\$825,000	✓ ▲ 49.4%	Critical
Gross Profit Margin		81.59%	35%	✓ ▲ 6.25%	Medium
Profitability Ratio		22.42%	15%	✓ ▼ -5.05%	Critical
Net Profit After Tax Margin		19.25%	7%	✓ ▼ -2.82%	Medium
<b>B</b> ACTIVITY					
Activity Ratio		17.54 times	2.00 times	✓ ▲ 14.77 times	Critical
<b>C</b> EFFICIENCY					
Return on Equity		-	15%	- -	Critical
Return on Capital Employed		393.1%	12.5%	✓ ▲ 317.2%	Critical
<b>D</b> ASSET USAGE					
Asset Turnover		12.97 times	5.00 times	✓ ▲ 10.21 times	Medium
Working Capital Absorption *		0%	25%	✓ 0%	Low
<b>E</b> LIQUIDITY					
Current Ratio	●	0.30:1	2.00:1	✗ ▲ 0.99:1	Medium
Quick Ratio	●	0.30:1	1.00:1	✗ ▲ 0.99:1	Medium
<b>F</b> CASH FLOW					
Cash on Hand		\$18,056	\$10,000	✓ ▲ \$35,369	Medium
Net Variable Cash Flow		81.59%	0%	✓ ▲ 6.25%	Medium
<b>G</b> GROWTH					
Revenue Growth		49.41%	4.6%	✓ -	Critical
Gross Profit Growth		61.81%	1.89%	✓ -	Medium
EBIT Growth		21.94%	1.89%	✓ -	High

\* For this metric, a result below target is favourable

## Alerts

### Current Ratio

The Current Ratio is less than the alert level of 1.00:1. The business may have problems meeting its short-term obligations.

### Quick Ratio

The Quick Ratio is less than the alert level of 0.50:1. A result less than 1.0 indicates that the business is dependent on less current assets (ie inventory) to liquidate short-term obligations.

# Revenue Analysis

TOTAL REVENUE

**\$825,532**

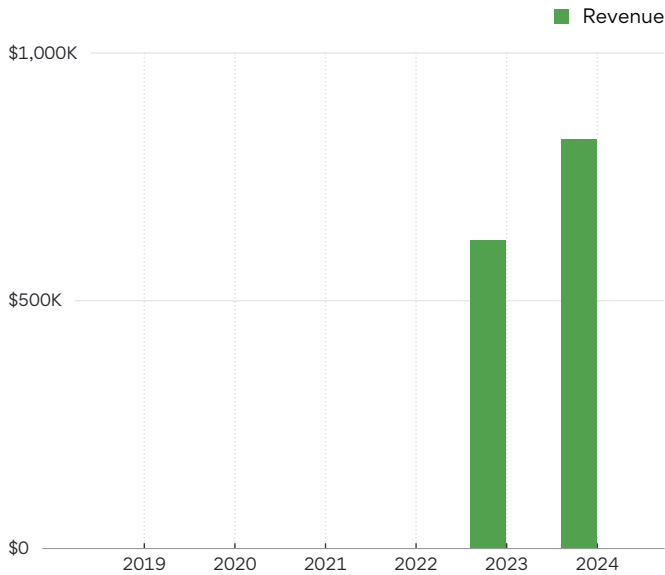
TARGET

**\$900,000**

LAST YEAR (2023)

