

**Strictly Private & Confidential**

**PROJECT \*\*\*\*\***

**Business Plan**

## GUIDE TO THE BUSINESS PLAN

- This is a pro-forma document which is a guide to the information required by Jamesford Consulting to assist you to prepare a bespoke Business Plan which will be used to invite offers of funding from potential financiers.
- The main purposes of this documents are:
  - ▶ Act as a guide to the final Business Plan;
  - ▶ An aide memoir to obtain key information relevant to the Business Plan.
- This document is not exhaustive and we would be grateful if you would review the Business Plan and if there is additional information which may be useful please provide details. E.g. Customer presentation.
- Once we have received all the information, we will be in a position to work with you to produce the Business Plan, with your full co-operation, within a timescale to be agreed with you.
- Please also note that a Business Plan is a concise document, thus any narrative provided to us should be in short statements.

## BUSINESS PLAN CHECKLIST OF DOCUMENTS

- Please provide the following documents for the purpose of preparing a Business Plan. The following list is not exhaustive and if you have additional information which you think will be useful, please provide a copy.
- The list may not be applicable to all businesses, thus if you do not have the information please let us know.
  1. Last three years audited accounts.
  2. A copy of detailed trading forecasts.
  3. A copy of the Company logo.
  4. Senior Management CV's, or alternatively a one page summary with the emphasis on their current role in the Business.
  5. Photographs/pictures of the following if they are readily available
    - ▶ The premises
    - ▶ Key products
    - ▶ Key equipment
    - ▶ Large completed contracts
  6. Company brochure.
  7. Company Organisation Chart.

## **Strictly Private & Confidential**

This Business Plan has been prepared for: \_\_\_\_\_

Jamesford Consulting is acting as advisor to [ ] Limited. All enquiries should be directed to:

[Name & Title ]

Ext:

E-Mail:

[Name & Title ]

Ext:

E-Mail:

[Name & Title ]

Ext:

E-Mail:

[Office address details]

## CONFIDENTIALITY STATEMENT AND DISCLAIMER

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No statements or information shall constitute a warranty or representation of any description. This Business Plan does not constitute an offer or invitation to the public of any jurisdiction to subscribe for shares or otherwise invest in the Company and is being delivered to a limited number of recipients to whom it is permitted to send this Business Plan under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (SI 2001/1335) (the “Financial Promotion Order”). It is sent for the sole purpose of assisting the recipients to decide whether they are interested in subscribing for shares in the capital of the Company on the terms set out herein.

The content of this communication has not been approved by an authorised person. Such approval is not necessary under section 21 of the Financial Services and Markets Act 2000 (“FSMA”) if the recipient comes within one of the exemptions from section 21 of FSMA contained in article 48 (communications to high net worth individuals), article 49 (communications to high net worth companies etc.) or article 50 (communications to sophisticated investors) of the Financial Promotion Order, copies of which can be provided on request.

By accepting and acting upon a copy of this Business Plan you are deemed to warrant and to undertake that:

- (i) you come within an exemption contained in the Financial Promotion Order as described above; and
- (ii) that you are, as such, sufficiently expert to understand the risks involved with the investment to which this Business Plan relates; and
- (iii) that you will comply with all applicable provisions of FSMA and the Financial Promotion Order with respect to anything you do in relation to this document.

If you are in any doubt about your qualification for exemption or about the investments to which this communication relates you should consult an authorised person who specialises in advising on this kind of investment.

Whilst the Company believes that all the information contained in this Business Plan generally and in the appendices which follow in particular is true and correct and that all such information has been prepared with all reasonable care and attention neither the Company nor any of its advisors can accept liability for any reliance placed on such information.

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Furthermore, reliance on this communication for the purpose of engaging in any investment activity may expose you to a significant risk of losing any or all of the amount invested, or if a certified sophisticated investor, of incurring additional liability.

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Any provider of finance must rely solely on their own investigations or due diligence.

Jamesford Consulting is the sole point of contact for all potential funding providers.

