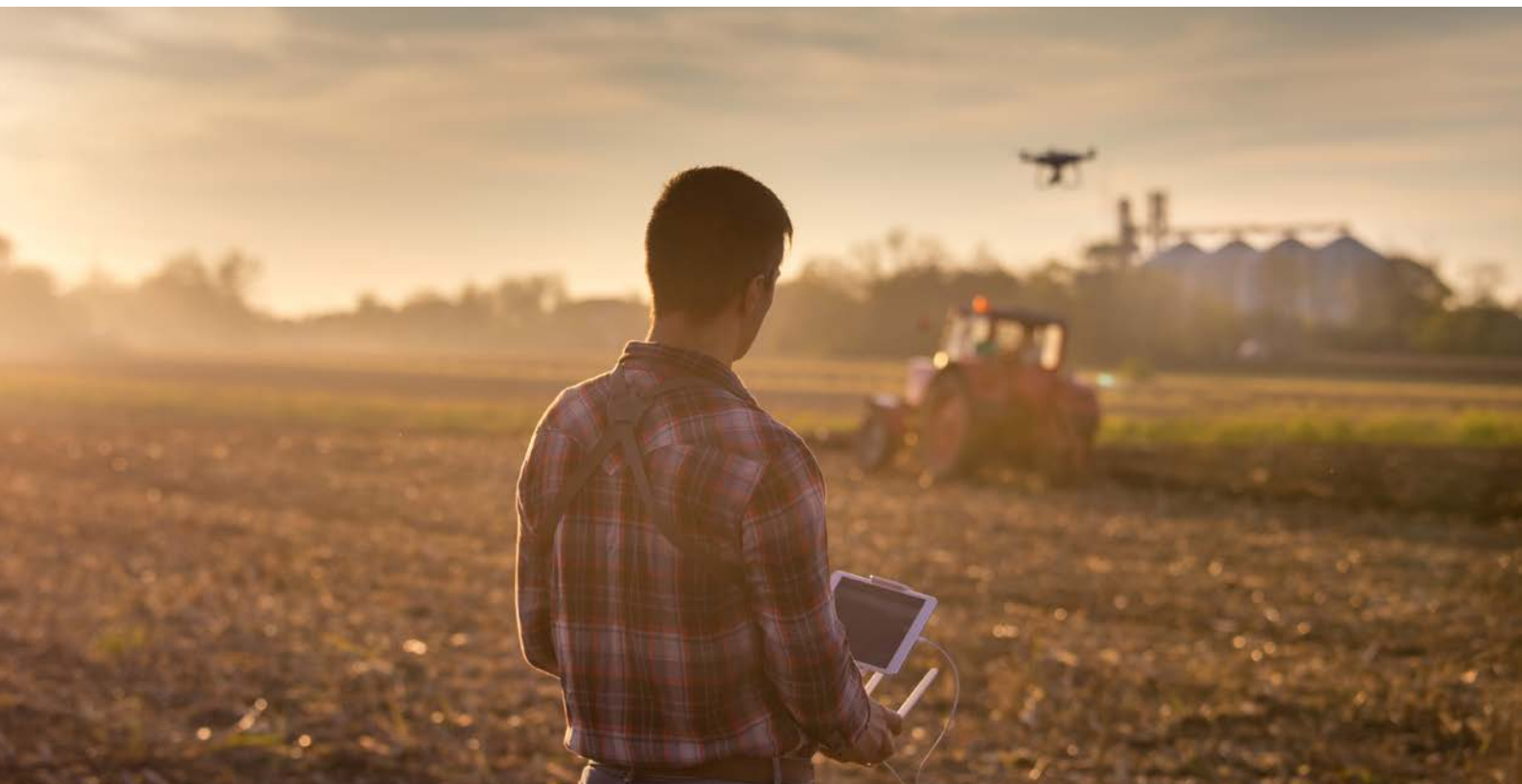




HUDSON
FACILITATION

BUSINESS HEALTH CHECK



Tony Hudson - Director

☎ 0407701330

✉ tony@hudsonfacilitation.com.au

🌐 www.hudsonfacilitation.com.au

©2021 HUDSON FACILITATION

BUSINESS HEALTH CHECK

The aim of the business health check is to provide you and stakeholders an overview of the current financial situation and SWOT analysis of your business to help identify areas of strength and weakness in your business.

It is designed to give a snapshot of the current business position from the last three years financials. This will help identify trends and areas of both strength and weakness in the business.

Key ratios and benchmarks provided include:

- LVR – Loan valuation ratio, a key ratio banks use to determine your risk factor
- Return on Equity
- Return on assets
- Asset turnover ratio
- Overhead cost ratio
- Operating profit ratio
- TPML – total plant and machinery
- GM/ha
- GM/dse
- Yield kg grain/100mm rainfall
- Revenue per labour unit
- Depreciation per hectare
- Cost of Production

An understanding of these key ratios can help business owners and stake holders have more informed conversation around the following areas:

1

OVERALL FINANCIAL PERFORMANCE

What are the key factors driving your financial performance, are there areas of weakness that need to be improved upon, are there areas of strength that should be further capitalised?

2

RISK IN THE BUSINESS

What are the key risks to the business, are these risks healthy or harmful? Are the risks in the business helping it to achieve the overall goals of the business?

3

DEBT STRUCTURES

Analysis of current debt structures, are there other ways to structure debt that would benefit your business?

4

CAPACITY TO GROW

What is the capacity of the business to grow? Are there opportunities that could help the business to achieve key goals? Does the business have capacity to grow, what are the opportunities for growth?

5

STRATEGY FOR INTEREST RATE NEGOTIATION

Is the business getting a fair deal from your financier? How does the bank view your business and the risk associated with the business? How can you mitigate those risks and negotiate a better deal?

To understand how a business health check can help you make better decisions contact Hudson Facilitation today.



Sample Farms - Historical Business Diagnostics

Ratio	2018	2019	2020	Weak Range	Strong Range
Climatic Conditions					
% Average GSR	116%	82%	54%	< 75%	> 100%
Solvency					
Equity Ratio	77%	66%	60%	< 60%	> 80%
Net Worth	3,692,701	4,689,480	4,516,642		
Capital Efficiency					
Return on Assets	6.15%	1.20%	1.85%	< 2.5%	> 5%
Return on Equity	8%	1.82%	3.07%	< 2.5%	> 5%
Asset Turnover Ratio	23.8%	13.0%	16.2%	< 10%	> 20%
Cost Efficiency					
Operating Profit Ratio	25.82%	9.28%	11.39%	< 20%	> 30%
Net Profit Ratio	25.83%	9.29%	11.42%	< 15%	> 30%
Input Cost Ratio	43.8%	53.5%	45.4%	> 40%	< 25%
Overhead Cost Ratio	19.2%	22.9 %	25.3%	> 40%	< 30%
Finance Cost Ratio	11.2%	10.2%	14.1%	> 15%	< 5%
Depreciation Ratio	8.3%	10.1%	16.9%	> 20%	< 10%
Debt Servicing Ratios					
Interest Cover Ratio	3.05	1.90	2.01	< 1 time	>2 times

Delivery of this service will require and includes:

- Three years taxation and management financial information.
- Communication between HF consultant and client to ensure validity of data wherever clarification is required.
- Cost of this service is \$800 + GST