FAHY ADVISORY

Sample monthly report.

What lands in your inbox every month — written like a finance director wrote it, anchored to your goals, reconciled to source.

15–20	**±1%**	**100%**
pages, every month	audit tolerance	real product output

Reference dataset: *Demo Bayside Constructions Pty Ltd · construction · manual-ingest · April 2026*

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HOW TO READ THIS

Three depths. You pick.

Every monthly report we send works at three read-depths. Skim or dive in — both are valid uses. Here's what's where.

30 sec	**The Bottom Line** Page 1, top of the report. One sentence. What's good, what's broken, what to do this month. Plain English. Read this if you're between sites and don't have time for anything else.
3 min	**Headlines + Strategic Position** The Executive Summary, prior-month actions, and the Strategic Position section — your multi-year objectives with an advisor verdict on each, plus the headline KPIs with month-on-month direction. Tells you whether the month moved you toward the destination you set.
10 min	**Full read + recommendations** The full pack (typically 15–20 pages). Cash & liquidity, the 90-day forecast, revenue and expense analysis, working-capital detail, the strategic recommendations, and Appendix C — the structured strategic outlook with the multi-year trajectory chart. Read this with coffee when you're planning the month.

WHAT YOU'RE ABOUT TO SEE

The report sections

1. Executive Summary. Bottom Line, top actions this month, goals progress and the watch list — the 30-second answer up top.
2. Prior Month Actions. Every action from last month, with this cycle's read on each. The accountability loop.
3. Strategic Position. Your multi-year objectives with an advisor trajectory verdict on each — are the monthly steps still pointing at the destination.
4–6. Operational Update, KPI review, Cash & Liquidity. Non-financial context, the calibrated KPI scorecard, and the cash position with trend.
7. Cash Forecast. A 90-day directional projection against the runway goal, with scenarios.
8–10. Revenue, Expenses, Working Capital. Profitability, cost discipline, and named receivables/payables by aging bucket.
11–13. Recommendations, Risk, Meeting Agenda. Ranked actions, the risks that matter, and what to decide at the monthly review.
Appendix C — Strategic Outlook. The structured objective ledger, the goal ladder, and the multi-year trajectory chart.

> **Reconciliation-checked at ±1% before delivery.** If aging totals don't tie to the Balance Sheet, the report doesn't ship. You will never get a board-grade report from us based on numbers that don't add up.

The sample monthly report follows on the next page.

Fahy.

ADVISORY

Honest insight.
Confident decisions.

ADVISORY REPORT

Demo Bayside Constructions Pty Ltd

April 2026

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FIRM	Fahy Advisory
REPORT DATE	22 May 2026

Contents

1. Executive Summary

CASH	RUNWAY	REVENUE	NET MARGIN	OPEX RATIO	AR > 60
$410K	3.45 mo	$510K	34.71%	20.59%	1.45%
+$15K MoM	months	+82% YoY	verify COGS	vs 20% target	vs 2% target
Amber	Amber	Green	Green	Amber	Green

Bottom Line

Cash recovering to $410K but opex still 26% above the 20% target ceiling — the Combination scenario is the only modelled path to 4 months runway before year-end.

- Cash $410K at 30 April, up $15.5K MoM; runway 3.45 months — 0.55 months short of the 4.0-month target with 223 days remaining.
- Revenue $510K on 82% YoY growth; net margin 34.71% flagged for COGS data verification before any forward reliance.
- AP over 60 days: $5K across two named creditors including Subbie Disputed Pty Ltd — BIF Act exposure active until resolved.

Top Actions This Month

1. Confirm COGS account mapping with your bookkeeper this week → margin is unusable for planning until verified. April COGS of $228K on $510K revenue is identical to April 2025 COGS on $280K revenue — the cost rate has not scaled with revenue, which warrants immediate verification that all direct-cost accounts are feeding the reporting pipeline before this 34.71% net margin is relied upon for pricing, tender decisions, or Daniel's handover baseline. (**supports goal:** build operational and financial discipline so the business can fund growth from operating cash flow)

2. Activate the Combination scenario this month → the only path to 4.0-month runway by year-end. The forecast shows the Combination scenario — $49K retention release plus opex held at $82,665/month — hits 4.0 months runway by 31 May and reaches 4.3 months by July. Neither lever alone crosses the target within the 90-day horizon. At the forecast's ~$5K/month base burn, this is the only modelled path to the December 2026 deadline. (**supports goal:** build cash runway to 4 months)

3. Pay Subbie Disputed Pty Ltd ($3K, 87 days overdue) and identify Long Overdue Co ($2K, 158 days overdue) today → clear active BIF Act exposure. Two AP creditors are over 60 days. Subbie Disputed Pty Ltd carries a subcontractor name and is 87 days overdue — the statutory payment window under the BIF Act has been breached. Long Overdue Co at 158 days is the oldest item in the ledger. Combined $5K to resolve both. (**supports goal:** build operational and financial discipline so the business can fund growth from operating cash flow)

4. Build the retention release schedule and submit the $49K claim → converts held cash to fund the runway goal. Two jobs reached practical completion in April. The $98K retention balance has grown from $35K twelve months ago — a $63K build-up. Releasing 50% now (≈$49K per the forecast's retention-release scenario) is the single largest cash lever available. Without it, even opex discipline alone cannot reach the 4-month target within 90 days. (**supports goal:** build cash runway to 4 months)

5. Cut opex from $105K to $82.7K this month → closes the 20% ratio breach and adds $22K/month to cash. April opex at $105K is 20.59% of revenue — in the amber band and above the 20% target. The opex-disciplined scenario adds $22,335/month to net cash versus the recent run-rate (forecast basis: $118,882/month trailing burn vs $82,665/month target). Three months of discipline at that rate adds roughly $67K to the cash position over the forecast horizon. (**supports goal:** hold opex below 20 percent of revenue)

Goals Progress

Of 5 goals captured at engagement start, 2 on track, 3 at risk, 0 off track.