**\$623,358**

Last 6 years vs Budget



Revenue Mix - Top 10 Accounts

Services	\$825,019
Uncategorized Income	\$513

YTD ACTUAL

**\$825,532**

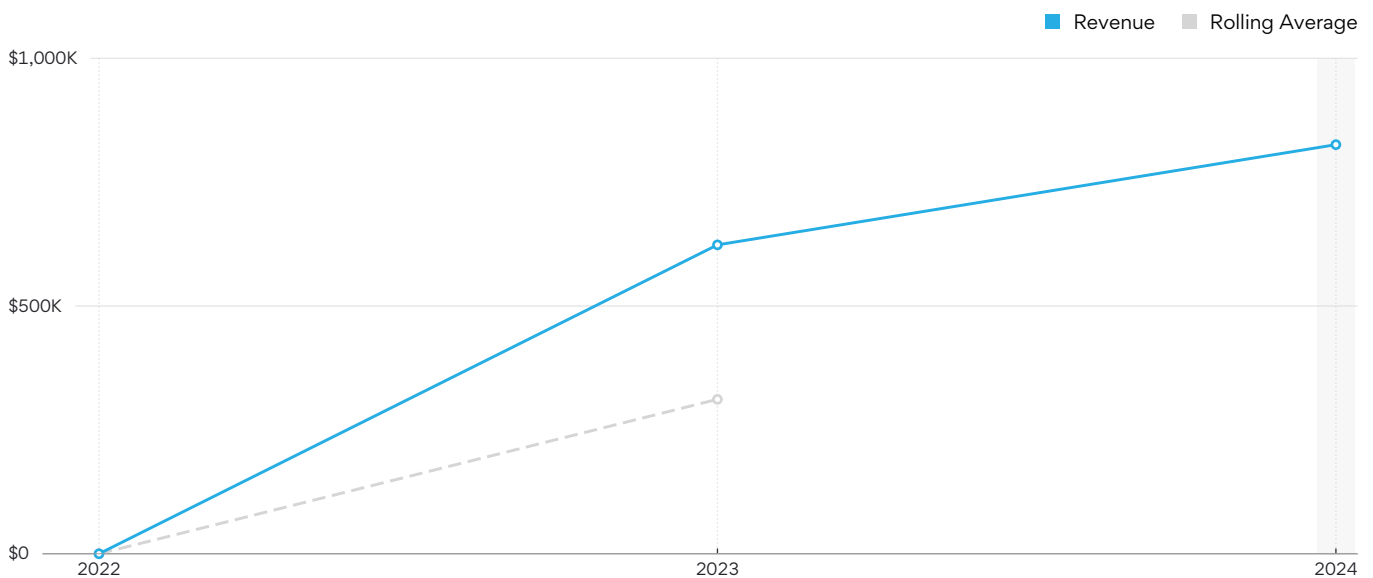
YTD BUDGET

-

YTD LAST YEAR (2023 YTD)

**\$552,542**

Revenue for all time



# Profitability

## REVENUE

**\$825,532**

A measure of the total amount of income generated by the company for goods sold or services provided.

## EXPENSES TO REVENUE RATIO

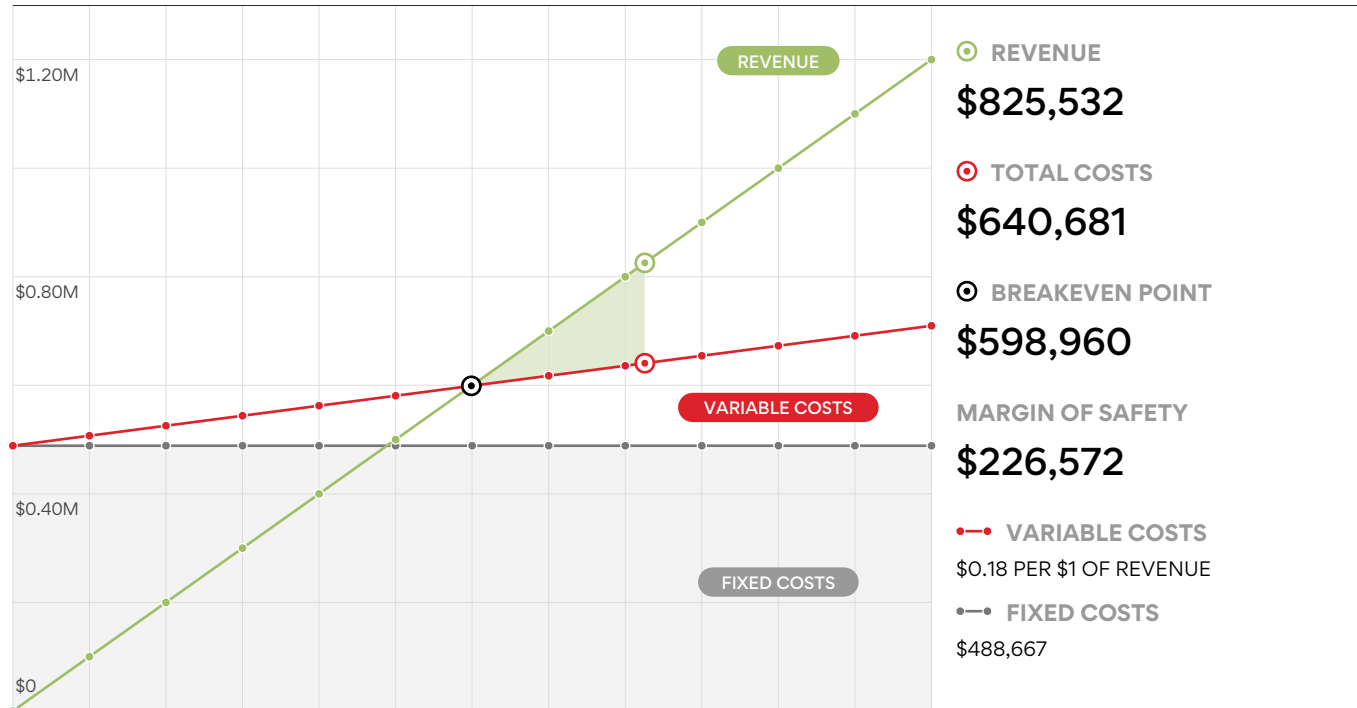
**77.61%**

A measure of how efficiently the business is conducting its operations.

## MARGIN OF SAFETY

**\$226,572**

The breakeven safety margin represents the gap between the actual revenue level and the breakeven point.



Profitability can be further improved by improving price, volume, cost of sales and operating expense management.

