

Our Ref: PAQ pack1/APMA website/

Dear Sir or Madam

Ref: **YOUR WISH TO PURCHASE A PRACTICE OR BLOCK OF FEES**

If you wish to buy a practice or block of fees you will need to register with us (APMA) using the accompanying Practice Acquisition Questionnaire (PAQ), which we should be pleased if you would complete and return to us. This information will assist us in locating fees which meet with your requirements (possibly fees we are already handling) and will enable us to keep you informed of anything which we feel may be of interest to you. We also enclose our Letter of Confidentiality which we require all parties to sign prior to the release of any information concerning a seller (Vendor). Until you give us your express permission, we will treat all information given by you in strictest confidence, retaining your anonymity.

An overview of the two approaches open to you is described below.

The first option is to register your interest using our accompanying PAQ questionnaire and then take a 'passive role’ and wait until 'something comes along'. However, you should be aware that at any one time we may have many hundreds of firms who have chosen a passive role 'languishing' on our database. Opportunities don’t always come along in your location, of the size you prefer, when you want them to!

The second approach is not inexpensive, but **one in which we strongly believe.** If you are not happy that the slower pace of organic growth holds the answer, your only realistic alternative, if you wish to make a rapid acquisition of fees, is to retain APMA to undertake an ‘**Active Role’** on your behalf. This is a market development programme of significant proportions with a view to establishing not only if there is a suitable firm already on the market seeking to sell, but also with a view to acting as a catalyst for action by principals who have 'been meaning to do something' but either 'haven't got around to it' or more usually, simply do not know how to go about it.

We have spent over 40+ years specialising in Accountancy Practice Broking and our success rate is very high. If you are prepared to be flexible in the way we recommend, the prospect of success, although not guaranteed, is often worth the investment, especially as, at any one time, there are countless other buyers competing with you.

Together we will define your target market place. We research it and count the number of firms to approach and then, retaining your firm's anonymity and offering the same protection to the target firms, we will write to them giving an overview of your requirements and invite them to telephone us, after hours if they wish, with a view to discussing their interest.

The cost for this marketing exercise, which includes individually typing and addressing the letters, stuffing and stamping the envelopes and handling ALL telephone and written response, including any visits which may be necessary, is just £1.30 per firm. This is a ‘numbers game’ and experience has shown us that to obtain just one or two serious Vendors we need to contact at least 1000 firms. **So it is unlikely to cost less than £1,300 + VAT**.

You only pay our fees when you have successfully purchased or merged with a practice or block of fees that we have found for you; in other words, apart from the above mentioned marketing cost, we act on a contingency basis, i.e. **NO SUCCESS, NO FEE.**

You may like to know that for a variety of psychological reasons practitioners will be happier replying to us as an independent third party, complete with the assurance of confidentiality and the advice we give them, than they would responding directly to an approach by the first party (yourself).It is our sincere belief that it is always possible to achieve a situation where both the vendor and the purchaser (or the mergees) are happy with the deal which has been struck; it is simply a question of matching 'round pegs with round holes'.

The ‘going rate’ at the moment is in the range of 1.0 to 1.2 times the annual recurring fee income, but there is no commercial logic to this standard valuation range. Strangely, accountants seeking to acquire additional fees usually take little account of the benefit to their ‘bottom line’ of a particular opportunity, often gifting the acquisition to their competitor. The fact that, with the right critical mass and their payroll costs under control, the acquisition could lead to the new owner making 50% net profit with a payback period of under three years, cuts little ice. To be the successful Purchaser, APMA’s advice is be prepared to pay what the goodwill is actually worth to you, do not just pay an amount within the arbitrary range (above). In fact, recently, one Purchaser authorized us to go to the market offering up to 1.7 times. The response was truly staggering!

If you have any queries, please do not hesitate to contact us. As mentioned earlier, we are usually available by phone until 8pm, which includes most weekends. And don’t forget to research our website at [www.apma.co.uk](http://www.apma.co.uk/) which has over 40+ years of experience promulgated on it in files which are mostly free to access. We particularly recommend you review our ‘successes’ on the ‘[Current Opportunities](http://www.apma.co.uk/index.php?option=com_content&view=article&id=7&Itemid=9)’ page.

Finally, be aware that you are under no contract with APMA until, at a later date, you sign our Terms of Business.

Yours faithfully

**for APMA**

##### JRK signature0004

**Jeremy Kitchin**

**Director**

Encs. PAQ Questionnaire

Letter of Confidentiality

Services Sheet









**STRICTLY CONFIDENTIAL** Page 1/2

**P R A C T I C E / FEES A C Q U I S I T I O N Q U E S T I O N N A I R E**

APMA’s Reference No …**WEBSITE** (Today’s date)…………………………….

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **PERSONAL INFORMATION**

**CONTACT NAME** ...........................…………..…………………………………………………………………….

**POSITION**...................……....….…………………………………………………………………………………….

**PRACTICE NAME**.........................................................…………………………………………………………..

**ADDRESS**.....................................................................…………………………………………………………..

.........................................................................…………………………………POST CODE...........................

