

Our Ref: PSQ pack1/APMA website/

**Mr\*/Mrs\*/Ms\*/Other\***……………………………,,,…. (Enter your contact name & initials)

**\*delete**

…………………………………………………………..………….…. (Enter your address details)

…………………………………………………………………………………………...… (Your postcode)

(Today’s date)…………………………….

Dear Sir or Madam

Ref: **THE SALE / MERGER OF YOUR PRACTICE**

If you wish to sell your practice or a block of fees you will need to register with APMA using the accompanying Practice Sale Questionnaire (PSQ), which we should be pleased if you would complete and return to us, by fax, email or post, together with the accompanying Letter of Confidentiality. If your management information systems are not designed to produce all the required information, the questionnaire may present you with a few problems with its completion; if so, you may estimate the figures where appropriate and write ‘Est.’ against them. This data is normally required at the outset so that we may make recommendations to you at our meeting and, at a later date, to potential purchasers so they can see what they may be buying.

We are pleased to be able to confirm that after over 40 years in this specialised field, we have only failed to sell five practices, two of those over 25 years ago. Although it is a seller’s market, there are many things that a first time seller can get wrong so you will feel comfortable in the knowledge that, in advising on this sale, a complex process is in very experienced and safe hands.

***The information in italics is general selling advice, not regarding a specific opportunity:***

*There follow some caveats together with an overview of our normal approach to selling a practice, using our full marketing, selection and short-listing formula. However, if your circumstances make it desirable,* ***a number of the steps can be truncated and a few can be bi-passed****, but this can impact on the numbers and quality of our short list. Our selling mechanism has been evolved over many years – and it works!*

*The selling process is vital. If your short list doesn’t have strength in depth, you may move forward with a selected buyer only to find you have no immediate replacement if he drops out. Also, if you sell to the wrong buyer, you may get the highest sale price but suffer extensive 'claw back' claims at the end of the first year. What if the purchaser cannot make subsequent payments or dies while you are still an unsecured creditor? Our unrivalled experience has answers for these and many other pitfalls but, as a first-time seller, do you know what dangers to look for? We are very experienced Brokers so you may rest assured that we will be forthright with our opinions and will not shirk from our duty of advising you on the suitability of each purchaser. Similarly, if given access to their projections, we would express our concern to them and yourselves if a buyer appeared to be over extending himself.*

*Having received your completed questionnaire, we will arrange a time for us to visit you to discuss in detail the mechanics of how we would proceed with the sale of your practice. This meeting is likely to last up to three hours. We can respond promptly if you would like to ‘get things moving quickly’.*

*Next, following a thorough discussion with you, a marketing strategy will be prepared, along the lines agreed, with a view to identifying those firms to be targeted with a personal letter and, although not in every case, the cost and timing of advertisements to be placed in the specialist press, e.g.ICAEW’s Economia, CCH’s Accountancy and ACCA’s Accounting & Business. We will handle all the response to the marketing and will require those interested in purchasing your fees to complete a paperwork screening process, which includes providing us with their firm’s profile, signing a Letter of Confidentiality and, using our standard form, confirming that they have the necessary funds available.*

*While this is taking place, you will be asked to prepare a Client Schedule, a document in which your clients will be analysed under headings that we will provide; this will form an appendix to the Sale Agreement. We will then produce a short list of all those firms that have completed our "assault course" (usually just 25% of the initial respondents) and we will present their names and profiles to you - but your identity will have been withheld from them.*

*You will normally be asked to choose between five and eight firms from our short list and we will arrange non-technical "face fitting" meetings for you of about 45 minutes duration, one after the other, usually on the same day at a venue of your choice – possibly in a hotel room set up for meetings. Following these meetings, it is suggested that you identify a final short list of (ideally) three firms. Second meetings for each of these will be arranged for them to carry out due diligence in your offices, often outside business hours. Following due diligence, each firm will be asked to discuss their outline offer with us which we shall convey to you. As a result of these second meetings you will be in a position to decide who you wish to sell your practice to. We will assist you in drawing up the Heads of Agreement and advise on the commercial clauses that should be included in the contract, a draft of which we will provide or which you may choose to have drawn up by your solicitor. We will ‘hand hold’ throughout the process and we are normally available up to 8pm. Finally, as part of the after-sales service, we will normally be available to arbitrate on the first anniversary if required.*

*It is a seller’s market, and we receive an excellent response for each block of fees or practice that we market, even though the current economic climate is likely to reduce numbers of would-be buyers.*

*We have spent the past 40+ years specialising in Accountancy Practice Broking and our success rate for selling is over 99% and so the probability of success is very high indeed.*

*The only ‘up front’ cost is for the necessary marketing and this is £1.00 per firm contacted – probably in the order of 500 - 1,200 firms. This includes updating our database, addressing the letters individually, stuffing and stamping the envelopes and handling ALL telephone and written response, including any visits which may be necessary. We receive calls up until 20.00 hrs, and over weekends. Any adverts placed in the specialist press are charged at cost price, often at a significant discount on the rate card. You and the purchaser only pay our fees when the sale completes; in other words, apart from APMA’s protection by a 'withdrawal/frustration clause' being included in our Letter of Engagement, together with the above-mentioned marketing costs, we act on a contingency basis i.e.* ***NO SUCCESS, NO FEE****. However, to work on a success-related basis, we are not prepared to get into an embarrassing first-past-the-post race and thus require an exclusivity with you, normally for a fixed period.*

It is our sincere belief that it is always possible to achieve a situation where both the vendor and the purchaser (or mergees) are happy with the deal; it is a question of matching 'round pegs with round holes'.

We look forward to receiving the two completed documents, or please ‘phone between 9.00am & 8.00pm.