Goal	Target	Current	vs Target	vs Industry
Build cash runway to 4 months	≥4 months	3.45 months	**At risk**	**Green**
Hold opex ratio at or below 20%	≤20%	20.59%	**At risk**	**Amber**
Lift annual revenue to AU$6–6.5M	$6–6.5M range	$5.12M annualised	**At risk**	**No benchmark**

Cash runway is industry-competitive (above the 3-month green floor) but 0.55 months short of the client's own 4-month target with 223 days to the December 2026 deadline — actionable but not comfortable.

Opex ratio sits in the amber band industry-wide and is marginally above the client's 20% ceiling; the March spike to 31.9% compressed it, and April's partial recovery to 20.59% is not yet a trend. One more month above 20% confirms a structural problem.

Annual revenue is tracking at approximately $5.1M annualised against a $6–6.5M target — the gap is real but the 82% YoY growth rate is well ahead of the 12% growth sub-goal. The revenue trajectory is healthy; the dollar target requires the pipeline to convert.

Watch List

- **Brookwater claim in formal dispute** — superintendent rejected the May claim; no cash from this job until resolution. The longer this drags, the more pressure it places on the cash runway goal. Flag every cycle until settled.
- **WIP balance $102K and growing** — twelve months of consecutive growth (from $25K to $102K). If progress claims are not issued promptly on the two April practical completions, this converts from a timing issue to a structural cash trap.
- **Heritage Builds Pty Ltd** appears on both the AR aging list (INV-1042: $4K, 87 days overdue) and a current invoice (INV-1063: $32K). Two invoices with no payment on either warrants a direct conversation before the $32K ages further.

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2. Prior Month Actions

All five prior actions remain open — no closures visible in the financial data this cycle. One smoke-test action has been formally resolved.

#	Action	Status	Raised	This Cycle's Read
—	Verify COGS account mapping (smoke-test fixture)	Done	2026-04-30	Resolved per tracker note; substantive COGS verification re-raised as Top Action 1 this cycle.
1	Verify COGS account mapping with bookkeeper	Open	2026-04-30	April COGS still $228K on $510K revenue — identical pattern persists; no confirmation of mapping received in data.
2	Issue progress claims on $102K WIP balance	Open	2026-04-30	WIP moved $98K → $102K; no reduction visible — claims not yet issued or not yet converted to AR.
3	Resolve $5K AP over-60 payee identity / BIF Act	Open	2026-04-30	AP over 60 confirmed: $3K Subbie Disputed Pty Ltd (87 days), $2K Long Overdue Co (158 days) — BIF Act exposure unresolved.
4	Activate Combination scenario (retention + opex)	Open	2026-04-30	Cash $410K / 3.45 months; no retention release or opex reduction to target visible in data.
5	Build retention release schedule	Open	2026-04-30	Retention $92.5K → $98K; two jobs at practical completion in April — schedule not yet reflected in data.

BIF Act exposure on Action 3 is the most time-sensitive item this cycle — Subbie Disputed Pty Ltd at 87 days is a live statutory breach that must be resolved before the next cycle.

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3. Strategic Position

> Advisor-set trajectory against the owner's multi-year objectives — a judgement reviewed each quarter, not a reconciled figure. The financial sections remain audit-checked.

The business is building scale faster than almost any comparable SME at this stage — revenue nearly doubled year-on-year — but the multi-year destination is $15M at 10% net margin, and execution risk is sitting squarely in the margin and cost discipline lines. Two of three strategic objectives are green or ahead; the growth objective carries the weight of everything else.

Owner-independent operations — On track

Two of three foremen are signing off variations unaided — that is the site-supervisor layer taking hold. The owner remains the sole estimator, which is the FY27 gating risk: Daniel joining as estimator-in-training in February 2027 directly addresses this, but the transition period will be the vulnerability. The annual goal supporting this objective — holding opex at or below 20% — is at risk this cycle, which matters because undisciplined opex signals that overhead structure is still owner-dependent. That link needs watching.

Scale to $15M at 10% net — Behind

Revenue trajectory is running ahead of plan. The constraint is margin — gross margin on fixed-price jobs has slipped, and the COGS anomaly flagged this cycle means the reported 55.3% gross margin cannot be relied upon until the account mapping is confirmed. Even if margin is overstated in the data, the underlying estimating discipline issue is real: two fixed-price jobs absorbed margin slippage. The annual margin goal (8%+ by June 2027) reads as on track against reported figures, but the Brookwater dispute and the COGS verification are the two things that could shift that assessment materially. The annual revenue goal ($6–6.5M by December 2026) is at risk on current trajectory.

Forward order book de-risks the trade cycle — Ahead

The $1.85M pipeline (Westside Townhouses and Riverside Retrofit won this cycle) provides forward cover. The Brookwater exclusion from the forward forecast is the right conservative call. The two annual goals laddering to this objective — cash runway and AR over 60 — are at risk and on track respectively; the cash runway shortfall is the single most relevant sub-target to close before Daniel's arrival changes the cost structure in FY27.

Full strategic ledger and trend in Appendix C; next deep review due 30 September 2026.

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4. Operational Update

Source. Client-reported context for the period — not independently reconciled. The financial sections remain audit-checked.

Safety: Zero lost-time injuries this cycle; two near-misses root-caused within 7 days with toolbox talks delivered crew-wide. Quarter remains clean on LTI.

People: Headcount 34; one joiner (second-year apprentice carpenter via Whitby trade school). No leavers. Daniel confirmed as estimator-in-training from February 2027 — this is the most consequential people event on the horizon and directly addresses the sole-estimator dependency identified in the strategic objectives.

