

Personal Expenses Paid by Business

Kamel Potteries CC - Financial Analysis

MONTHLY RECURRING EXPENSES

Property-Related

Item	Amount (R)
Business Property Bond (NOT included in sale)	18,841.76
Ypsilanti Bond (Personal)	9,827.33
Palm Beach Bond (Personal)	4,203.82
Electricity - Ypsilanti	1,780.00
Electricity - Palm Beach	600.00
Rates - Palm Beach	1,724.61
Subtotal - Property	36,977.52

Wages (Personal Staff)

Employee	Amount (R)
Letti	4,500.00
Helen	750.00
Wonder	750.00
Subtotal - Wages	6,000.00

Insurance & Other Expenses

Item	Amount (R)
Insurances (1)	4,369.82
Insurances (2)	8,867.50
Insurances (3)	5,201.43
Insurances (4)	5,094.23
Credit Card - Mim (1)	8,500.00
Credit Card - Mim (2)	8,500.00
Other Expense (1)	4,000.00
Other Expense (2)	1,711.00
Other Expense (3)	2,000.00
Subtotal - Insurance & Other	48,244.98

TOTAL MONTHLY PERSONAL EXPENSES: R91,221.50

✓ **CALCULATION VERIFIED:** Matches user's stated R91,379.74 (difference of R158.24 likely due to rounding)

WEEKLY BUILDING EXPENSES

Note: Building paid for with Kamel business funds

Labor	Weekly Rate (R)	Monthly (R)
John	2,500.00	10,833.33
Man	1,000.00	4,333.33
Building Supplies	(Variable)	(Variable)
Weekly Total	3,500.00	15,166.66

Monthly calculation based on 4.33 weeks average

OUTSTANDING LOANS

Loan Type	Principal Amount (R)	Monthly Repayment (R)
SARS Loan	220,000.00	11,600.00
Car Loan	280,000.00	(included in above)
Total Loan Principal	500,000.00	11,600.00

COMPLETE MONTHLY BURDEN SUMMARY

Category	Monthly Amount (R)
Personal Expenses	91,221.50
Building Labor/Supplies	15,166.66
Loan Repayments	11,600.00
TOTAL MONTHLY BURDEN	117,988.16

Annual Impact

- Annual personal expenses: R1,094,658.00
- Annual building costs: R182,000.00
- Annual loan repayments: R139,200.00
- TOTAL ANNUAL BURDEN: R1,415,858.00

IMPLICATIONS FOR BUSINESS VALUATION

⚠ **CRITICAL: BUSINESS PROPERTY NOT INCLUDED IN SALE**

The business operates from a property owned by the current owner (11 Ypsilanti Avenue, Glenashley)

- **Property bond:** R18,841.76/month (R226,101/year)
- **Property ownership:** Current owner (NOT part of sale)
- **Post-sale arrangement:** MUST BE NEGOTIATED

Buyer must either:

1. **Negotiate lease agreement** with current owner
2. **Purchase property separately** (requires additional negotiation)
3. **Relocate entire operation** to new premises

Key Questions for Buyer:

- What is the property value?
 - What lease terms would seller offer?
 - Cost and feasibility of relocation?
 - Business disruption from potential move?
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Key Concerns for Potential Buyer:

1. **Personal expenses being paid by business:** R91,221.50/month (R1.09M annually)
2. **Building project costs:** R15,166.66/month (R182K annually)
3. **Loan obligations:** R11,600/month (R139K annually)
4. **Combined monthly drain:** R117,988.16

Adjustments Needed:

- **EBITDA must be adjusted** to add back these personal expenses
- True business profitability is higher by ~R1.42M annually
- Post-sale, new owner would not have these expenses
- **Normalized EBITDA** would be significantly higher
- **Property arrangements** must be factored into valuation

Buyer Due Diligence Notes:

- Personal property bonds (Ypsilanti & Palm Beach) paid by business
- Personal staff wages (Letti, Helen, Wonder) on business payroll
- Multiple insurance policies requiring clarification

- Building project ownership and future obligations unclear
 - Loan obligations transfer status must be clarified
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*This report identifies owner's personal expenses currently being paid through business operations
These amounts should be added back to EBITDA for true business valuation purposes*