Yours faithfully

Encs:

PSQ Questionnaire

Letter of Confidentiality

Services document

##### JRK signature0004

**Jeremy Kitchin**

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

Ref: PSQ pack1/APMA website/ Date sent to APMA: ……………

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**1. PERSONAL INFORMATION**

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

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

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

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

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

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

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

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

**2. GENERAL INFORMATION**

**A. Type of Practice:**

1. **Sole Practitioner\* Partnership\* Limited Company\* LLP\***

**ii No of partners\* / directors\*** …………(equity) …………….(salaried) …………………(their ages)

iii. **Chartered\* Certified\* Unqualified\* Other\* (describe**)……………………………………………

1. **General, Tax Specialist, Insolvency, etc (type)**………………………………………………………
2. **Client specialism, i.e. Farmers, Dentists (type)** ………………………………….Value: £....……..

**\*delete or circle**

1. Estimated **Annual Recurring Fee Income** (The fees a purchaser could expect to bill in his first full year from ***recurring work*** (only), after acquiring your goodwill see **C.** (below):

|  |
| --- |
| £ (excl VAT) |

1. **Fee income** in addition to **B.** (above) you billed for non-recurring work i.e. Financial Services,

Special Investigations, Business Plans etc:

|  |
| --- |
| £ (excl VAT) |

1. How long has your firm been established? ………………………………………………………
2. How long have you worked in this firm? ………………………………………………………
3. If you are computerised, what software do you use? …………………………………………..
4. **Reason for sale :**

|  |
| --- |
|  |

1. **CLIENTS**
2. Number of clients split between (if these are grouped together, please so indicate):

**TYPE No. FEE RANGE No.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Sole Traders |  |  | Below £250 |  |
| Partnerships |  |  | £251-£500 |  |
| Limited Cos |  |  | £501-£1000 |  |
| Tax only |  |  | £1001-£5000 |  |
| Others |  |  | £5001-£10000 |  |
| **TOTAL** |  |  | over £10000 |  |

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B. Analysis of geographical location of clients, i.e. where situated

|  |
| --- |
|  |

C. From which towns/areas could fees be serviced

|  |
| --- |
|  |

**4. FINANCIAL ANALYSIS**

A. Please list below the gross fees for the last 3 years, net disposable profit (before tax) & gross payroll

cost:

|  |  |  |  |
| --- | --- | --- | --- |
| **YEAR ENDED**  **(oldest first)** | **TURNOVER / £** | **NET DISP.**  **PROFIT\*\*/£** | **GROSS PAYROLL COST / £\*\*\*** |
| 20 |  |  |  |
| 20 |  |  |  |
| 20 |  |  |  |
| Projected |  |  |  |

\* Profit **AFTER** rent, rates etc? **YES/NO\***; **AFTER** finance costs? **YES/NO\*** **\* delete**

\*\*\*The gross payroll cost should include all NI, all bonuses & staff pensions

B. Are the fees charged:

|  |  |  |  |
| --- | --- | --- | --- |
| Monthly? | Quarterly? | Annually? | Are any on standing order? |

C. What is the level of work in progress carried by the practice?

|  |
| --- |
| £ |

1. What is the average level of debtors outstanding and what age are those debts?

|  |  |
| --- | --- |
| **Level** | **Age** |
| £ | Days |

**5. STAFF**

1. Current salary and charge out rates for staff:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **GRADE** | **NO.** | **RATE/HR** | **SALARY** | **YEARS EMPLOYED** |
| Principal / Partners / Directors |  | £ | N/A | N/A |
|  |  | £ | £ |  |
|  |  | £ | £ |  |
|  |  | £ | £ |  |
|  |  | £ | £ |  |
|  |  | £ | £ |  |
|  |  | £ | £ |  |
|  |  | £ | £ |  |
|  |  | £ | £ |  |
|  |  | £ | £ |  |

|  |  |
| --- | --- |
| **TOTAL SALARIES** | **£** |

1. Gross payroll cost (inc employer’s contributions) for key staff? £…………………………………….

C. Is it a condition that the staff be retained by the new owner? **YES\*/ NO\*/ PREFERABLY\*** (\*delete)

(details) **……………………………………………………………………………………………………………**

**6. PREMISES**

A. If freehold, what is the estimated value? £………………………….

B Are fixtures and fittings to be sold; if so what is the valuation? £………………………….

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C What are the current yearly costs for the following?

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **RENT** | **RATES** | **HEAT** | **LIGHT** | **INSURANCE** | **PI** | **OTHER EXPENSES** |
|  |  |  |  |  |  |  |

D If the property is rented:

|  |  |  |  |
| --- | --- | --- | --- |
| **What type of lease**  **Is there?** | **How long is the**  **present lease?** | **When is the next**  **rent review?** | **What accommodation does the**  **property have?** |
|  |  |  |  |

E What car-parking facilities are there? .............................………………………………………………

F If it is absolutely vital that the purchaser should service your clients from your existing offices,

please state why: …………………………………………………………………………………………..

….. …..………………………………………………………………………………………………………..

………………………………………………………………………………………………………………..

**7. SELLER'S REQUIREMENTS**

1. Do you want a capital sum for your goodwill? …………………………………………
2. Are you prepared to accept an earn-out as payment for your goodwill?………………………………
3. Other requirements: ……………………………………………………………………………………….

……………………………………………………………………………………………………………………..

**8. CONSULTANCY FEES** – **ALL INTRODUCTIONS ARE SUBJECT TO ANY SEPARATE AGREEMENT WE**

**MAY ENTER INTO.**

*As an introducing broker, APMA will assist you as the Vendor (or Mergee) as it assists the Purchasing 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***

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

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

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

Confirm 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

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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 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?***