### Top 10 Revenue Accounts

Services	\$825,019
Uncategorized Income	\$513

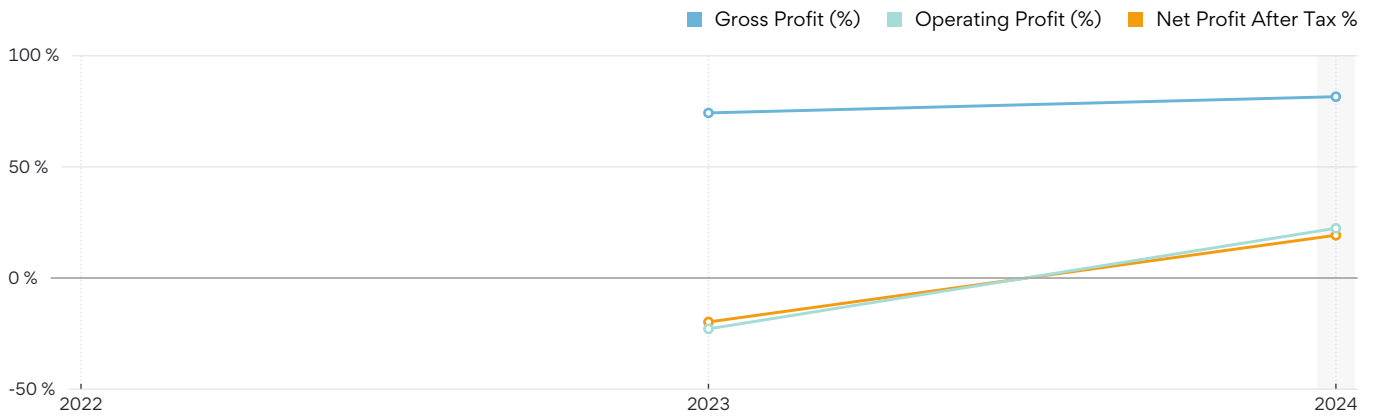
### Top 10 Expense Accounts

Contract labor	\$280,186
Uncategorized Expense	\$84,531
Vehicle gas & fuel	\$14,482
Insurance	\$10,862
Software & Apps	\$10,227
Equipment rental	\$10,100
Subcontractor expenses	\$8,723
Jobsite Expenses	\$6,942
Legal & Professional Fees	\$6,916
Supplies	\$6,825

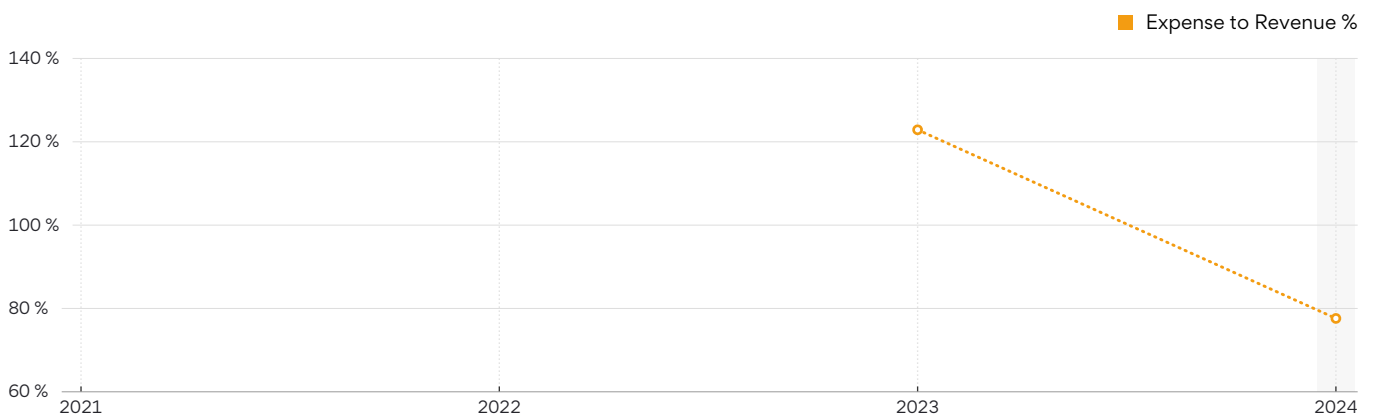
# Profitability Charts

	2024 (YTD)	% of Revenue	2021 (YTD)	2022 (YTD)	2023 (YTD)
Gross Profit	\$673,517	81.6%	-	-	\$416,250
Operating Profit	\$184,851	22.4%	-	-	\$122,620
Earnings Before Interest & Tax	\$185,066	22.4%	-	-	\$151,773
Earnings After Tax	\$158,922	19.3%	-	-	\$121,939

