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From: DJB Financial Services Advisory Team [fsat@djb.com]
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DURWARD JONES BARKWELL & COMPANY LLP

Chartered Accountants

FSAT News

News & Views

Feature Article

WINTER 2005/2006

Question & Answer

Welcome to "FSAT News", an e-newsletter published by Durward Jones Barkwell & Company LLP (DJB's) Financial Services Advisory Team (FSAT). This is our second issue and we're excited about this mode of communication to better inform clients of FSAT services, news, updates, and other current information.

Buyer/Seller List

Financial Information

As always, we recognize that your time and privacy are extremely important. If you wish to be removed from our mailing list, [click here](#) and type *remove* in the subject line.

Contact Us

DJB's FSAT remains committed to providing professional business valuation, insurance litigation support, and other financial services for:

- Litigation or Negotiation
- Estate and Tax Planning
- Business Investments, Mergers, Acquisitions, Divestitures
- Shareholder Agreements or Disputes
- Matrimonial Disputes
- Internal Management Use
- Insurance Claims
- Financial Forecasts and Projections
- Child and Spousal Support Income Calculations
- Forensic Accounting
- Business Financing Plans
- Business and Management Reviews & Consulting

If you wish to receive further information regarding the services published in this issue of FSAT News, please contact our FSAT leader:

Dwayne Pyper, B.Comm., C.A., C.B.V., at fsat@djb.com or (905) 945-5439

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News & Views

The Brier's Coming to Town!

Hamilton has recently been chosen to host Canada's biggest curling event – The Brier – in 2007 at Copps Coliseum! Preparations for this national event have already begun and leading the way will be DJB's Dwayne Pyper. As Chair of the Host Committee, Dwayne will oversee the huge responsibility of promoting, coordinating, and managing the event, which anticipates utilizing up to 1,000 volunteers and attracting over 200,000 visitors.

“This will be a great event for the community. It will provide Hamilton and area with nine days of major economic impact and bring one of the country's major sporting event to southwestern Ontario.”

Litigation Support Group ... Integrating Accounting and Law

As the needs of many of our clients have increased over the years, FSAT has formed its own Litigation Support Group. Based in Hamilton, this group cumulatively has over 25 years experience dealing with litigation matters, including service provided as an expert witness in court, and in mediations and arbitrations. We work with defence and plaintiff lawyers in the following areas:

- Insurance claims under the Ontario no fault legislation
- Business interruption claims
- Stock loss claims
- Future care analysis
- Medical malpractice claims
- Slip and fall claims
- Fidelity claims

FSAT's Litigation Support Group is headed by partner Andy James, C.A., C.F.E. Other members in the group include partner Brent Pyper, C.A., C.F.P.; and managers Rob Smith, C.A., David Grebenc, C.A., and Debbie Roque, C.A.

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Feature Article

"ProfitCents" May Profit You

At DJB, we strive to keep up-to-date with current financial analysis tools that add value to client services. FSAT is excited about a new resource we've begun using called "ProfitCents." ProfitCents is a web-based software program that enables DJB consultants a means to analyze financial statements with insightful narrative text that's easy for clients to understand. ProfitCents reports are customized with client financial data and use ratio analysis, industry comparisons, and trend analysis to depict the financial health of a client's business in plain language. With the aid of ProfitCents, we can easily communicate to our clients if their businesses are succeeding or heading for trouble.

To view sample reports (for fictitious companies), just click on any of the links in the list below:

[ProfitCents Basic Report](#)

A 4-5 page report that includes both text and graphs. This report is sufficient for small businesses.

[ProfitCents Infinity Report](#)

A 5-7 page report that includes text, graphs, and more detailed ratio analysis. A good report to use when there is no clear industry match.

[ProfitCents Extreme Report](#)

A 6-8 page report with comprehensive analysis including text, graphs, ratio analysis, and detailed industry comparisons. Extreme is ideal for larger businesses.

[ProfitCents Just the Numbers Please Report](#)

A compact 1 page report that shows how a particular company compares to industry data.

[ProfitCents Pro Forma Report](#)

A comprehensive projection and spreadsheet analysis report to forecast financial results and perform forward-looking analysis.

[ProfitBench Report](#)

A report that provides real time industry data, showing the number of financial statements behind each industry average.

[ProfitCents for Nonprofits Report](#)

A 6-8 page report for nonprofit organizations providing comprehensive analysis including text, graphs, ratio analysis, and detailed industry comparisons.

If you're interested in assessing the financial health of your business with any ProfitCents report, please let us know and we'll be happy to assist.

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Question & Answer

What is the meaning of Redundant Assets?

"Redundant Assets" is a term often seen in business valuation reports. The value of redundant assets is included in the calculation of the total fair market value of a company. Redundant assets are defined as the *non-operating* assets of a company and include:

- Assets which are in excess of a business' ongoing operating requirements, i.e. not required by the business to generate operating cash flows. These surplus net assets include excess cash, marketable securities, and investments in rental properties and other businesses.
- "Notional financing" or excess borrowing capacity within a company due to a low debt-to-equity ratio. Where unutilized financial leverage exists, the company has the potential to finance additional funds for dividends or growth in assets.