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## Contents

## Page

<b>1.</b>	<b>Introduction to the Transaction.....</b>	
<b>2.</b>	<b>Executive Summary</b>	
2.1	Key Strengths	
2.2	Impressive Financial Track Record.....	
2.3	Significant Growth Opportunities .....	
<b>3.</b>	<b>Business Description</b>	
3.1	Introduction .....	
3.2	Products/Services provided.....	
<b>4.</b>	<b>Markets and Customers</b>	
4.1	Introduction .....	
4.2	Analysis of Markets .....	
4.3	Strong Customer Base .....	
4.4	Analysis of Competition .....	
<b>5.</b>	<b>Management &amp; Operations</b>	
5.1	Management Team and Staff.....	
5.2	State-of-the-art Manufacturing.....	
5.3	Effective Procurement and Logistics .....	
5.4	Superior Quality Systems .....	
5.5	Excellent Location and Premises.....	
5.6	Modern IT and Accounting Systems.....	
<b>6.</b>	<b>Strategy</b>	
6.1	Current Position .....	
6.2	SWOT Analysis.....	
6.3	Effective Company Structure .....	
6.4	Strategic Plan .....	
<b>7.</b>	<b>Strong Financial Track Record and Exciting Growth Prospects</b>	
7.1	Summary Earnings.....	
7.2	Analysis of Turnover .....	
7.3	Key Earnings Assumptions .....	
7.4	Key Cashflow Assumptions .....	

## Contents (Cont'd)

### 8. Cashflows

- 8.1 Summary of Cashflows.....
- 8.2 Analysis of Capital Investment.....

### 9. Financial Position

- 9.1 Summary Balance Sheets.....
- 9.2 Anticipated Completion Balance Sheet.....

## Appendices

1. Ownership of the Business
2. Audited Accounts for the year ended [please provide last three years accounts]
3. Analyses of Turnover
4. Management CV's
5. Heads of Terms [if appropriate]
6. Projected Profit and Loss Accounts
7. Projected Balance Sheets
8. Organisation Chart [please provide]

## Definitions

Throughout this Business Plan the following definitions have been used:-

**Abbreviation**

**Definition**

## 1. Introduction to the Transaction

- This business plan has been prepared to secure financial support for Project \*\*\*\*\*. (Briefly describe the deal)

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- If the deal is an acquisition state:
  - ▶ Price (including any earnout);
  - ▶ P/E Ratio;
  - ▶ Where Heads of Terms are appended;
  - ▶ Any other selling points eg. discount to net assets.
- Briefly describe the principal activities of the Company.

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- Explain how this opportunity to buy/expand the Business has arisen.

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- Explain any major developments in the Company and its management/ownership.

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- State when the Company was formed and explain how it has developed over time.

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## Financing the Deal

- An outline funding structure of the transaction is shown in the table below:

	<b>Sources</b> £000		<b>Applications</b> £000
Equity	X	Price	X
Senior debt	X	Deal Fees	X
Management	X	Working Capital	X
Working Capital	X		X
	X		X
	X		X

## Effective Management Team with an Excellent Record

- Say who the continuing management team are and summarise their key successes and contributions to the forecast growth of the business.

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- Summarise the impact of the deal upon the management of the business. (eg. Impact of existing shareholder(s) in an MBO).

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- Refer to appended CV's.

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## 2. Executive Summary

- The purpose of this section is to convince potential financiers that the track record of the business provides the best basis there could be for confidence in the Company's ability to benefit from its existing growth opportunities.

### 2.1 Strong Record of Success

- The Company is an attractive business operating in this sector. The Company's key strengths form an excellent basis for confidence in its ability to benefit from the portfolio of exciting growth opportunities ahead.

#### Highly Effective Team

- Introduce the management team and briefly describe its successes and anticipated contribution to the future growth of the Business.

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- Describe the key strengths/selling points of the business that will ensure it is an attractive investment for potential financiers, whilst justifying minimal risk.

- ▶ State of the art equipment;

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- 
- ▶ Highly skilled workforce.
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### **Competitive Analysis**

- Summarise the main competitive advantages and explain how they differentiate the Business from the competition.
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## **2.2 Impressive Financial Track Record**

- The Company's commercial success and attractive future opportunities are reflected in the impressive financial performance shown below:
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- 
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- 

- Summarise the financial section in the following format:
-

	Historic £000	Historic £000	Current £000	Forecast 1 £000	Forecast 2 £000
Turnover					
EBITDA					
EBITDA cashflow after tax					
Net Assets					

Interest Cover *	X	X	X	X	X
Cashflow Cover	X	X	X	X	X
Gearing	X	X	X	X	X

\* Calculated as EBITDA/Interest

- Consider presenting the above information in the most suitable diagrammatic form and comment on any key trends.

