THE ACQUISITION LAYER

TRIAGE VERDICT

TV-2026-0000

SPECIMEN: FICTITIOUS AGED CARE CASE · V1.1

CONFIDENTIAL

— FORENSIC CONSISTENCY CHECK

Triage Verdict

Harbourlight Aged Care Services Pty Ltd, home based aged care, South Australia. Whether the figures presented for this business are arithmetically possible, tested across the tax returns and management accounts supplied.

SAMPLE REPORT. All figures in this document are illustrative. The entity described is fictitious and any resemblance to a real business is coincidental.

PREPARED FOR	The prospective purchaser, sample recipient
ENTITY EXAMINED	Harbourlight Aged Care Services Pty Ltd, ABN 00 000 000 000, sample
ENGAGEMENT REFERENCE	TV-2026-0000
DOCUMENTS RECEIVED	August 24, 2026
REPORT ISSUED	August 26, 2026, version 1.1
CLASSIFICATION	Confidential. Recipient use only.

— VERDICT

○ POSSIBLE	○ IMPROBABLE	● ARITHMETICALLY INCONSISTENT

Arithmetically inconsistent

The management accounts report profits in two years where the lodged tax returns report losses, and no tax return has been provided for the most recent year. Ninety percent of revenue is billed to government payers claimed monthly in arrears on a 30 to 60 day cycle, yet the balance sheet carries 19 days of receivables, below the bottom of that range. Until the FY2025 return, an aged receivables ledger and a book to tax reconciliation are produced, the figures as presented cannot be relied on for a purchase decision.

FINDINGS	PEAK NET VARIANCE	IMPLIED DEBTOR DAYS
3 critical · 3 high · 1 medium	10.1% of revenue	19 vs 30 to 60 cycle

Tax to book variance

TEST 1 OF 2

The same business, described twice. The lodged tax returns against the management accounts, three years, revenue first and net result second.

REVENUE	MANAGEMENT ACCOUNTS	TAX RETURN	VARIANCE	% OF REVENUE
FY2023	1,980,000	1,952,000	28,000	1.4%
FY2024	2,140,000	2,118,000	22,000	1.0%
FY2025	2,310,000	Not provided	n/a	n/a

NET RESULT	MANAGEMENT ACCOUNTS	TAX RETURN	VARIANCE	% OF REVENUE	ASSESSMENT
FY2023	58,000	(141,000)	199,000	10.1%	CRITICAL
FY2024	96,000	(37,000)	133,000	6.2%	CRITICAL
FY2025	412,000	Not provided	n/a	n/a	CRITICAL

Method. Net variance under 5.0% of revenue is acceptable. Between 5.0% and 10.0% is a medium finding. Above 10.0% is high. A sign reversal between the tax return and the management accounts in the same year is critical, whatever its size. A missing tax return for a claimed year is critical. Figures are stated as they appear in the source documents listed in the register on page 5.

What the variance pattern indicates

COMMENTARY

Revenue broadly agrees between the two document sets, within 1.4% in FY2023 and 1.0% in FY2024. The net result does not. It reverses sign in both lodged years. When sales match and profit reverses, the divergence sits in expense recognition, not in trading. Only the book to tax reconciliation requested at findings F1 and F2 can establish where. The related party rent at finding F7, $136,800 per year, is a separate normalisation question and is not treated here as an explanation of the variance.

Until that reconciliation exists, the profits shown to the purchaser and the losses shown to the Australian Taxation Office describe two different businesses. A purchase price built on the management accounts is therefore built on the higher of two figures that the vendor has not reconciled.

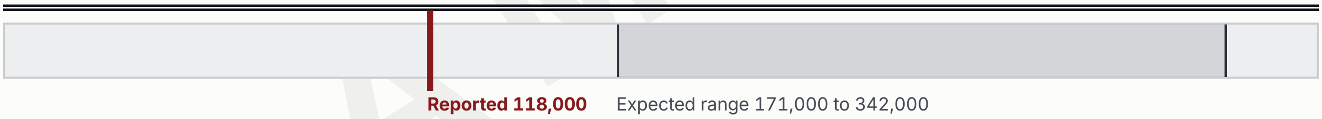
Cash cycle test

TEST 2 OF 2

Who pays this business, how long they take, and whether the reported revenue and receivables can both be true at the same time.

PAYER	SHARE OF REVENUE	FY2025 BILLINGS	SETTLEMENT PERIOD
Home Care Package funding	70.0%	1,617,000	30 to 60 days
Department of Veterans Affairs	20.0%	462,000	30 to 60 days
Private client fees	10.0%	231,000	0 to 14 days
Total	**100.0%**	**2,310,000**	

THE ARITHMETIC, FY2025	VALUE
Annual billings on the slow settlement cycle	2,079,000
Expected receivables at 30 days	171,000
Expected receivables at 60 days	342,000
Receivables reported at June 30, 2025	118,000
Implied debtor days	**19 days**



On the reported payer mix, $2,079,000 of FY2025 billings sit on a 30 to 60 day settlement cycle. In the ordinary course that volume carries a receivables balance between $171,000 and $342,000. The balance sheet reports $118,000, which is 19 debtor days and roughly a third below the lowest expected figure.

One of three things is true. FY2025 revenue is overstated, receivables are understated, or collections run materially faster than the program cycle and the evidence for that was not supplied. Until one of the three is established with remittance statements tied to bank deposits, the FY2025 result carries an unresolved cash cycle question, and the $412,000 profit reported for that year, a 17.8% net margin, rests on it.

Sector note. Home Care Package subsidies were claimed monthly in arrears through Services Australia across the years reviewed, which sets the 30 to 60 day cycle used above. The program was replaced by Support at Home on 1 November 2025, which moves providers to substantially more frequent claiming, so a buyer is purchasing cash flows under faster settlement rules than the history shows.

Method. Settlement periods are drawn from the engine payer table: government home care program payers 30 to 60 days, claimed monthly in arrears, trade debtors 30 to 60 days, consumer payers at or near point of sale, adjusted where remittance evidence is supplied. Expected receivables are computed as slow cycle billings multiplied by settlement days over 365. Implied debtor days are reported receivables divided by total billings, multiplied by 365.

Findings

RANKED BY SEVERITY, 1 TO 4 OF 7

F1 CRITICAL FY2023 sign reversal between book and tax

The management accounts report a profit of $58,000. The lodged tax return reports a loss of $141,000. The variance is $199,000, 10.1% of revenue, and the two documents disagree on whether the business made money at all.

EVIDENCE TR-2023 p.3, MA-2023 p.2 **TO RESOLVE** A book to tax reconciliation signed by the entity accountant, itemising every adjustment.

F2 CRITICAL FY2024 sign reversal between book and tax

The management accounts report a profit of $96,000. The lodged tax return reports a loss of $37,000. The variance is $133,000, 6.2% of revenue, and it repeats the FY2023 pattern in the same direction.

EVIDENCE TR-2024 p.3, MA-2024 p.2 **TO RESOLVE** The same signed reconciliation, covering both lodged years.

F3 CRITICAL FY2025 tax return not provided

The most recent and most profitable claimed year has no lodged return in the document set. A lodgement extension was asserted verbally and is unverified. The strongest year in the sale narrative is currently the least evidenced.

EVIDENCE Document register, page 5 **TO RESOLVE** The lodged FY2025 return, or an ATO lodgement status report, before any further discussion of price.

F4 HIGH Receivables inconsistent with the payer cycle

Ninety percent of billings are claimed monthly in arrears and settle in 30 to 60 days, which implies $171,000 to $342,000 of receivables in the ordinary course. The balance sheet reports $118,000, an implied 19 debtor days, roughly a third below the bottom of that range. Either collections run faster than the program cycle or not all reported revenue was billed, and the supplied documents do not establish which.

EVIDENCE MA-2025 p.4, FS-2025 pp.2 to 9 **TO RESOLVE** An aged receivables ledger at June 30, 2025 and twelve months of funding remittance statements tied to bank deposits.

Findings, continued

F5 HIGH FY2025 net margin is a sector outlier

The reported net margin of 17.8% sits above the indicative 95th percentile for home based aged care, 8.0%, with no structural explanation offered. Margins that arrive in the year of sale warrant month level evidence.

EVIDENCE MA-2025 p.2, benchmark table v1, indicative **TO RESOLVE** Monthly profit and loss for FY2025 and a written explanation of the step change.

F6 HIGH Management accounts are self prepared

The management accounts were produced in accounting software with no accountant compilation report attached. They are the sole support for the FY2025 result and carry no independent preparation evidence.

EVIDENCE MA-2023 to MA-2025 **TO RESOLVE** Accountant compiled financial statements, or a compilation report, for each year presented.

F7 MEDIUM Related party rent without market evidence

Rent of $11,400 per month, $136,800 per year, is paid to an associated entity that owns the premises. No lease or independent market appraisal was provided, so the arm length portion of the expense cannot be established.

EVIDENCE MA-2025 p.3 **TO RESOLVE** The lease and an independent market rent appraisal. Any variance to market is an add back, subject to that evidence.