Pipeline: 2 of 4 tenders won — Westside Townhouses and Riverside Retrofit. $1.85M pipeline skewing to Q3 commencement. Brookwater claim formally in dispute (superintendent rejected May claim); excluded from forward forecast until resolved. The Brookwater exclusion suppresses reported pipeline and creates a cash timing gap that bears directly on the 4-month runway goal.

Compliance: QBCC licence current; BIF trust-account reconciliation lodged on schedule. PI insurance renewal due August 2026 — calendar-flagged.

Operations: Two jobs reached practical completion in April. This is the trigger for the retention release schedule — $98K is sitting in trust and the practical completion event is the unlock. Fleet and equipment current.

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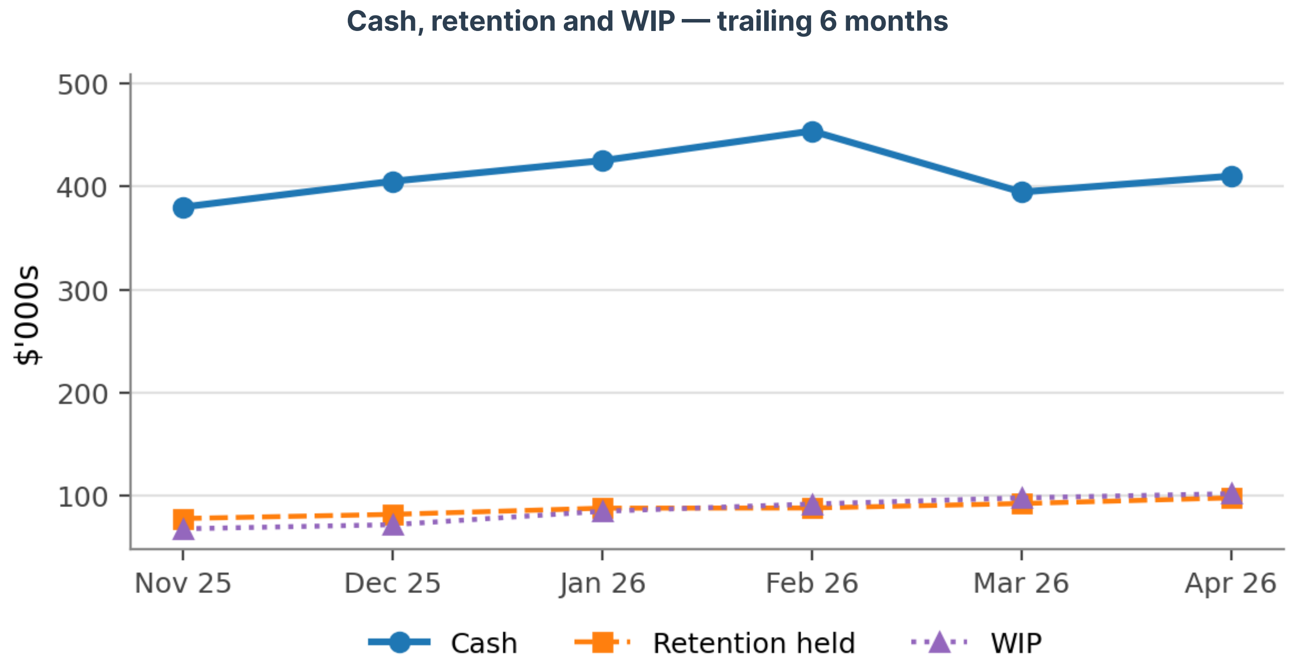
5. KPI Traffic Light Review

KPI	Value	Status	Commentary
Opex Ratio	20.59%	Amber	Above the 20% target; down from 31.9% in March but not yet a clean trend. One more month above 20% is structural.
Debtor Days	25 days	Green	Well within the 45-day construction norm. AR tail is isolated to a small number of named contacts.
Creditor Days	31 days	Green	Within the 30–45 day green band. AP over-60 items are the risk, not the average.
Current Ratio	2.36	Green	Strong liquidity buffer. Above the 1.4 green floor with headroom.
AR Over 60 Days (% of AR)	1.45%	Green	On track vs target; below the 2% ceiling. Named contacts warrant direct follow-up.
Net Margin	34.71%	Green	Substantially above the 8% green floor — but COGS mapping must be confirmed before this figure is relied upon.
Gross Margin	55.29%	Green	Same caveat as net margin — verify COGS feed before using for pricing decisions.
Cash Runway	3.45 months	Amber	Above the 3-month green floor; below the 4-month client target. Combination scenario is the only path to target.
Revenue Growth (YoY)	82.14%	Green	Exceptional YoY growth rate; reflects scale-up from a lower base. Annualised run-rate still short of the $6–6.5M target.
Retention / Revenue	1.60%	Green	Well below the 5% green threshold. Dollar balance ($98K) is the concern, not the ratio.

Not yet instrumented this cycle: WIP / Revenue, Subbie Payment Days, Avg Progress Claim Days.

6. Cash & Liquidity

Month	Revenue	COGS	Opex	Net Profit	Cash	Retention	WIP
Nov 25	$458K	$310K	$58K	$90K	$380K	$78K	$68K
Dec 25	$472K	$238K	$60K	$174K	$405K	$82K	$72K
Jan 26	$488K	$217K	$72K	$199K	$425K	$88K	$85K
Feb 26	$529K	$314K	$93K	$122K	$454K	$88K	$92K
Mar 26	$496K	$222K	$158K	$116K	$395K	$93K	$98K
Apr 26	$510K	$228K	$105K	$177K	$410K	$98K	$102K



Cash dropped $59K in March driven by the opex spike to $158K — the single largest monthly overhead figure in the trailing twelve months. The cause of that March spike has not been confirmed in the data; until it is, there is no basis for treating April's $105K as the new run-rate. April recovered $15.5K, partly because opex pulled back from $158K to $105K, but $105K is still above the $82.7K target ceiling.