### Asset Security

- The table below shows an indicative level of asset security available on the assets of the Business as at.....

<b>Asset</b>	<b>Book Value</b>	<b>Estimated Value</b>	<b>% of valuation</b>	<b>Estimated debt capacity</b>
Land and buildings	X	X	70	X
Plant and machinery	X	X	30	X
Fixtures and fittings	X	X	15	X
Stock	X	X	10	X
Trade debtors	X	X	70	X
Other	X	X	50	X
<b>Total</b>				

- Consider presenting the above in a most suitable diagrammatic form.

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## 2.3 Significant Growth Opportunities

- Summarise three year strategic objectives.
- Describe the key growth opportunities of the business and how these will be pursued, categorising them into one of the following:

- **Products/Services**

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- **Markets - e.g. expansion into new geographical markets**

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- **Customers - e.g. growth via securing contracts with new customers**

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- **Capacity** - Describe how the business has the capacity (or will have the capacity) in terms of people, capital equipment, floor space etc. to be able to grow to the extent shown in the forecasts.

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### 3. Business Description

#### Information Requirements

- The following information will help Jamesford Consulting to prepare this section of the Business Plan.
  - ▶ Analysis of turnover, Table (i) at Appendix 3;
  - ▶ Details of products/services as set out in this section;
  - ▶ Product brochure.
  - ▶ Potted history of the business.

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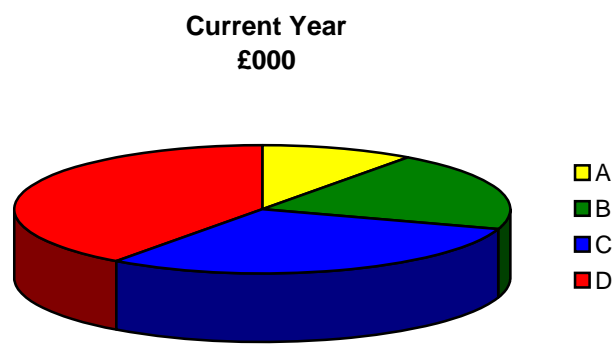
### 3. Business Description

#### 3.1 Introduction

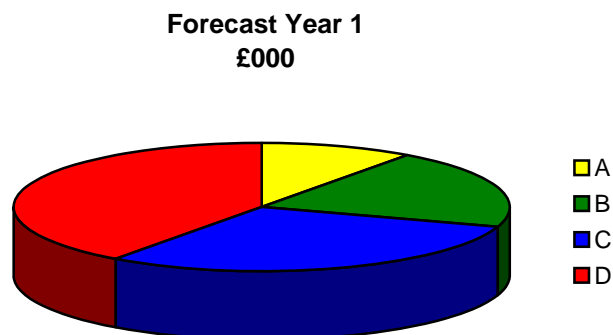
- Introduce the range of products/services to be explained in this section.
  - 1.
  - 2.
  - 3.
  - 4.
  - 5.
  - 6.

#### 3.2 Products/Services Provided

- For the products/services listed above please complete the analysis of turnover, Table (i) at Appendix 3.

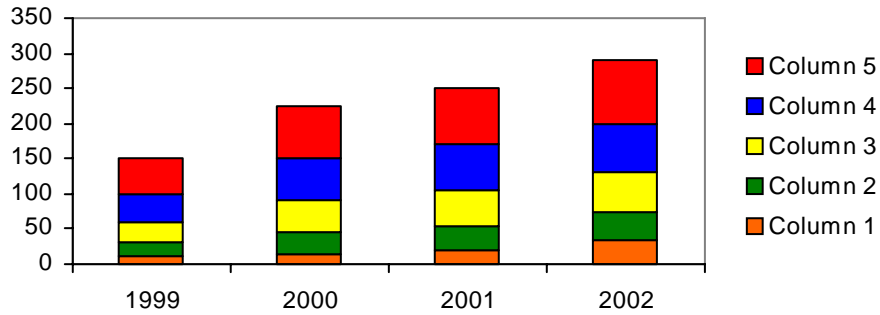


*Source*



*Source:*

**Analysis of Turnover £000**



Source:

- Describe the key feature of each product/service and a brief description of what the Company does under each product/service category heading. Please supply supporting photographs and diagrams wherever possible.
- Explain how the growth of the business attributable to each of the products/services will be achieved.
- Briefly summarise how the Company’s products/services are beneficial to the customer. Highlight which product/service is the traditional core strength of the Business and why.
- Explain any current or future development of products/services being implemented/planned/researched e.g. state when new products are being planned for future launch and when.