Either of these situations will allow the company's shareholders to extract either the asset or the cash generated in refinancing the balance sheet, and realize a return on their investment.

Generally, redundant assets are removed from the company prior to sale in the open market and, by doing so, reduce the initial selling price. A purchaser often does not want to acquire redundant assets or is unwilling to pay full price to the vendor.

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Buyer/Seller List

We have Businesses for Sale in the Niagara Peninsula, from the following industries:

- Heating manufacturer.
- Ontario based electronics manufacturer with annual sales of approximately 10 million.

We have Buyers Interested in the following investment opportunities:

- Insurance agency looking for merger/acquisition in the Niagara

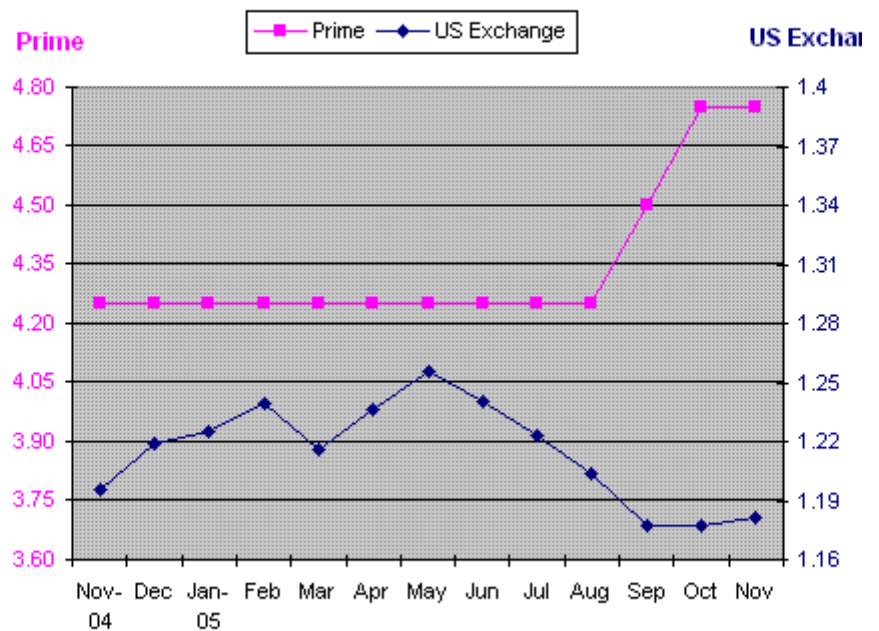
- Peninsula.
- Horticulture industry (but not greenhouse operation).
 - In addition, we have a number of contacts looking for investment in companies with a history of profitability and growth potential. This would be an ideal opportunity for someone seeking a retirement exit strategy.

If you would like more detailed information on any of the above, please contact Dwayne Pyper at (905) 945-5439.

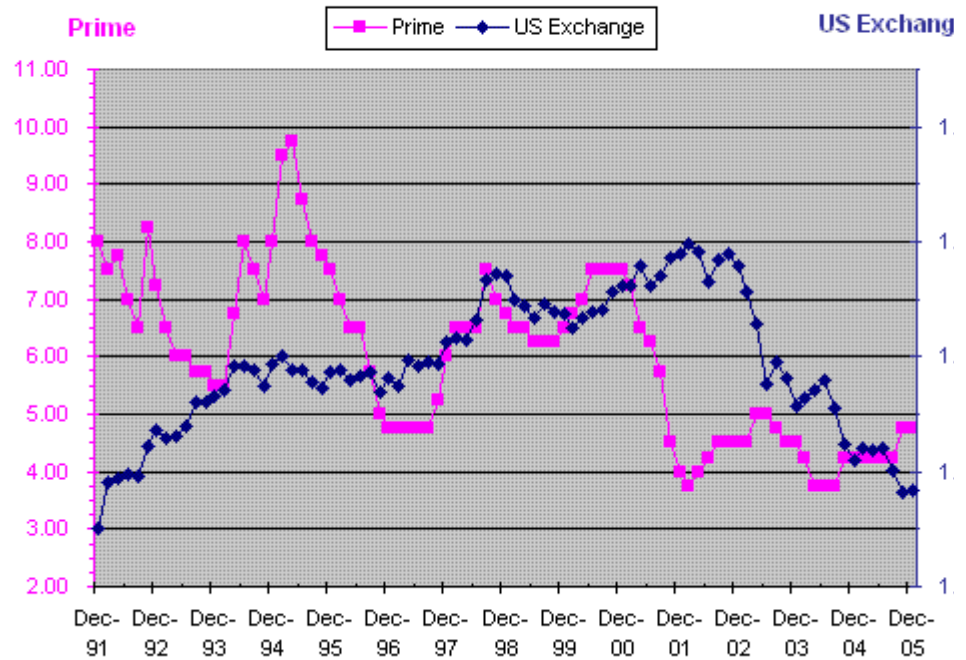
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Financial Information

Prime Interest & US Exchange Rates Over Past 12 Months



Prime Interest Rate and U.S. Exchange Rate Trends Over Past 15 Years



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Or see our website at: www.djb.com

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