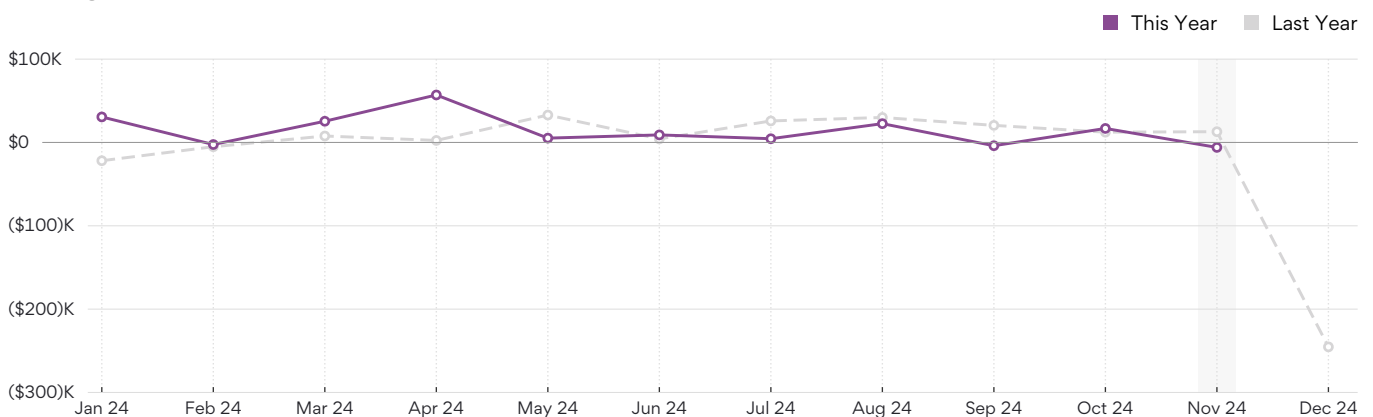
## % Margins



## Expense-to-Revenue (%)



## Earnings After Tax This Year vs Last Year



# Cash Flow

## OPERATING CASH FLOW

**\$159,840**

Operating cash flow is simply the cash generated by the operating activities of the business. Operating activities include the production, sales and delivery of the company's product and/or services as well as collecting payment from its customers and making payments to suppliers.

## FREE CASH FLOW

**\$159,840**

Free cash flow is the cash generated by the business, after paying its expenses and investing for future growth. It is the cash left after subtracting capital expenditure from operating cash flow. The term "free cash flow" is used because this cash is free to be paid back to the suppliers of capital.

## NET CASH FLOW

**\$13,228**

Net cash flow is the cash left after subtracting expenditures from financing activities from the free cash flow. This includes the cash impact from financing activities. Financing activities include the inflow of cash from investors such as banks or shareholders, as well as the outflow of cash to shareholders as dividends.

	\$0	\$500K	\$1,000K
add: Revenue		\$825,532	
less: Cost of Goods Sold			(\$152,015)
less: Expenses		(\$488,796)	
add: Other Income		\$345	
less: Cash Tax Paid	(\$25,226)		
add: Change in Accounts Payable		\$0	
add: Change in Other Current Liabilities		\$0	
less: Change in Accounts Receivable		\$0	
less: Change in Inventory		\$0	
less: Change in Work In Progress		\$0	
less: Change in Other Current Assets		\$0	
<b>OPERATING CASH FLOW</b>		<b>\$159,840</b>	
less: Change in Fixed Assets (ex. Depn and Amort)		\$0	
less: Change in Intangible Assets		\$0	
less: Change in Investments or Other Non-Current Assets		\$0	
<b>FREE CASH FLOW</b>		<b>\$159,840</b>	
less: Net Interest (after tax)	(\$919)		
add: Change in Other Non-Current Liabilities			(\$45,146)
less: Dividends		\$0	
add: Change in Retained Earnings and Other Equity			(\$100,547)
less: Adjustments	\$0		
<b>NET CASH FLOW</b>		<b>\$13,228</b>	

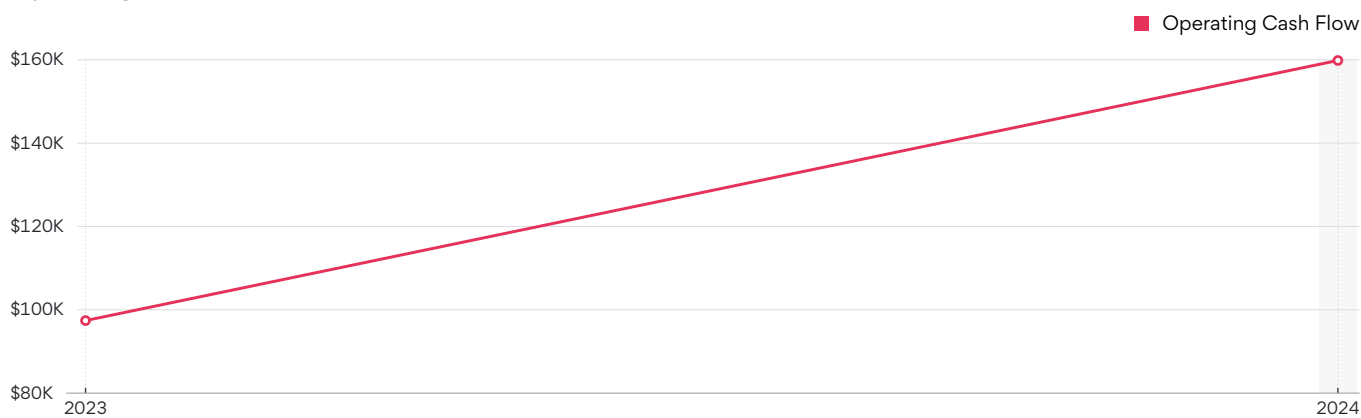
Net Cash Flow can also be calculated as:

**Change in Cash on Hand** \$8,304 (Open: \$9,752, Close: \$18,056) — **Change in Debt** (\$4,924) (Open: \$46,422, Close: \$41,498)

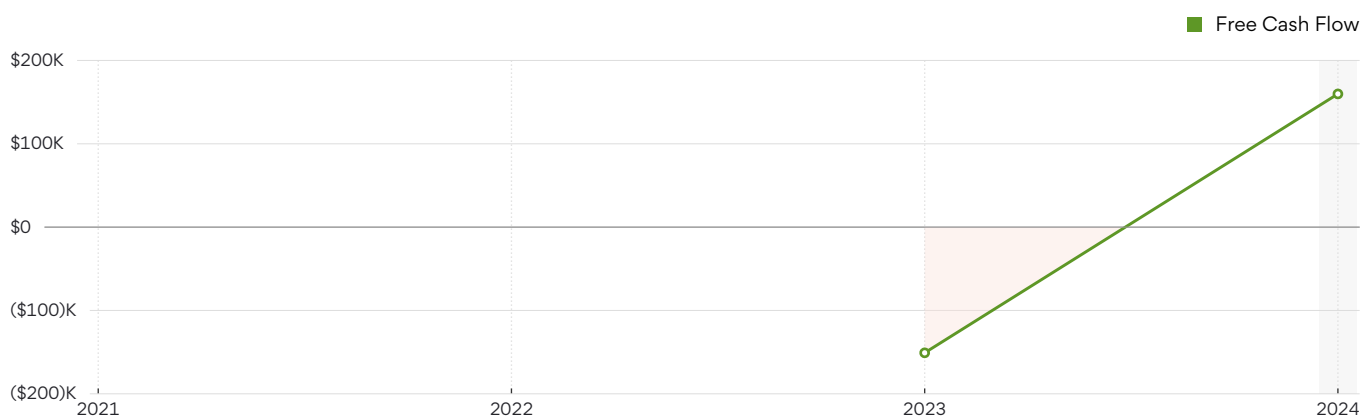
# Cash Flow Charts

	2024 (YTD)	2021 (YTD)	2022 (YTD)	2023 (YTD)
Operating Cash Flow	\$159,840	-	-	\$123,957
Free Cash Flow	\$159,840	-	-	(\$111,864)
Net Cash Flow	\$13,228	-	-	(\$40,593)
Cash on Hand	\$18,056	-	-	(\$17,313)

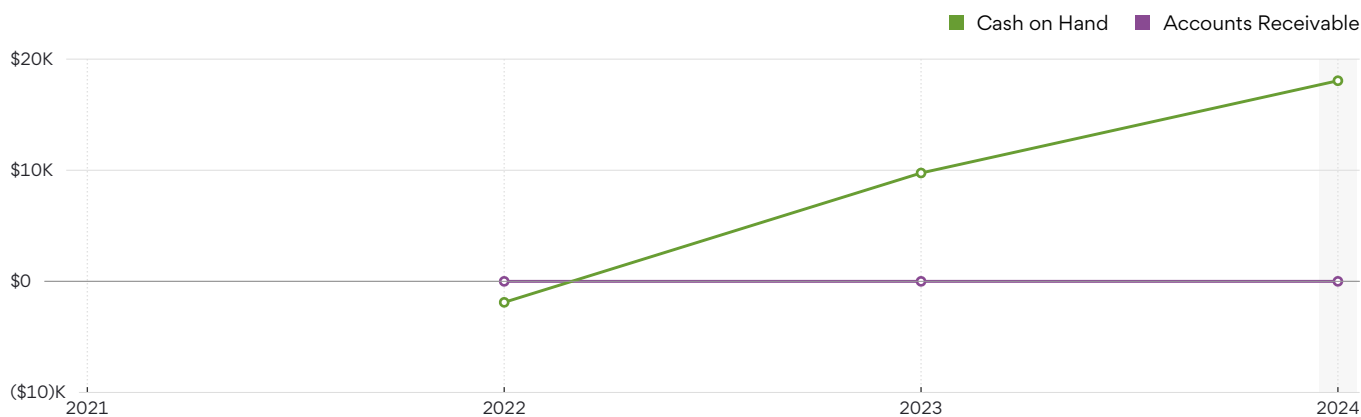
## Operating Cash Flow



## Free Cash Flow



## Cash & Receivables



# Growth

## REVENUE GROWTH

49.41%

A measure of the percentage change in Revenue for the period.

## EBIT GROWTH

21.94%

A measure of the percentage change in EBIT for the period.