Product/Service 1

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Product/Service 2

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Product/Service 3

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Product/Service 4

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Product/Service 5

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## 4. Markets and Customers

### Information Requirements

- The following information will help Jamesford Consulting to prepare this section of the Business Plan.
  - ▶ Analysis of turnover, Table (ii) at Appendix 3;
  - ▶ Analysis of turnover, Table (iii) at Appendix 3;
  - ▶ Awards and testimonials received from customers or trader associations.

## 4. Markets and Customers

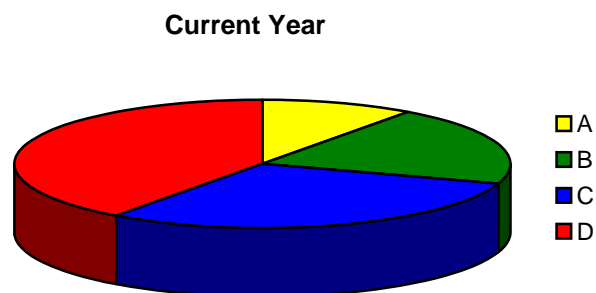
### 4.1 Introduction

- Summarise the key historic successes of the Business.
    - ▶ e.g. reduced reliance on single customer;
- 
- 
- 

- ▶ e.g. expansion into new markets.
- 
- 
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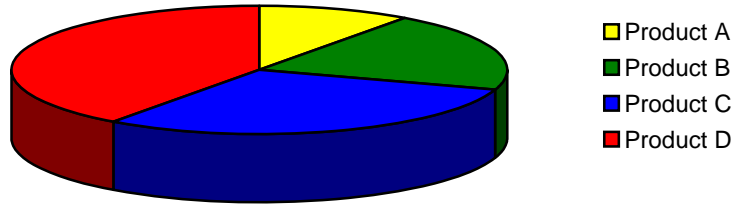
### 4.2 Analysis of Markets

- The Company operates in the market sectors shown below: (please complete Table (iii) at Appendix 3).
- The turnover of the business can be analysed into these market sectors:-



*Source:*

Forecast Year 1



Source:

- Describe which of the market sectors represents the most exciting opportunities for growth and why.

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- Briefly summarise the potential market threats to the Business and how these would be met e.g. competitor consolidation, substitute products.

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- Explain how reactive the Company is to changing market conditions. E.g. flexible workforce divided between permanent staff and sub-contractors.

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### 4.3 Strong Customer Base

- The Company has a reputation for..... identify the key strengths which customers see as positive.
  - 1.
  - 2.
  - 3.
  - 4.
- Include any awards/testimonials, received from customers or trade associations.
- Include a diagram to show an analysis of the top 10 customers by turnover. (Table (ii) at Appendix 3).
- Summarise relations with the main customers and how new business is secured. If there are significant contractual arrangements with customers summarise the details.

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### New Business

- Summarise where the new business in the forecasts is expected to come from, e.g. major secured contracts and the degree of certainty of each assumption. Explain how new business will be secured.
- Briefly describe in general terms, how the strong customer base of the Company will help to achieve the forecast growth.

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#### 4.4 Analysis of Competition

- Management considers the following companies to be the key competitors of the Business.

Competitor	Location	Turnover	Net Assets	Comments (eg. market positioning, weaknesses, strengths)
1				
2				
3				
4				
5				

- Briefly describe the key areas where the company differentiates from its competitors i.e. why would a customer choose the Company's products/services rather than those of a competitor.

- 1.
- 2.
- 3.
- 4.
- 5.

- Explain how profitable the Company is compared to the industry norm.

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- Summarise what the main threats from competitors are and how these are countered.

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- Describe the barriers to entry for potential new competitors.
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## 5. Management and Operations

### 5.1 Management Team and Staff

#### Management Team

- Describe the key successes of continuing management and why they are the best people for future growth.

1.

2.

3.

4.