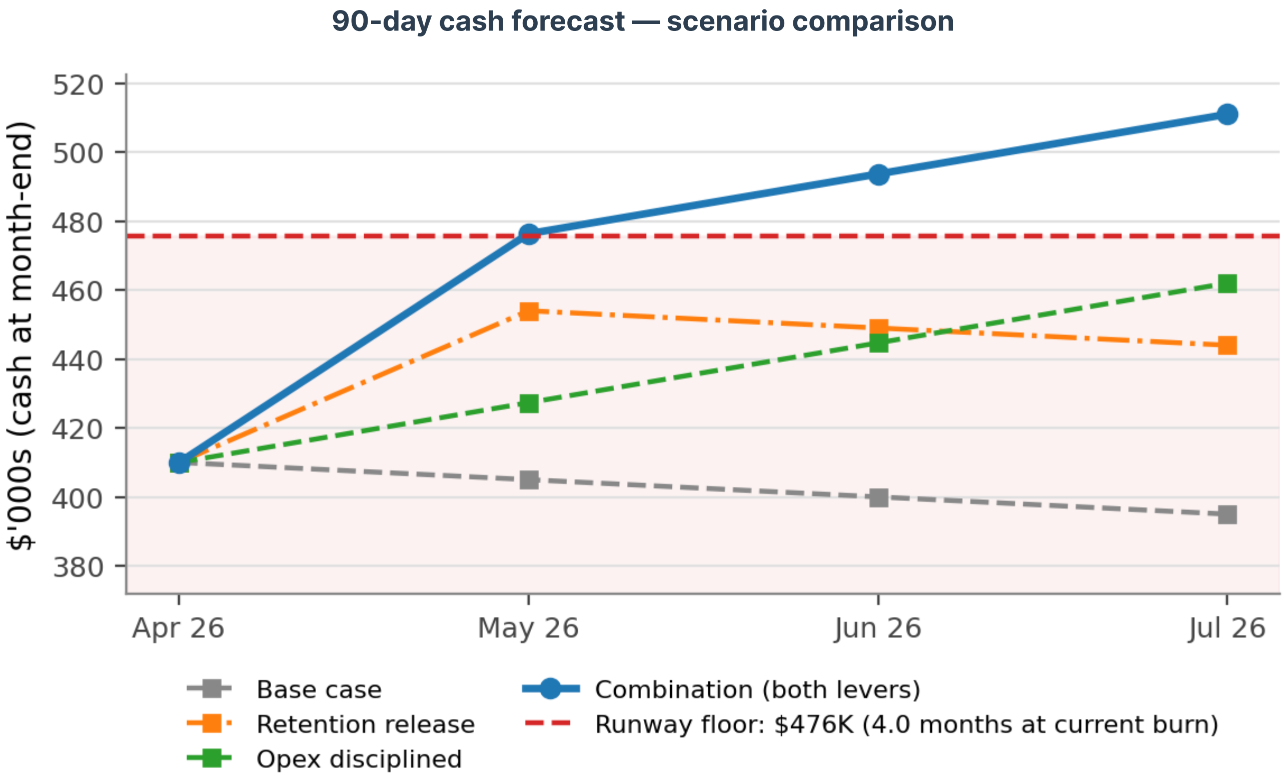
The COGS line is volatile in a way that warrants attention. COGS dropped from $314K in February to $222K in March and sits at $228K in April — essentially flat for two months on rising revenue. That produces the gross margin step-change visible in the trend. The December and January COGS figures show the same compression pattern. This is the data mapping concern raised in the prior cycle and still unresolved.

Retention has grown $63K over the past twelve months ($35K → $98K), adding to the cash trap alongside the WIP build. Two jobs at practical completion in April are the release trigger — but until claims are submitted and paid, the $98K stays locked out of the cash position.

WIP at $102K has grown every month for twelve consecutive months. This is work delivered but not yet invoiced. At the forecast's $5K/month net cash change in the base case, the WIP balance alone represents roughly 20 months of base operating surplus — that is cash already earned, sitting on the books instead of in the account.

7. Cash Forecast

Base case holds runway at 3.3–3.4 months through July — permanently short of the 4.0-month target — and no single lever closes the gap within the 90-day horizon; only the Combination scenario hits target.



Base case assumes the trailing three-month average net cash change of negative $5,000/month holds with no intervention. Cash drifts from $410K to $395K by July, and runway compresses from 3.45 to 3.3 months. This scenario does not reach the 4.0-month target by December 2026 under current burn assumptions. It is the outcome if nothing changes.

Retention release injects $49K at month +1 (50% of the $98K retention balance), then reverts to the base trajectory. Cash peaks at $454K in May and settles at $444K by July; runway reaches 3.8 months and stays there. This doesn't cross 4.0 months — the one-shot nature of the injection is offset by the ongoing $5K/month base drain.

Opex disciplined holds opex at $82,665/month, adding $22,335/month to net cash versus the recent run-rate. Cash builds from $427K in May to $462K by July; runway reaches 3.9 months by July — close but not quite over the line within the 90-day window.

Combination (both levers) applies the $49K retention release at month +1 AND holds opex at $82,665/month. Cash reaches $476K in May (4.0 months runway), $494K in June (4.2 months), and $511K in July (4.3 months). This is the only modelled scenario that reaches the 4.0-month target — it hits it by 31 May. The Combination scenario is the recommended operating scenario for the next cycle. The Brookwater disputed claim remains excluded from all projections; resolution would add further upside not yet modelled. (**supports goal:** build cash runway to 4 months)

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8. Revenue & Profitability

Revenue recovered to $510K in April after a 6.2% dip in March — the March softness appears timing-related rather than structural, consistent with progress-claim cycle lumpiness rather than demand loss. The April result is the highest single-month figure in the trailing twelve months and the YoY growth rate of 82.14% reflects genuine scale-up from the $280K April 2025 base.