## ASSET CHANGE

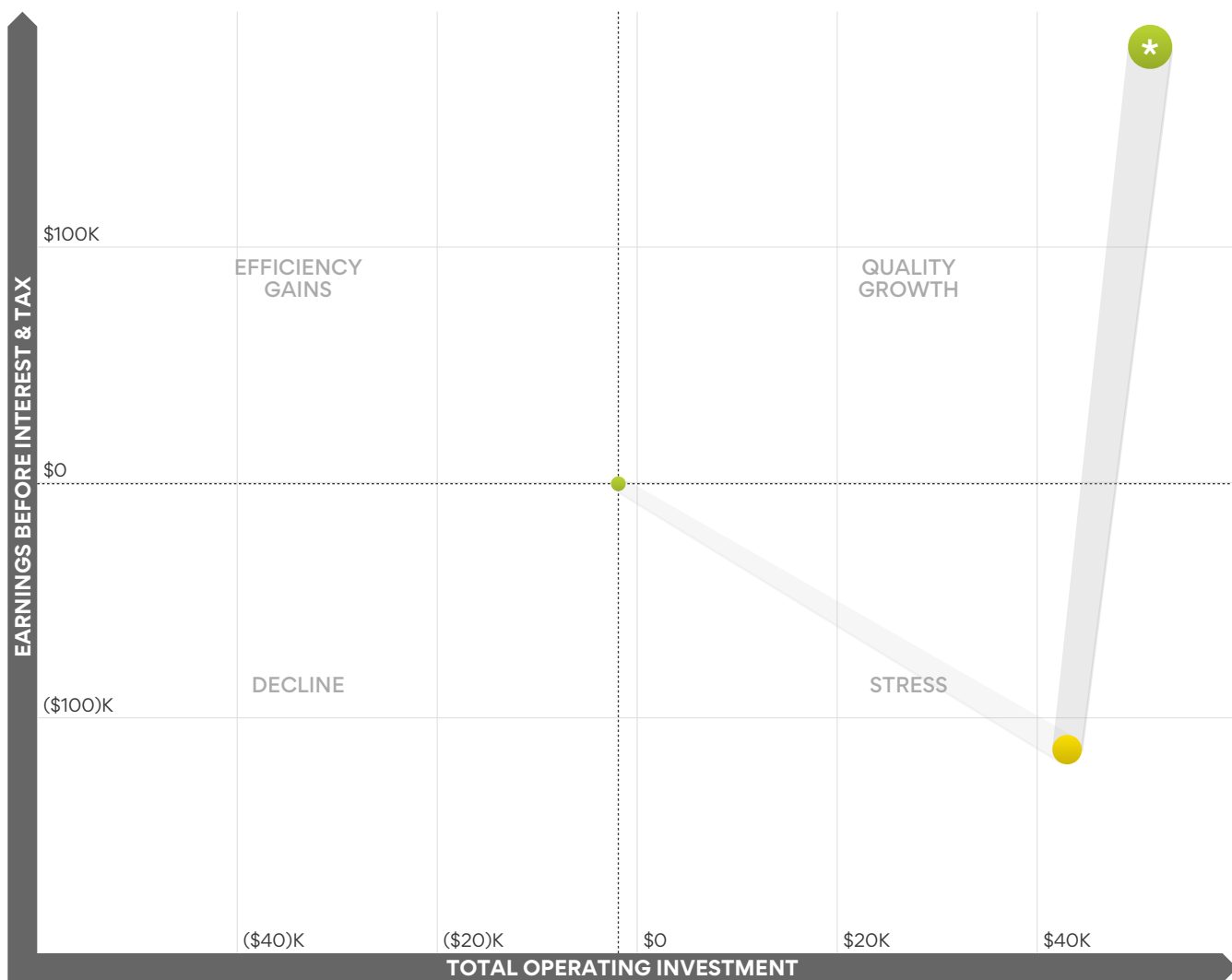
13.61%

A measure of the percentage change in Total Assets for the period.

### Change in Key Drivers (from prior year)

Revenue	Cost of Sales	Expenses	Receivable Days	Inventory Days	Payable Days
Up 49.4%	Up 11.5%	Up 66.4%	-	-	-

Growth from 2022 to 2024



\* Total Operating Investment \$51,294; Earnings Before Interest & Tax \$185,066

Size of the circle shows the recency of the result

Vertical position of the circle shows the growth in Earnings Before Interest & Tax