- Describe the culture of the Management Team and how this manifests itself in the culture of the organisation as a whole.
- 
- 
- 

- A summary of the Management Team and their roles and responsibilities is shown below and their CV's are shown at Appendix 4.

- What extra skills does the Company need within its management team to allow it to achieve its goals?

#### Management team

- **Director 1**

- ▶ Age [ ]

- ▶ Chairman

- ▶ Responsible for [ ]

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- ▶ Extensive experience [ ]

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- **Director 2**

- ▶ Age [ ]
  - ▶ Managing Director
  - ▶ Responsible for [ ]
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- 
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- ▶ Many Years experience of [ ]
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- **Director 3**

- ▶ Age [ ]
  - ▶ Finance Director
  - ▶ Responsible for [ ]
- 
- 
- 

- ▶ Experience of [ ]

### **Workforce**

- There is as strong second tier management team in place:

- **Senior Manager 1**

- ▶ Age [ ]
  - ▶ Responsible for [ ]
- 
- 
- 

- ▶ Employed by the Company for [ ] years
- 
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- **Senior Manager 2**

- ▶ Age [ ]
  - ▶ Responsible for [ ]
- 
- 
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- ▶ Employed by the Company for [ ] years

- **Senior Manager 3**

- ▶ Age [ ]
  - ▶ Responsible for [ ]
- 
- 
- 

- ▶ Employed by the Company for [ ] years

- Do all key employees have service contracts?
- What provisions have been put in place to protect against the loss of key personnel?

Total number of staff	-
Average age	-
Average length of service	-
Skill levels and number of staff per each level	-

- If the company operates its own pension scheme, explain what type of scheme it is and what the Company contributes. Also summarise the basis for any transfer which is to be made.
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- Summarise what bonus schemes are in place and how they operate.

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- What performance initiatives are in place and how are employees motivated.

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## 5.2 State-of-the-art Manufacturing

- Explain the key stages of the manufacturing process, highlighting where the process differentiates the Business from the competition.

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- Highlight impressive features of any of the plant and equipment used in the manufacturing process.

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## 5.3 Effective Procurement and Logistics

- Briefly describe what the Company buys, who supplies it and the nature of the relationship with these suppliers.

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- Explain any areas which give rise to influence over suppliers or vice versa (eg. Numerous alternative suppliers, the Business is a sole customer of a particular supplier, any contracts or agreements).

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- Describe the systems in place (and/or initiatives planned) to reduce the cost of buying.

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- Explain what measures are in place to ensure continuity of supply.

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- Briefly summarise what systems exist for processing and delivering the final [product/service] to the customer.

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- Explain the key impressive features of each of these systems.

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- Explain what measures have been taken (or are planned) to improve the efficiency of delivery of the product/service to the customer.



## 5.6 Modern IT and Accounting Systems

- Management accounts are prepared and reviewed on a [ ] basis.
- The accounts are prepared on a [ ] accounting package.
- How frequently are board meetings held?
- Describe what information is generated to monitor the performance of the Business and how it is used.

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- Briefly describe what other software packages are used (and whether or not management considers whether they are millennium compliant).

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- Highlight any reliance on other parties e.g. payroll, debt collection.

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## 6. Strategy

### 6.1 Current Position

- How would you say the Business is performing today (on a scale of 1 to 10), compared to its maximum potential financial performance and why?
- How much more Business could you handle without significant capital expenditure or increases in your number of employees?
- Running at \_\_\_\_\_ % capacity
- Could increase turnover by \_\_\_\_\_ %
- What are your three major frustrations with the Business?

1.

2.

3.

- What frustrations would you say others would have with the way the Business is run?

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- What prevents the Business achieving its full potential? (Lack of funds, lack of high calibre management team, other).

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### 6.2 SWOT Analysis

- What are the 3 biggest strengths, weaknesses, opportunities and threats to the Business?

Strengths

Opportunities

a)

a)

b)

b)

c)

c)

## Weaknesses

- a)
- b)
- c)

## Threats

- a)
- b)
- c)

### 6.3 Effective Company Structure

- Explain how the structure of the Business has contributed to its past success and how it is appropriate going forward.

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- The current organisational structure is shown at Appendix 9 (please provide an organisation chart).

- Briefly describe Company policy towards recruitment and training and explain why this is a strength.