Data integrity — COGS and margin verification required. April COGS reads $228K on $510K revenue — identical to April 2025 COGS on $280K revenue, despite an 82% increase in revenue. The resulting gross margin of 55.29% and net margin of 34.71% sit well above the construction norm of 25–40% gross and 3–8% net. The most likely explanation is that the direct-cost account mapping between Xero and the reporting pipeline has not yet been confirmed — this is a data feed concern, not a conclusion about the underlying business. These margin figures must not be used for pricing decisions, tender benchmarking, or forward planning until the mapping is verified. This is carried forward from the prior cycle with no resolution visible in the data.

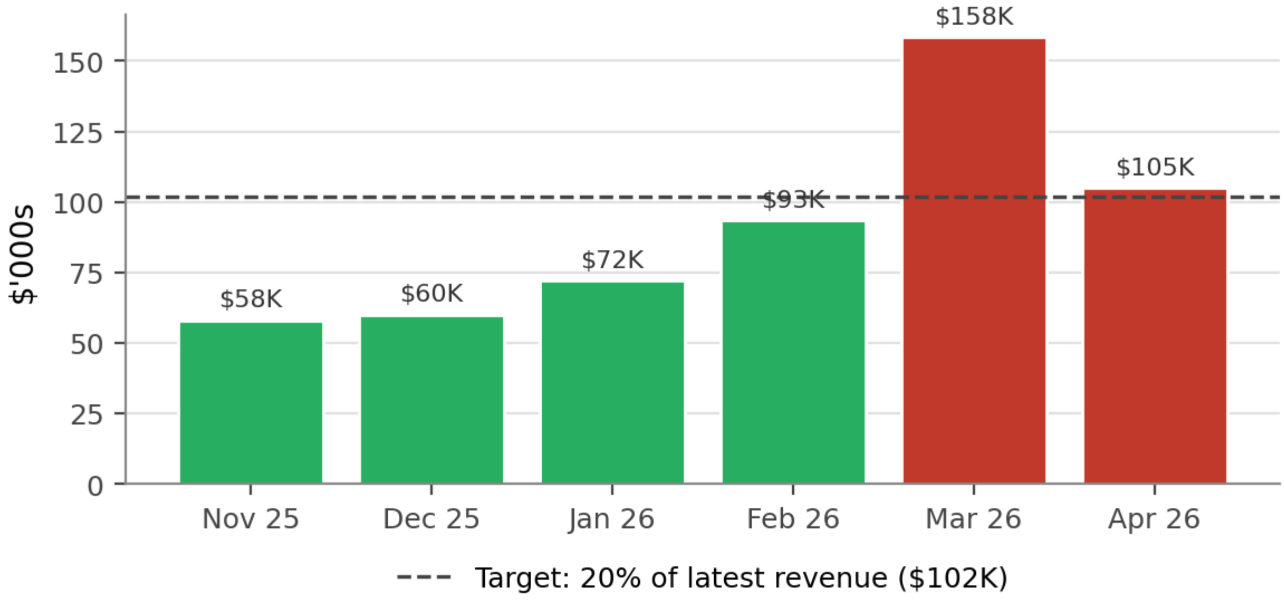
Notwithstanding the margin caveat, the revenue trajectory is the right shape. The $1.85M pipeline (Westside Townhouses and Riverside Retrofit) provides visibility into Q3 commencement. The Brookwater dispute removes one progress-claim stream from the forward view until resolved — the cash timing impact of that exclusion has been absorbed into the forecast's base case assumptions.

Heritage Builds Pty Ltd holds two open AR invoices totalling $36K (INV-1042 at $4K overdue 87 days, INV-1063 at $32K with 7 days remaining). The concentration of exposure with a single client warrants a direct payment conversation this week before the $32K invoice ages into the over-60 bucket.

9. Expense Analysis

Opex has tripled since November — from $58K to a peak of $158K in March before pulling back to $105K in April — and the driver of that acceleration has not yet been identified in the data.

Monthly opex vs target — trailing 6 months



Data integrity — March opex spike unresolved. March opex of $158K (31.9% of revenue) is more than double the November–January run-rate. April pulled back to $105K (20.59% of revenue), but neither the cause of the March spike nor confirmation that it is non-recurring has appeared in the data. Until the composition of that $158K is understood, the April figure cannot be read as a clean recovery — it may simply be timing of the same cost base. The bookkeeper review on COGS mapping should be broadened to cover the March opex composition at the same time.

COGS shows a different and equally volatile pattern: $314K in February, $222K in March, $228K in April — a $92K swing in one month with no corresponding revenue movement. COGS at 44.7% of revenue in April is structurally inconsistent with the 81.4% rate visible in April 2025 on the same absolute dollar value of costs. This is not a cost improvement story; it is a data mapping question.

The opex target is $82,665/month (20% of revenue at current run-rate). At $105K in April, the business is $22,335/month over the ceiling. The Combination forecast scenario quantifies the compounding benefit of closing that gap — holding to target adds $22,335/month to net cash relative to current run-rate, which is the larger of the two levers available. (**supports goal:** hold opex below 20 percent of revenue)

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10. Working Capital & Aging

AR over 60 days — named debtors:

Contact	Invoice	Amount	Days Overdue
Old Customer Pty Ltd	INV-1020	$2,000	158 days
Heritage Builds Pty Ltd	INV-1042	$4,000	87 days

Total AR over 60 days: $6,000 (1.45% of AR). This is within the green band industry-wide and on track against the 2% target. However, both invoices have been aging without payment — Old Customer Pty Ltd at 158 days is approaching write-off territory. Issue a final notice on INV-1020 immediately; if no response within 7 days, escalate.

AP over 60 days — named creditors:

Contact	Bill	Amount	Days Overdue
Long Overdue Co	BIL-2010	$2,000	158 days
Subbie Disputed Pty Ltd	BIL-2030	$3,000	87 days

Total AP over 60 days: $5,000.

BIF Act — Subcontractor payment overdue. Subbie Disputed Pty Ltd (BIL-2030: $3,000, 87 days overdue) carries a name consistent with a subcontractor. Under the Building Industry Fairness (Security of Payment) Act 2017 (QLD), head contractors must pay subcontractors within the statutory timeframe — this obligation is not suspended by a payment dispute unless a payment schedule has been formally issued. At 87 days overdue, this is a live statutory breach. Confirm immediately whether a valid payment schedule was issued within the required window. If not, pay the amount or seek urgent legal advice. Long Overdue Co (BIL-2010: $2,000, 158 days overdue) must also be identified and categorised — if it is a subcontractor, the same exposure applies and has been accumulating since December 2025.

AP 31–60 days: Site Hire Co ($8,000, 56 days) and Tools R Us ($10,000, 31 days) are approaching the 60-day threshold. Neither has been confirmed as a subcontractor; if either is, the statutory clock is ticking. Confirm the nature of both creditors before next cycle.

Subbie Crew Pty Ltd ($21,000, BIL-2045, 28 days overdue) — the name indicates a subcontractor. At 28 days, statutory obligations are already active. Pay within the next 7 days to avoid breaching the 30-day window.

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11. Strategic Recommendations

1. Confirm COGS account mapping — the integrity of every other recommendation rests on it. Until the direct-cost feed is verified, the gross margin (55.29%), net margin (34.71%), and opex ratio (20.59%) cannot be used to make a forward pricing, tendering, or investment decision. This is work-in-progress that Daniel will inherit — starting his tenure with unverified accounts is a risk the business should not carry. The conversation with the bookkeeper should cover both the COGS account mapping and the composition of the March $158K opex spike simultaneously. (**supports goal:** build operational and financial discipline so the business can fund growth from operating cash flow)

2. Activate the Combination scenario now — it is the only path to the runway target. The forecast is unambiguous: the Combination scenario — $49K retention release at month +1 combined with opex held at $82,665/month — reaches 4.0 months runway by 31 May 2026 and holds it at 4.3 months by July. The retention release scenario alone peaks at 3.8 months; opex discipline alone peaks at 3.9 months. Both levers must be pulled simultaneously. The $49K basis is 50% of the $98K retention balance currently held; the opex basis is the $82,665/month target from the forecast inputs. (**supports goal:** build cash runway to 4 months)

3. Submit retention release claims on the two April practical completions this week. Both jobs reaching practical completion in April are the trigger events for retention release. The $98K retention balance has compounded from $35K twelve months ago — every month it remains unclaimed is a month of cash locked out of operations. Issue the claims now, before the claim window hardens. On the forecast's retention-release scenario, the $49K injection is the difference between 3.8 months and 4.0+ months runway. (**supports goal:** tighten cash conversion cycle)

4. Resolve Subbie Disputed Pty Ltd and categorise all AP over-30 creditors before next cycle. Subbie Disputed Pty Ltd at $3K and 87 days is a BIF Act exposure today. Long Overdue Co at $2K and 158 days must be identified. Subbie Crew Pty Ltd at $21K and 28 days is approaching the statutory window. The combined unresolved AP exposure is $26K — a small dollar amount but the compliance risk is disproportionate to the cost of paying it. (**supports goal:** build operational and financial discipline so the business can fund growth from operating cash flow)

5. Issue progress claims on the $102K WIP balance — every week of delay is cash already earned sitting idle. WIP has grown every month for twelve months. At the forecast's $5K/month base burn, the $102K WIP balance represents roughly 20 months of base operating surplus in unclaimed work. Converting half of it (≈$51K) at the current $5K/month base burn adds approximately 10 months of runway-equivalent cover — though the cash-runway impact is governed by the forecast scenarios, not by WIP conversion in isolation. The immediate action is to identify certified-but-unclaimed items across all active jobs and raise invoices before this month-end. (**supports goal:** tighten cash conversion cycle)

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12. Risk Alerts

COGS data mapping — forward planning decisions are unreliable until resolved. April COGS of $228K on $510K revenue is identical in absolute dollars to April 2025 COGS on $280K revenue. The resulting 55.29% gross margin and 34.71% net margin sit well above the construction norm and have not been confirmed as accurate. If an active project's direct costs are not feeding the reporting pipeline, the true margin position could be materially lower. Every tender, pricing decision, and cash forecast built on these figures carries that unquantified risk. This has been open since the prior cycle with no resolution in the data.

Brookwater disputed claim — runway impact compounds monthly without resolution. The superintendent rejected the May progress claim. Brookwater is excluded from the forward forecast until resolved. The longer the dispute runs, the greater the cash gap between reported revenue and actual receipts. The dispute was first flagged at the April review and is now formally contested — if it drags into Q3 as the owner has flagged as a concern, it will pressure the cash runway goal in the second half of FY27. The dollar value of the Brookwater claim is not quantified in the current data package; this should be stated explicitly in each monthly review until resolved.

Opex escalation — March spike cause unresolved, April still above target. March opex of $158K has no confirmed explanation in the data. April pulled back to $105K but remains above the $82,665 target. If the March spike was not one-off — if it reflects a step-change in overhead (headcount, plant hire, professional fees) — then the Combination scenario's opex-discipline assumption is not achievable without active cost reduction. The base burn rate of $118,882/month used in the forecast reflects three months of elevated opex; the target of $82,665/month requires identifying and cutting $36K/month from the current run-rate. That decision needs specifics, not a general instruction to spend less.