TEL. NO. …………………………….. MOBILE………………………………..

E-mail……………………………… ………………………PREFERRED METHOD OF CONTACT…………….

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**2. DETAILS OF YOUR OFFICE / FIRM / COMPANY**

**A. Type of Practice:**

1. Sole Practitioner\* Partnership\* Limited Company\* LLP\* Registered Auditor? **YES/NO\***
2. Chartered\* Certified\* Unqualified\* Other\* (describe)………………………………………………….
3. General, Tax Specialist, Insolvency, etc (type)……………………………………………………………
4. Client specialism, i.e. Farmers, Dentists (type) ………………………………….Value: £....…………..
5. Are you running your own practice? **YES/NO\*** Or employed in practice by someone else? **YES/NO\***

**\*delete or circle**

1. Your estimated annual turnover £………..

C. Partner/director charge out rate? £.………………….per hr. Est. Gross Payroll Cost? £......…………

D. How many: Partners/directors inc. yourself? ........…… Partners/directors ages? ……………….

Other fee earners?........……………..… Admin staff?.............…………………….

Offices have you?...........………………. Office(s) location (i)………………………

Clients have you?...……………….....… (ii)..………………………………………..

Accounts software type?...............…….

1. How long has your firm been established for?....…………(years)
2. How long have you worked for this firm? …...…………(years)
3. Do you currently hold a practising certificate? …...…………………………………………………………
4. Any other relevant info: ………………………………………………………………………………………..

**3. DETAILS OF YOUR REQUIREMENTS** A. What type of firm are you looking for? ……………………………………………………………………………

B. Do you wish to purchase or merge, or will you consider either? ........………………………….……………..

(i) Do you insist on integrating the acquired fees into your existing offices? **YES/NO\***

(ii) Or will you consider running the acquisition as a branch office? **YES/NO\***

C. What is the maximum size acquisition do you wish to make? ....................................................................

(Note: suggested funds required for: **fees of** **<£150k = 50% + 33%** (working capital) **up front with balance on 1st anniversary; fees of <£250k = 33% + 33%** (working capital) **up front, plus 33% on 1st & 2nd anniversaries.**)

D. Geographical location you desire: i.e. commuting time/distance/location…………………………. …

E. Will you wish to keep on existing Staff/Principal/Partners/Directors? ...........…………………………..

F. Are you prepared to pay a capital sum for goodwill? ………………………………**YES/NO\***

**STRICTLY CONFIDENTIAL** Page 2/2

G. Will you be borrowing to fund the acquisition? **………** Or do you already have funds in place?  **……….**

H. Please briefly state any other parameters: ...…………………………………………………………………..

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**4. APMA’S MARKET RESEARCH INFORMATION** (only if you do not mind)

A. Where did you hear about Accountancy Practice M & A?

**Previous contact with Jeremy Kitchin\*; advertisement\* unsolicited letter\*; recommendation\*; at a lecture\*; other\*; don't know\*) \*d*elete as necessary***

B. Have you ever before, either directly or indirectly, been involved in acquiring, selling or merging an

accountancy practice.. **YES/ NO\*** Was it via an **Agent/ Broker/ Privately\***

How would you rate its success? **v.successful/ acceptable/ unsuccessful\*** **\*d*elete as necessary***

How long have you been looking for fees for?……………..(time).

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**5. CONSULTANCY FEES** – **FOR INTRODUCTIONS ARE SUBJECT TO ANY SEPARATE AGREEMENT WE**

**MAY ENTER INTO.**

*As an introducing broker, APMA will assist you as the Purchaser (or Mergee) as it assists the Selling Principal (or Mergee) and it charges both parties an equal fee which is based on the sum of the anticipated fees sold, bought or merged with. Full details will be conveyed to you on request or sent to you on receipt of this completed questionnaire.*

***This is a NO SUCCESS - NO FEE service***

**NOTE:**

* ***It is sometimes possible to borrow unsecured funds***
* ***You can often get a pay back within 3 years***
* ***If you have fees of c £200k per partner/director/principal, and keep your payroll cost below 33%, you can make 50% net profit on turnover.***
* ***If you are responding to a specific practice / fees, please insert our reference no: AP…………***

**DON’T FORGET**: Fill in our AP reference (above) if interested in a specific opportunity and we will send details.

**----------------------------------------------------------------------------------------------------------------------------------** Please indicate below if you might wish to take an ‘Active’ or ‘Passive’ role as described in the accompanying letter:

\***ACTIVE** (call re undertaking a marketing exercise**) \*PASSIVE** (please keep on file) **\*Delete as necessary**

**SIGNIFY BELOW THAT YOU ARE AWARE THAT IF YOU ACQUIRE A PRACTICE / BLOCK OF FEES FOLLOWING AN INTRODUCTION BY APMA YOU WILL BE CHARGED A FEE.**

**BUT, NO CONTRACT EXISTS BETWEEN YOU AND APMA UNTIL YOU SIGN OUR TERMS WHICH WILL BE SENT TO YOU WHEN WE SEND YOU DETAILS OF A SPECIFIC VENDOR.**

Signed:..................…………………....Title:...........………………………….......Date:...........…………………

Name in Blocks..………...............…………..........Name of Firm.…………………….………………….....…..

By what method would you like to be contacted?………………………………………………………………..

**PLEASE COMPLETE AND RETURN TO**:

Accountancy Practice M&A

15 Private Street

NEWARK,

Notts NG24 1PL

Tel: 01623 883300

e-mail : [lucinda@apma.co.uk](mailto:lucinda@apma.co.uk)

prop - Jeremy Kitchin Practice M & A Ltd

**STRICTLY CONFIDENTIAL**

CONFLTR1.APMA

**Accountancy Practice M & A**

**Main Street**

**Farnsfield**

# NEWARK NG22 8EA

Dear Sirs,

**PRACTICES FOR SALE, PURCHASE OR MERGER BEING BROKERED BY**

**JEREMY KITCHIN – PRACTICE M&A LTD (APMA)**

I have asked you on behalf of my firm/company to disclose to me details of any practices or fees which you feel may meet my requirements from time to time, as outlined by us in your completed registration questionnaire, that you are/will be authorised to do, subject to me signing a confidentiality letter. In consideration of the disclosure, we undertake to you that:

1. The information already disclosed (if any) and to be disclosed later, will be treated by us as being confidential and will not be disclosed to any person, other than such directors, partners or specific employees who need to be aware of it for the purpose of evaluating the business, without written consent and:

2 Any information provided in documentary form will be held to your order and will be returned or destroyed if / when requested.

3 We will not ourselves, nor will we put any other person in a position to be able to make use of the information other than by arrangement with you or your principals.

4 We will not make contact with any third parties concerning this specific project without first binding them to this confidentiality letter, nor will we disclose this matter to anyone who is not party to the statement of confidentiality expressed in this letter, even though such parties may be known to us.

The above restrictions do not apply to any part of the information which (a) can be demonstrated by us to be already known to us prior to disclosure, or, (b) comes into the public domain otherwise than by way of disclosure to us, or (c) is obtained by us from a third party who is legitimately in possession of it and who is not under any obligation with regard to it.

Signed………………………………….. Date……………………………………..

Position in firm/company…………………….

Name of firm/company………………………..

Contact address………………………….e-mail address……………………………

If you prefer, you may photostat the above document onto your letterhead, otherwise just sign, date and print your firm's full name underneath your signature.



**We have been providing M & A Services, to accountancy practices, together with valuing goodwill and giving exit route advice, for over 40+ years**

**SUMMARY OF APMA’S SERVICES TO A VENDOR OR MERGEE**

**No Success, No Fee**

* A free and comprehensive consultancy visit, usually for between two and three hours.
* Analysis of your position in the market place and valuation of your practice/goodwill.
* Production of a divestment & information package together with a marketing plan, unless not applicable.
* All marketing undertaken at cost price with confidential handling of all response, retaining your anonymity until such time as you agree to meet the shortlist of purchasers/mergees.
* Interrogation of our substantial Accountancy Practice database in the search for a suitable solution.
* Advice on the production of your client schedule under 12 key headings.
* Removal of 'window shoppers' and 'men of straw'.
* Checking that purchasers are 'in funds', signposting sources of finance, if relevant, and confirming they meet the vendor's requirements.
* Presentation of the profiles of the initial shortlist of ready, willing and able purchasers/mergees.
* Organisation of preliminary meetings; providing vendors with an agenda sheet, and an interview pack with suggested questions to be asked, followed by us debriefing all participants.
* Final short listing of up to three purchasers/mergees, in conjunction with the sponsor, and arranging for due diligence by them, usually outside business hours, on the vendor's premises.
* Assisting the finalists in the construction of their outline offers/proposals and helping the sponsor with the selection of the successful purchaser/mergee, followed by rejection of the unsuccessful short listed participants.
* Advising on due diligence and warranties re compliance with the Money Laundering Regulations 2007.
* Advising both parties on the construction of Heads of Agreement, together with the provision of a comprehensive list of relevant commercial clauses.
* Advising on steps necessary to minimise the risk of a claim against the vendor for the loss of fees. (In the past five years, to our knowledge, only once has a purchaser lost as much as 5% of the fees bought.)
* Advising on TUPE - Transfer of Undertakings (Protection of Employment) Regulations.
* Free consultancy advice throughout the whole assignment.

**Absolute confidentiality is assured to all parties so that neither their staff, nor their clients, need know of their plans until they decide to tell them.**

***This could be the biggest financial deal you will ever undertake, so why take a risk?***