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### 6.4 Strategic Plan

- Set out the 3-5 year strategic plan for the business covering:

- ▶ Management
- ▶ Markets
- ▶ Operations
- ▶ Exit plan

## 7. Strong Financial Track Record and Growth Prospects

### 7.1 Summary Earnings

- The table below shows five years Profit and Loss Accounts, for each year ending [ ].

	Audited 12 mths to 31/12/xx £000	Audited 12 mths to 31/12/xx £000	Current 12 mths to 31/12/xx £000	Year 1 12 mths to 31/12/xx £000	Year 2 12 mths to 31/12/xx £000	Year 3 12 mths to 31/12/xx £000
Turnover						
Cost of Sales						
<b>Gross Profit</b>						
<b>Gross Margin</b>						
Overheads						
<b>Recurring EBITDA</b>						
Interest						
Amortisation						
Depreciation						
Non-recurring Items						
<b>Profit before Tax</b>						
Recurring EBITDA Margin						

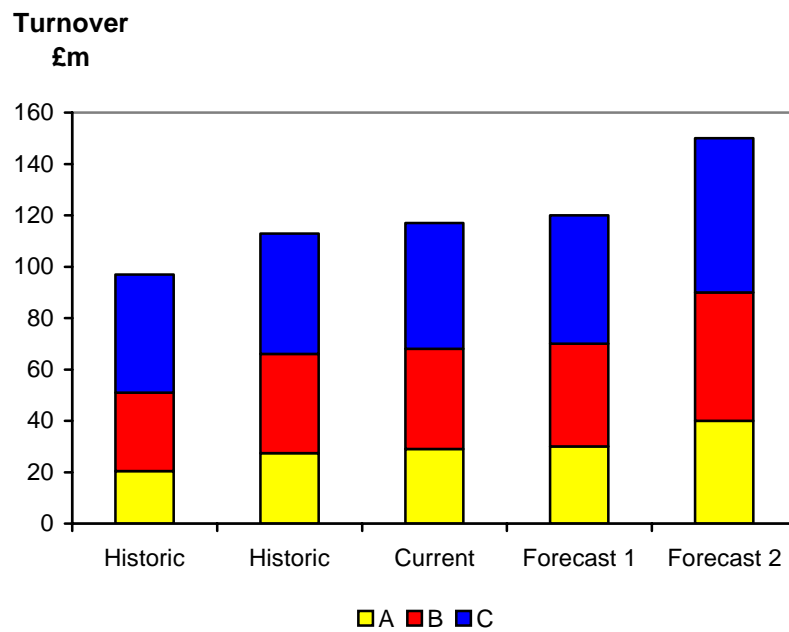
Source:

\*Calculated as EBITDA/Interest

- Comment on key earnings trends refer to more detailed analysis in the remainder of this section.

## 7.2 Analysis of Turnover

- The bar chart below shows an analysis of turnover by product/service.



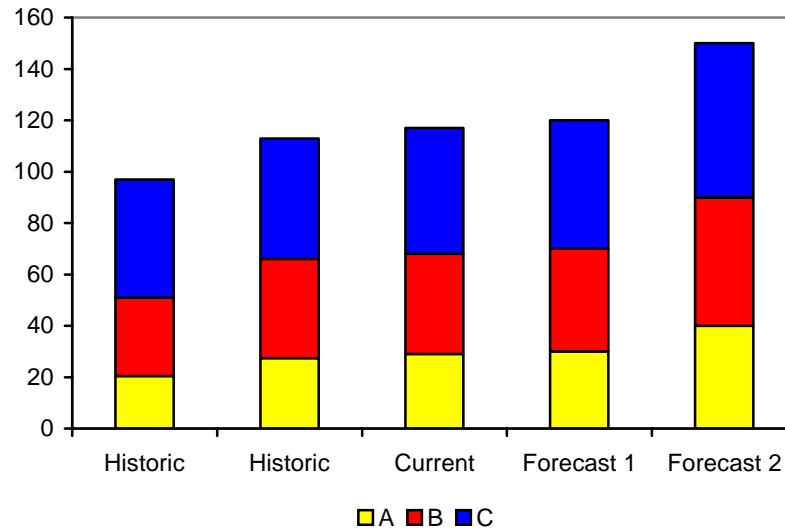
Source:

- The bar chart below shows an analysis of turnover by market sector.