WIP accumulation — twelve months of consecutive growth, no conversion event visible. WIP has grown from $25K to $102K over twelve months without a single month of reduction. In construction, WIP that doesn't convert to AR is either uncertified work, delayed progress claims, or a contract mechanism holding back claim submission. At $102K, this is not a rounding issue — it is a structural cash trap. Without Subbie Payment Days and Avg Progress Claim Days instrumented, the full picture is incomplete, but the trend alone is sufficient to warrant immediate action on claim issuance. Unaddressed, the $102K WIP stays out of the cash position and keeps the runway at 3.45 months or below.

BIF Act — subcontractor payment obligations at multiple creditors. Three AP creditors carry names consistent with subcontractors: Subbie Disputed Pty Ltd ($3K, 87 days overdue), Long Overdue Co ($2K, 158 days, identity unconfirmed), and Subbie Crew Pty Ltd ($21K, 28 days — approaching the statutory window). The statutory payment obligation under the BIF Act is not suspended by a commercial dispute unless a valid payment schedule was issued in time. Failure to comply exposes the business to adjudication claims, penalties, and licence risk with QBCC. Combined exposure: $26K. The cost of paying is $26K; the cost of not paying is disproportionately higher.

13. Meeting Agenda

1. Brookwater claim — cash impact against the runway target Decision needed from owner: Confirm the dollar value of the Brookwater claim and whether any negotiated settlement or Part 3 adjudication is being pursued, so the cash-impact gap can be modelled against the 4-month runway goal. Context: The superintendent rejected the May claim; the claim is excluded from all forward forecasts. Without a dollar figure on file, the runway scenarios are incomplete. James flagged at the May call that he wants this framed against the runway goal every cycle — that requires the claim quantum on the table.

2. March opex spike — confirm cause and whether $105K is the new run-rate Decision needed from owner: Identify what drove the $158K March opex figure and confirm whether April's $105K represents a genuine reduction or simply timing of the same cost base — the answer determines whether the Combination scenario's $82,665/month opex target is achievable through discipline or requires active cost cuts. Context: The Combination scenario — the only path to 4-month runway — assumes opex held at $82,665/month. If the run-rate has structurally shifted upward, that assumption fails and the forecast needs to be rebuilt. This decision cannot be deferred: the May figures will either confirm the recovery or signal a new problem.

3. Retention release schedule — confirm claims are submitted on April practical completions Decision needed from owner: Confirm that retention release claims have been prepared and submitted on both April practical completion jobs, and provide the expected payment dates so the $49K injection can be dated in the forecast. Context: The retention release is the faster of the two Combination levers — it is a one-shot $49K that hits in month +1 on the forecast. Two jobs already reached practical completion in April. If the claims have not been submitted, the May runway figure will not show the improvement the Combination scenario projects.

Appendix A — Glossary

Construction-specific terms used in this report. Owners can scan this once and skip on subsequent cycles.

BIF Act — Building Industry Fairness (Security of Payment) Act 2017 (QLD). Sets statutory payment timeframes for subcontractors; head contractors must pay subbies within the Act's window regardless of when the principal pays the head contractor. Also mandates retention trust accounts for projects with contract value over $1M.

WIP (Work in Progress) — Value of work performed or certified but not yet invoiced as a progress claim. WIP on the balance sheet is earned revenue trapped before billing — every dollar in WIP is cash the business has financed for the principal.

Retention — Money the principal (or head contractor) withholds from progress payments, typically 5–10% of each claim, until practical completion. Released as a final claim is lodged. Accumulating retention without releases means jobs are not being closed out promptly.

Practical Completion (PC) — The construction milestone at which a building or project is sufficiently complete that the principal can use it, even if minor defects remain. Triggers final claim and retention release. The most important date in the cash cycle of any active job.

Progress Claim — Invoice raised for work certified to date on a project. The primary cash-cycle mechanism in construction. Progress claims should follow site certification within the statutory window.

Debtor Days (DSO) — Average number of days to collect outstanding receivables. Construction norm is 45–75 days given progress-claim cycles. Below 45 is exceptional discipline; above 75 warrants intervention.

Creditor Days (DPO) — Average days to pay outstanding payables. Healthy range 30–45 days. Below 30 may signal cash drain (paying too fast); above 45 may signal cash stretch or BIF Act exposure on subcontractor balances.

Opex Ratio — Operating expenses as a percentage of revenue. Excludes COGS / direct project costs. Used as the discipline metric for overhead control independent of project mix.

Cash Runway — Number of months that current cash can cover operating expenses if revenue stopped entirely. Conservative definition. Construction industry benchmark is ≥3 months.

Gross Margin / Net Margin — Standard accounting definitions. Construction industry norms: gross margin 25–35%, net margin 3–8%. Materially higher values typically warrant a data-integrity verification of COGS account mapping.

Appendix B — Methodology & Materiality

Rounding. Figures throughout the report are rounded to the nearest $K for readability. Percentages are reported to two decimals. Underlying values in the database are preserved at their full precision.

Materiality. Monthly movements smaller than $5K or 1% of revenue (whichever is greater) are not commented on individually unless they are part of a multi-month trend pattern. The threshold reflects the operational noise floor of an SME and prevents the report becoming a recitation of routine fluctuations.

KPI thresholds. Two sets of thresholds inform each KPI rating. Industry-calibrated thresholds — benchmarked to industry SME norms — are the canonical rating used throughout this report. Your own target thresholds, taken from the goals agreed at the start of the engagement, set the position against target shown in Goals Progress. Where the two diverge — a KPI may sit green against the industry but behind your own target — the report surfaces that explicitly.