Document register

TAMPER EVIDENT CHAIN

ID	DOCUMENT	PAGES	RECEIVED	SHA-256 (12)	STATUS
TR-2023	Company tax return, FY2023	8	24/08/2026	9f3a71c204be	RECEIVED
TR-2024	Company tax return, FY2024	8	24/08/2026	4c88d0e5a1f7	RECEIVED
TR-2025	Company tax return, FY2025				NOT PROVIDED
MA-2023	Management accounts, FY2023	5	24/08/2026	b2e94d17c3a0	RECEIVED
MA-2024	Management accounts, FY2024	5	24/08/2026	7d15f6a92c4e	RECEIVED
MA-2025	Management accounts, FY2025, with balance sheet	6	24/08/2026	e60b3c8f52d9	RECEIVED
FS-2025	Funding remittance summaries, Jul 2024 to Jun 2025	9	24/08/2026	1a7fe2d40b86	RECEIVED

Each source document is hashed with SHA-256 on receipt and the hash is recorded above. Any alteration to a document after receipt produces a different hash, so changes are detectable. That makes this evidence chain tamper evident. It does not make it anything more than that. Every finding cites a document identifier and page from this register. Hashes are shown truncated to the first twelve characters; full digests are retained on the engagement record and available on request.

Resolution schedule

WHAT TO REQUEST

The documents below would resolve every finding in this report. Requesting them as a single list, with a deadline, is also the fastest test of how motivated this vendor is.

DOCUMENT TO REQUEST	SOURCE	FINDINGS	EFFECT
Lodged FY2025 company tax return	Entity accountant	F3	Resolves or confirms
Book to tax reconciliation, FY2023 and FY2024, signed	Entity accountant	F1, F2	Resolves or confirms
Aged receivables ledger at June 30, 2025	Entity bookkeeper	F4	Resolves or confirms
Funding remittance statements tied to bank deposits, 12 months	Entity bookkeeper	F4	Resolves or confirms
Monthly profit and loss, FY2025	Entity bookkeeper	F5	Resolves or confirms
Accountant compiled statements or compilation reports	Entity accountant	F6	Resolves or confirms
Premises lease and independent market rent appraisal	Vendor solicitor	F7	Quantifies add back

On receipt of any of the above, the verdict can be recomputed against the expanded register under the same engagement reference. A reissued report supersedes this one in full.

How severity is assigned

DEFINITIONS

BAND	DEFINITION	EFFECT ON VERDICT
CRITICAL	An inconsistency that cannot be reconciled from the documents supplied, or a document required to test a claimed year that is absent.	Any critical finding prevents a verdict of Possible.
HIGH	A figure that falls outside the expected range for the sector or the payer cycle and is unexplained by the documents supplied.	Two or more high findings prevent a verdict of Possible.
MEDIUM	A variance or treatment that is capable of an ordinary explanation but is not evidenced in the documents supplied.	Recorded and quantified. Does not by itself change the verdict.
LOW	A presentation or classification matter with no material effect on the figures tested.	Recorded for completeness.

The verdict is a conclusion about arithmetic possibility across the document set as a whole. It is not an average of the findings and it is not a score.

Basis, scope and limits

TERMS OF THE VERDICT

BASIS OF PREPARATION

This report was prepared from the documents listed in the register on page 5, as supplied by or on behalf of the recipient. The work performed was a consistency check: the figures in each document were compared with the figures in every other document, and with the settlement behaviour of the payers identified, to establish whether all of the figures presented can be true at the same time. No enquiries were made of the target entity, its officers or its advisers, and no third party records were obtained, unless such records appear in the register.

WHAT THIS IS

- A forensic consistency check of the documents supplied, testing whether the figures presented can all be true at the same time.
- A tamper evident evidence chain. Every source document is hashed on receipt and every finding cites a page in a hashed document.
- A verdict on arithmetic possibility, issued within 48 hours of receipt of a complete document set.
- A schedule of the specific documents that would resolve each finding.

WHAT THIS IS NOT

- Not an audit, review or other assurance engagement under Australian auditing standards, and no assurance opinion is expressed.
- Not accounting, taxation, legal or financial product advice.
- Not a valuation, and no view is expressed on price or on whether to transact.
- Not verification against records of the Australian Taxation Office, any bank or any other third party, unless those records appear in the register.
- Not a conclusion about intent. Findings identify inconsistencies in documents, not the reasons for them.

The verdict scale. Possible: the document sets reconcile as presented. Improbable: the figures are internally consistent but sit outside ordinary course ranges without explanation. Arithmetically inconsistent: the documents contradict one another and cannot all be true as presented.

RELIANCE

This report is prepared solely for the recipient named on page 1 and for the purpose stated there. It may be disclosed to that recipient's professional advisers on the basis that they may not rely on it. No other person may rely on it, and APIR accepts no responsibility to any other person for any use of or reliance on it. The report speaks only as at the date of issue and only to the documents in the register. If further or corrected documents are produced, the verdict may be reissued against the expanded register under the same engagement reference, and the reissued report supersedes this one in full.

BENCHMARKS AND ASSUMPTIONS

Sector benchmark figures used in this report are indicative, version 1, and are labelled as such wherever they appear. Payer settlement periods are ordinary course ranges and may be affected by program changes, provider level arrangements or administrative delay. Where a document could not be parsed with confidence, the affected item is reported as requiring human review rather than being estimated. This sample describes a fictitious entity and every figure in it is illustrative. It is provided to demonstrate the form and depth of a Triage Verdict and is not a report on any real business.

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