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Source:

### 7.3 Key Earnings Assumptions

- The key assumptions used will be included in the narrative of the document under this sections.

#### Information required to prepare the forecasts

- The nature of forecasts is inherently uncertain and represent the best estimate of the future trading of the business using the most reasonable bases and assumptions at the time of preparation. We will work with you and assist you in the preparation of the forecasts, using a tried and tested forecast model. Please discuss any queries you have with a member of Jamesford Consulting.

**Turnover**

- Prepare the five year forecast, using the most appropriate of the following bases:
  - ▶ By customer;
  - ▶ By market sector;
  - ▶ By product/service.
- This information should be monthly for the first [two] years and annual for the subsequent [three] years.
- Consider whether discounts are offered to customers and if so whether these are accounted for separately.
- If the business is seasonal describe why this occurs, relating this to the forecasts as much as possible.
- Consider whether subsequent years are realistic, based on current year trading and year one forecast.

**Cost of Sales**

- Quantify the variable cost percentage applicable to each of the types of turnover e.g. per market sector.
- Quantify the variable direct labour cost applicable to each type of turnover.
- Confirm and quantify the annual fixed costs categories that are included in cost of sales e.g. Fixed Direct Labour.
- Note all the information for Turnover and Cost of Sales and consequently the Gross Profit Margin. Check that this margin is sensible and achievable and that any variations on historic gross margins can be properly explained.
- Should there be a more appropriate method to calculate Gross Profit please contact Jamesford Consulting to discuss this method.

## Overheads

- Analyse overheads into one of the following payment terms categories: (see separate sections for wages and salaries).
  - ▶ Purchaser ledger;
  - ▶ Cash payments (no VAT);
  - ▶ Cash payments (with VAT).
- Those overheads that are paid in cash , determine the payment profile of these expenses e.g. insurance paid by monthly direct debit.

## Payroll - Wages and Salaries (Overheads)

- List the current members of the payroll and their level of total current remuneration including employers national insurance and pension contributions paid by the company and behalf of the employee. Indicate what element of this remuneration is paid via a bonus (if any) and when this is paid.
- Quantify how many new people are required over the forecast period and briefly describe their roles and their level of total remuneration.

## 7.4 Key Cashflow Assumptions

### Existing HP Agreements

- From a schedule of existing HP agreements determine the following information for each agreement.
  - ▶ Capital amount outstanding at the Opening Balance Sheet date of the forecasts;
  - ▶ The number of payments outstanding – state whether monthly, quarterly etc;
  - ▶ The capital and interest element of each of the future payments.

### Tax

- Determine whether or not there are any tax losses which may be utilised against future profits of the business.

**VAT and PAYE/NIC**

- VAT – confirm the VAT quarters and whether they are co-terminous with the year end.
- PAYE/NIC – state the normal payment terms for PAYE/NIC e.g. 19<sup>th</sup> of the following month.

**Fixed Assets**

- Complete the Capex table included at Appendix 2, indicating whether the assets will be bought in cash, HP or finance lease. State normal HP assumptions:
  - ▶ Deposit – e.g. 20%;
  - ▶ Time period – e.g. 36 months;
  - ▶ Payment profile – e.g. monthly.
- Confirm that the depreciation policies per the audited accounts are appropriate rates to use the forecasts and that no changes are foreseen.

**Stock**

- Analyse stock into the following 3 categories:
  - ▶ Raw materials;
  - ▶ WIP;
  - ▶ Finished goods.
- If readily available confirm average stock days calculations for each of the above 3 categories.

**Trade debtors**

- State the average Debtor Days and the Company's standard payment terms.
- Estimate the company's bad debt charge as a percentage of each sales category.

### **Prepayments**

- Prepare a schedule of major prepayments and when the payment data(s) occur e.g. insurance, paid via a single instalment in June.

### **Trade Creditors**

- State the average Creditor Days and standard Credit Terms.

### **Accruals**

- Prepare a list of major accruals items and payment dates e.g. Audit Fee, paid 6 month after the year end.

## 8. Cashflows

### 8.1 Summary of Cashflows

- The table below shows a five year summary of cashflows.