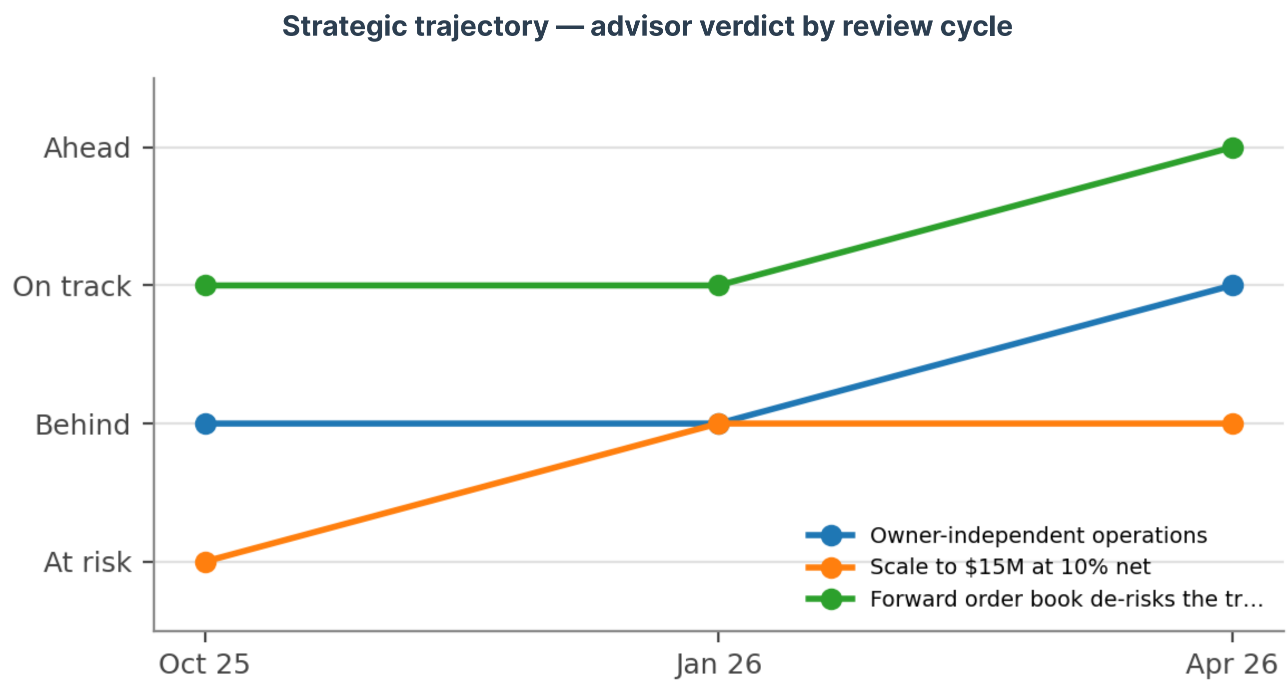
Forecasts. The 90-day cash forecast (Section 6) is directional, not a commitment. Scenarios are built on trailing-3-month averages with deliberate, named assumption changes. They support the monthly review conversation and should not be used for external commitments (lender covenants, sale documentation) without further work.

Projected action outcomes. Where an action or risk in this report carries a quantified outcome ("≈$X freed", "≈+Y months runway", "the $Z exposure compounds"), that figure is a directional estimate restated from this period's reported balances and the cash-forecast scenarios — not an independent projection or a guarantee. It is intended to size the decision for the board conversation; the actual result depends on execution and conditions after the reporting date.

Point-in-time reconciliation. Figures are reconciled to source records on the date of generation shown in the footer. Subsequent ledger adjustments — backdated bills, journal corrections, late period-end accruals — are not retrofitted into prior reports. The authoritative current view always lives in the accounting system; each monthly report is a fixed snapshot of what the data said on its generation date.

Appendix C — Strategic Outlook

> The multi-year view behind §3. Each objective is the owner's own stated destination; the trajectory verdict is an advisor judgement reviewed each quarter — directional, not a reconciled figure. The financial sections of this report remain audit-checked.



Owner-independent operations

By June 2029, Bayside runs a full month of delivery without the owner on the tools or in day-to-day decisions.

Category: Resilience · **Target horizon:** Jun 2029 · **Current verdict:** **On track** · **Next review:** Sep 2026

Site-supervisor layer is the gating dependency. Two of three foremen now signing off variations unaided; the owner is still the sole estimator — that is the FY27 focus.

Annual goals laddering to this objective:

- Hold opex ratio at or below 20% **At risk**

Review cycle	Verdict	Deep review
Oct 2025	**Behind**	Yes
Jan 2026	**Behind**	—
Apr 2026	**On track**	Yes

Scale to $15M at 10% net

By June 2029, $15M turnover at a sustained 10% net margin, up from $8.4M / 6%.

Category: Growth · **Target horizon:** Jun 2029 · **Current verdict:** **Behind** · **Next review:** Sep 2026

Revenue trajectory is ahead of plan but margin is the constraint — gross margin slipped on two fixed-price jobs. Strategy holds; execution risk is estimating discipline, which ladders to objective 1.

Annual goals laddering to this objective:

- Achieve 8%+ sustained net margin by Jun 2027 **On track**
- Lift annual revenue to AU$6-6.5M **At risk**

Review cycle	Verdict	Deep review
Oct 2025	**At risk**	Yes
Jan 2026	**Behind**	—
Apr 2026	**Behind**	Yes

Forward order book de-risks the trade cycle

By June 2028, a 6-month contracted forward order book so a single quarter's tender drought cannot threaten payroll.

Category: Resilience · **Target horizon:** Jun 2028 · **Current verdict:** **Ahead** · **Next review:** Sep 2026

Annual goals laddering to this objective:

- Build cash runway to 4 months **At risk**
- Cut AR over 60 days to below 2% **On track**

Review cycle	Verdict	Deep review
Oct 2025	**On track**	Yes
Jan 2026	**On track**	—
Apr 2026	**Ahead**	—

Footer & Disclaimer

Prepared by: Thomas Fahy, Fahy Advisory **Client:** Demo Bayside Constructions Pty Ltd **Reporting period:** April 2026 **Report generated:** 22 May 2026 at 14:15 (Australia/Brisbane) **Data source:** Your accounting records, as at 22 May 2026.

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