

Our Ref: PMQ pack1/APMA website/

Dear Sir or Madam

**YOUR WISH TO MERGE YOUR PRACTICE WITH ANOTHER PRACTICE**

If you wish to merge your practice or a block of fees you will need to register with APMA using the accompanying Practice Merger Questionnaire (PMQ), which we should be pleased if you would complete and return to us by scanning (email attachment) 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 and, at a later date, to potential merging firms so they can see what they may be buying.

If, in the future, we discuss a specific opportunity, your information will, if you give us permission to release your anonymous profile to them, assist us in discussing your interest with the principals of that firm and will enable them to determine whether they wish to have an initial meeting with you. **Until you give us permission, we will treat all information given by you in strictest confidence and retain your anonymity.**

An overview of the way forward, using a structured format, is as follows:

*Having received your completed questionnaire, we will arrange a time for us to visit you to consider your options and explain the mechanics of how we propose to proceed with the merger (or sale or otherwise) of your practice. This meeting is likely to last up to three hours and will ensure that there are no questions unanswered and that we understand your wishes and your practice philosophy. During the meeting we will discuss a marketing strategy with a view to identifying those firms to be targeted with a personal letter, possibly supported by advertising in the accountancy press.*

*Having returned to our office we will prepare a draft Letter of Engagement and marketing proposal for you which will regulate our activities. Once you have signed it we can proceed.*

*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 addressing the letters, stuffing and franking the envelopes and handling all telephone and written response, including any visits which may be necessary, is just £1.00 per firm. So you will see that the marketing exercise is unlikely to cost less than £1,000.*

*As indicated, we will handle all the response to the marketing and we will require those showing initial interest in your opportunity to complete a paperwork-screening process, which includes providing us with their firm’s profile and signing a Letter of Confidentiality.*

*When we have identified a specific and potentially suitable opportunity, you will be sent their* ***Stats Profile****, which is a statistical summary of the other practice, together with a narrative which expands on their own requirements.**If you sign and return their* ***Stats Profile****, that will authorize us to release your identity to the other party. On the assumption that they wish to meet you too, we will arrange the initial meeting, possibly on neutral territory. If there is a ‘meeting of minds’, following release of further financials, both parties may be invited to carry out due diligence. You will note that we provide all contractual paperwork as part of our service.*

Throughout the whole process, we shall provide a readily accessible conduit through which there will be prompt communication.

I am sure you will realise that for a variety of psychological reasons principals will be happier replying to us as an independent third party, complete with the confidentiality and advice we give them, than they would responding directly to an approach by the first party (yourself).

You only pay our fees when you have successfully purchased/merged with or sold to a practice or block of fees 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**.

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 could be well worth the investment, especially as, at any one time, there could be many other potential merging firms seeking a formal relationship.

It is our sincere belief that it is always possible to achieve a situation where both parties are happy with the deal which has been struck; it is simply a question of matching ‘round pegs with round holes'.

If you have any queries, please do not hesitate to contact us, but in the meantime, upon receipt of your paperwork we shall contact you.

Yours faithfully

for APMA

##### JRK signature0004

**Jeremy Kitchin**

Encs: PMQ Questionnaire

Letter of Confidentiality

Summary of our services



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

Ref: 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 new owner 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. What computer software do you use? ……………………………………………………………
3. How long have you worked in this firm? ………………………………………………………
4. **Reason for wishing to merge:**

|  |
| --- |
|  |

1. **CLIENTS**
2. No of clients split between (please so state if grouped together):

**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**

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** | **P.I.** | **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 merging firm should service clients from your existing offices,

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

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

**7. YOUR 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 one Merging (or Purchasing/Buying) firm as it assists the other Merging (or Purchasing/Buying) firm and it usually charges both parties an equal fee which is based on the sum of the anticipated fees merged with, sold or bought. 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 BUY, SELL OR MERGE YOUR 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

**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 2004.
* 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?***