Horizontal position of the circle shows the growth in Total Operating Investment

# Financials

INCOME STATEMENT	2024 (YTD)	2023 (YTD)	Variance %
Revenue	\$825,532	\$552,542	49.41%
Cost of Goods Sold	\$152,015	\$136,292	11.54%
<b>Gross Profit</b>	<b>\$673,517</b>	<b>\$416,250</b>	<b>61.81%</b>
Expenses	\$488,667	\$293,630	66.42%
<b>Operating Profit</b>	<b>\$184,851</b>	<b>\$122,620</b>	<b>50.75%</b>
Other Income	\$345	\$29,153	-98.82%
Other Expenses	\$130	\$0	-
<b>Earnings Before Interest &amp; Tax</b>	<b>\$185,066</b>	<b>\$151,773</b>	<b>21.94%</b>
Interest Income	\$0	\$0	-
Interest Expenses	\$1,531	\$3,364	-54.49%
<b>Earnings Before Tax</b>	<b>\$183,535</b>	<b>\$148,409</b>	<b>23.67%</b>
Tax Expenses	\$24,613	\$26,471	-7.02%
<b>Earnings After Tax</b>	<b>\$158,922</b>	<b>\$121,939</b>	<b>30.33%</b>
Dividends	\$0	\$0	-
<b>Net Income</b>	<b>\$158,922</b>	<b>\$121,939</b>	<b>30.33%</b>
<b>BALANCE SHEET</b>	<b>2024 (YTD)</b>	<b>2023 (YTD)</b>	<b>Variance %</b>
<b>ASSETS</b>			
Cash & Equivalents	\$18,056	(\$17,313)	204.29%
Accounts Receivable	\$0	\$0	-
Inventory	\$0	\$0	-
Work In Progress	\$0	\$0	-
Other Current Assets	\$0	\$0	-
<b>Total Current Assets</b>	<b>\$18,056</b>	<b>(\$17,313)</b>	<b>204.29%</b>
Fixed Assets	\$47,277	\$231,826	-79.61%
Intangible Assets	\$3,995	\$3,995	0.00%
Investments or Other Non-Current Assets	\$0	\$0	-
<b>Total Non-Current Assets</b>	<b>\$51,272</b>	<b>\$235,821</b>	<b>-78.26%</b>
<b>Total Assets</b>	<b>\$69,329</b>	<b>\$218,508</b>	<b>-68.27%</b>
<b>LIABILITIES</b>			
Short Term Debt	\$41,498	\$25,168	64.88%
Accounts Payable	\$0	\$0	-
Tax Liability	\$0	\$0	-
Other Current Liabilities	\$18,035	\$0	-
<b>Total Current Liabilities</b>	<b>\$59,533</b>	<b>\$25,168</b>	<b>136.54%</b>
Long Term Debt	\$0	\$0	-
Deferred Taxes	\$0	\$0	-
Other Non-Current Liabilities	\$113,747	\$183,439	-37.99%
<b>Total Non-Current Liabilities</b>	<b>\$113,747</b>	<b>\$183,439</b>	<b>-37.99%</b>
<b>Total Liabilities</b>	<b>\$173,280</b>	<b>\$208,607</b>	<b>-16.93%</b>
<b>EQUITY</b>			
Retained Earnings	(\$123,352)	\$59,081	-308.78%
Current Earnings	\$158,922	\$121,939	30.33%
Other Equity	(\$139,521)	(\$171,118)	18.47%
<b>Total Equity</b>	<b>(\$103,951)</b>	<b>\$9,901</b>	<b>-1,149.93%</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$69,329</b>	<b>\$218,508</b>	<b>-68.27%</b>

# KPIs Explained

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## ✓ Activity Ratio 17.54 times

A measure of the efficiency or effectiveness with which the business manages its resources or assets. This measure indicates the speed with which Net Operating Assets (Equity + Debt) are converted or turned into sales. This can be improved by optimising balance sheet efficiency, ie. by reducing the investment in working capital, selling-off any unused assets or by seeking ways to maximise the use of assets. For this period, the activity ratio has exceeded the target of 2.00 times.

Activity Ratio = Annualised Revenue ÷ Total Invested Capital

## ✓ Asset Turnover 12.97 times

A measure of how effectively the business has used its assets to generate revenue. The business makes \$1,297.39 of sales for every \$100 of its asset investment. The higher the number the better the turnover. Ways to improve this metric include increasing sales using the same asset base, using capital more efficiently, and/or improve cash management by reducing inventory and receivables. For this period, the Asset Turnover exceeds the target of 5.00 times.

Asset Turnover = Annualised Revenue ÷ Total Assets

## ✓ Cash on Hand \$18,056

A measure of the cash and cash equivalents in actual possession by the company at a particular time. At the end of this period the company held \$18,056 of cash and cash equivalents. Cash on Hand is above the required target of \$10,000.

Cash on Hand = Cash & Equivalents

## ✗ Current Ratio 0.30:1

A measure of liquidity. This measure compares the totals of the current assets and current liabilities. The higher the current ratio, the greater the 'cushion' between current obligations and the business's ability to pay them. Generally a current ratio of 2 or more is an indicator of good short-term financial strength. In other words, the current assets of the business should be at least double the current liabilities. For this period, the current ratio was 0.30:1, up from -0.69:1 last period and below the minimum target of 2.00:1.

Current Ratio = Total Current Assets ÷ Total Current Liabilities

## ✓ EBIT Growth 21.94%

A measure of the percentage change in EBIT for the period. A combination of growth in revenues and growth in profits presents a balanced measure of growth. For this period, EBIT growth of 21.94% exceeded the target growth of 1.89%.

EBIT Growth = (Earnings Before Interest & Tax - Prior Earnings Before Interest & Tax) ÷ Prior Earnings Before Interest & Tax x 100

## ✓ Gross Profit Growth 61.81%

A measure of the percentage change in gross profit for the period. For this period, gross profit growth of 61.81% exceeded the target of 1.89%.

Gross Profit Growth = (Gross Profit - Prior Gross Profit) ÷ Prior Gross Profit x 100

## ✓ Gross Profit Margin 81.59%

A measure of the proportion of revenue that is left after deducting all costs directly related to the sales. For each \$100 in sales the business retains \$81.59 after deducting the cost of sales. The gross profit serves as the source for paying operating expenses. The gross profit margin can be further improved by improving price, volume and cost of sales management. For this period, the gross profit margin % is above the required target of 35%.

Gross Profit Margin = Gross Profit ÷ Revenue x 100

✓ **Net Profit After Tax Margin** 19.25%

A measure of the proportion of revenue that is left after all expenses have been paid. The business makes \$19.25 of net profit for every \$100 it generates in revenue. For this period, the Net Profit After Tax margin is above the required target. A higher result indicates that the business is better prepared to handle down-turns.

Net Profit After Tax Margin = Earnings After Tax ÷ Revenue x 100

✓ **Net Variable Cash Flow** 81.59%

A measure of the additional cash that will either be generated or used up by the next \$100 of products or services that the business sells. If the Net Variable Cash Flow is positive then for every additional \$100 of revenue the business will generate cash. If the Net Variable Cash Flow is negative then for every additional \$100 of revenue the business will utilise cash reserves, or need additional cash funding. For this period, the Net Variable Cash Flow exceeded the target of 0%. The Net Variable Cash Flow is 81.59% of gross revenue. Each additional \$100 of Revenue will generate \$81.59 of cash.

Net Variable Cash Flow = (Annualised Revenue – Annualised Variable COGS – Annualised Variable Expenses – Operating Working Capital) ÷ (Annualised Revenue) x 100

✓ **Profitability Ratio** 22.42%

A measure of the proportion of revenue that is left after deducting all expenses. This excludes finance costs and tax expenses. The business makes \$22.42 of EBIT for every \$100 it generates of revenue. The profitability ratio can be further improved by improving price, volume, cost and expense management. For this period, the Profitability ratio is above the required target of 15%.

Profitability Ratio = Earnings Before Interest & Tax ÷ Revenue x 100

✗ **Quick Ratio** 0.30:1

The Quick Ratio measures the availability of assets which can quickly be converted into cash to cover current liabilities. Inventory and other less liquid current assets are excluded from this calculation. The Quick Ratio is a measure of the ability to pay short-term creditors immediately from liquid assets. A quick ratio of 1:1 or more is considered 'safe'. For this period, the quick ratio was 0.30:1, up from -0.69:1 last period and below the minimum target of 1.00:1.

Quick Ratio = (Cash & Equivalents + Accounts Receivable) ÷ Total Current Liabilities

✓ **Return on Capital Employed** 393.1%

A measure of the efficiency and profitability of capital investment (ie. funds provided by shareholders & lenders). ROCE monitors the relationship between the capital ('inputs') used by the business and the earnings ('outputs') generated by the business. ROCE is arguably one of the most important performance measures. The higher the result the greater the return to providers of capital. For this period, the business has generated a ROCE of 393.1%. This return exceeds the target of 12.5%.

Return on Capital Employed = Annualised Earnings Before Interest & Tax ÷ Total Invested Capital x 100

NA **Return on Equity**

A measure of how effectively the business has used the resources provided by its owners to generate profits. The higher the ratio the greater the rate of return for shareholders.

Return on Equity = Annualised Net Income ÷ Opening Total Equity x 100

✓ **Revenue Growth** 49.41%

A measure of the percentage change in revenue for the period. Management should ensure that revenues increase at rates higher than general economic growth rates (ie. inflation). For this period, revenue growth of 49.41% exceeded the target growth of 4.6%.

Revenue Growth = (Revenue – Prior Revenue) ÷ Prior Revenue x 100

✗ **Sales** \$0

A measure of the 'Sales' account from your general ledger. This is an account watch KPI. For this period, the account Sales is below the required target of \$16,500

✓ **Services** \$825,019

A measure of the 'Services' account from your general ledger. This is an account watch KPI. For this period, the account Services is above the required target of \$825,000

✓ **Total Revenue** \$825,532

A measure of the total amount of income generated by the company for goods sold or services provided. The business has earned total revenues of \$825,532. Strategies to improve revenue may include increasing prices, increasing the volume of sales through marketing initiatives or finding alternative sources of income. For this period, the revenue earned is above the required target of \$825,000.

Total Revenue = Revenue

✓ **Uncategorized Income** \$513

A measure of the 'Uncategorized Income' account from your general ledger. This is an account watch KPI. For this period, the account Uncategorized Income is above the required target of \$495

✓ **Working Capital Absorption** 0%

A measure of the adequacy of working capital to support sales activity. This measure indicates the investment made in working capital for each unit of revenue. The trend of this ratio is particularly useful for growing businesses. If sales increase rapidly but working capital levels remain constant, the business may be at risk that insufficient working capital is available to support this growth. Moreover, if the result for this metric is greater than the Gross Profit Margin %, then for every additional unit of Revenue generated, additional cash will be required. For this period, Working Capital Absorption is less than the target of 25%.

Working Capital Absorption = Operating Working Capital ÷ (Annualised Revenue) x 100