	Historic	Historic	Current	F'cast 1	F'cast 2
	£000	£000	£000	£000	£000
Recurring EBITDA	-	-	-	-	-
Working capital movement	-	-	-	-	-
<b>Free cashflow before Capex</b>	-	-	-	-	-
Capital expenditure	-	-	-	-	-
<b>Free cashflow before tax</b>	-	-	-	-	-

Source:

- Comment on key trends.
- For cyclical businesses, show graphically, the movement in cash over the year.

## 8.2 Analysis of Capital Investment

- Summarise historic and forecast capital expenditure by category (e.g. land, buildings, plant) and highlight any major individual items.

	Historic	Historic	Current	F'cast 1	F'cast 2
	£000	£000	£000	£000	£000
<b>Capital</b>					
Land & buildings	-	-	-	-	-
Fixtures & fittings	-	-	-	-	-
Motor vehicles	-	-	-	-	-
<b>Maintenance</b>					
Plant & machinery	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Source:

## 9. Financial Position

### 9.1 Summary Balance Sheet

	Historic £000	Historic £000	Current £000	F'cast 1 £000	F'cast 2 £000
<b>Fixed Assets</b>	-	-	-	-	-
Stock	-	-	-	-	-
Debtors	-	-	-	-	-
Cash	-	-	-	-	-
<b>Current Assets</b>	-	-	-	-	-
Creditors (excluding tax)	-	-	-	-	-
Corporation tax	-	-	-	-	-
Bank debt	-	-	-	-	-
<b>Liabilities</b>	-	-	-	-	-
Deferred tax	-	-	-	-	-
<b>Net Assets</b>	-	-	-	-	-

Source:

- Highlight any assets or liabilities not included at current or fair value.
- Explain any unusual accounting policies adopted in the accounts. State whether or not they are compatible with industry standards.
- If the Company owns any intellectual property, details should be included here.
- Comment on key trends highlighted in the above table.

## 9.2 Anticipated Completion Balance Sheet

- The projected completion Balance Sheet as at [ ] is shown below.

	At [ ]	Removal of non-business assets/liabilities	Estimated movements	At [ ]
	£000	£000	£000	£000
<b>Fixed assets</b>	-	-	-	-
Land and buildings	-	-	-	-
Plant	-	-	-	-
Motor vehicles	-	-	-	-
Fixtures	-	-	-	-
<b>Current Assets</b>	-	-	-	-
Stock	-	-	-	-
Trade debtors	-	-	-	-
Other debtors	-	-	-	-
<b>Current Liabilities</b>	-	-	-	-
Trade creditors	-	-	-	-
Other creditors and accruals	-	-	-	-
<b>Net Assets</b>	-	-	-	-

Source:

- The net assets to be delivered at completion are £[ ]k.
- Explain how the estimated net assets to be delivered at completion has been calculated e.g. apportioning of profit between stock, trade debtors, cash, trade creditors etc.
- Note the accounting issues which impact upon the sale process and completion accounts.

## **APPENDIX 1**

### Ownership of the Business

**APPENDIX 2**

Audited Accounts for the year ended [ ]

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## **APPENDIX 3**

### Analyses of Turnover

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## **APPENDIX 4**

### Management CV's

## **APPENDIX 5**

### Heads of Terms

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## **APPENDIX 6**

### Projected Profit and Loss Accounts

**APPENDIX 7**

Projected Balance Sheet

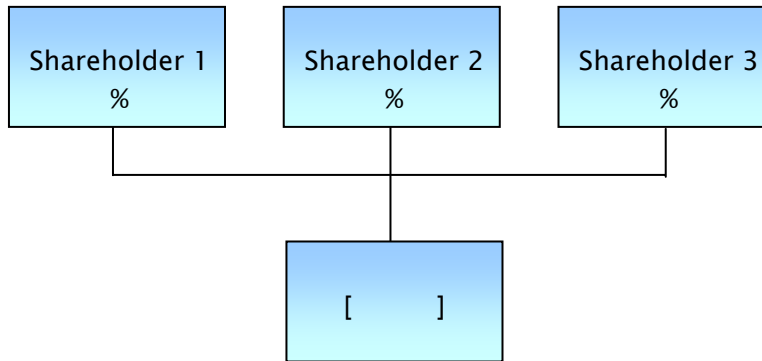
## **APPENDIX 8**

### Organisation Chart

### Ownership

- Where a change of shareholding is taking place present the share structure before and after the deal.

Before:



After:

