Retail Shop Leases Act 1994

Financial Advice Report

The Financial Advice Report must be obtained by a prospective lessee/assignee and given to the lessor before the prospective lessee/assignee enters into a retail shop lease or an assignment of such lease: section 22D *Retail Shop Leases Act 1994* (Act).

The Financial Advice Report is to be completed by an accountant who is a qualified accountant under the *Corporations Act 2001*.

The Financial Advice Report is not required:

- **where the prospective lessee/assignee currently leases five or more retail shops in Australia;**
- **for a lease that is not a 'retail shop lease' within the meaning of section 5A of the Act; or**
- **for a retail shop lease for a periodic tenancy or tenancy at will.**

If the provider of this report considers that additional information or statements are necessary to meet any applicable standards generally accepted in the Australian accounting profession in connection with this report, such information or statement may be attached to this report as required.

** Strike out if not applicable*

This report is provided by*:*
(Full name of accountant)

I *(tick as appropriate)*: ☐ do not have a professional or other relationship with the lessor.

☐ have a professional or other relationship with the lessor and have advised the prospective lessee/assignee* of this relationship.

Name of Lessee/Assignee*:

Address of retail shop:

Name of Lessor:

Report of factual explanations and advices given to the lessee/assignee*

Scope

I have performed the procedures agreed with you described below in relation to the draft lease document for the retail shop (draft lease) to address the requirements for the financial advice report under the Act. These procedures were performed solely to assist you in evaluating, in combination with other information obtained by you, the potential financial impacts of the draft lease for you/the business you propose to carry on in or from the retail shop. The agreed procedures are summarised as follows:

1. I obtained the draft lease document and identified and reviewed the provisions relevant to the prospective lessee's/assignee's* financial rights and obligations therein including:

- the rent, outgoings and other payments for which the lessee is liable;
- the potential financial impact of the rent review provisions; and
- the fact that the operation of the business is restricted by the term of the lease.

2. I considered the need for the lessee/assignee* to obtain separate or additional professional assistance and advice with respect to, but not limited to, the following:

- volume of sales (break-even point) required to meet all costs of carrying on the business, including capital cost, business loan repayments and salary for the business operator repayments and salary for the business operator;
- appropriate accounting and financial reporting systems;
- cash flow forecasting;
- sales budget forecasting; and
- taxation requirements.

Queensland Government

Because the above procedures do not constitute either a reasonable or limited assurance engagement in accordance with Australian Auditing and Assurance Board Standards (AUASB standards), I do not provide any assurance on the draft lease document and/or related explanations. Had I performed additional procedures or had I performed an audit or review in accordance with AUASB standards, other matters might have come to my attention that would have been reported to you.

Accountant's Report

With respect to the matters set out above, I report as follows:

(a) I have explained your financial rights and obligations under the draft lease document, including in relation to:

- the rent, outgoings and other payments;
- the potential financial impact of the rent review; and
- the fact that the operation of the business is restricted by the term of the lease.

(b) I have advised you on the need to obtain additional professional assistance and advice in relation to, but not limited to, the following:

- volume of sales (break-even point) required to meet all costs of carrying on the business, including capital cost, business loan repayments and salary for the business operator;
- appropriate accounting and financial reporting systems;
- cash flow forecasting;
- sales budget forecasting; and
- taxation requirements.

This report is intended solely for the purpose set out above in the scope section of this report and is not to be used for any other purpose or by any other party. The report relates only to the draft lease document and items specified above and does not extend to any other issue.

As the intended user of this report, it is your responsibility to assess whether both the agreed procedures, and the explanations and advices given to you as referenced above, provide (in combination with any other information you have obtained) a reasonable basis for any decisions made by you with regard to entry into the lease/assignment of lease* for the retail shop.

I certify the above information.

	/ /
Accountant's signature	Date

Accountant's address

Prospective Lessee's/Assignee's* Acknowledgement

I acknowledge that I have received the explanations and advices referred to in this report by the accountant and have understood them.

	/ /
Lessee's/assignee's* signature	Date

Disclaimer

The Financial Advice Report is solely for the benefit of the lessee or assignee.

To the extent permitted by law, the accountant does not accept liability for any loss or damage which any person other than the prospective lessee or assignee may suffer as a result of or in connection with the accountant's report.

© State of Queensland (Department of Justice and Attorney-General) 2016