



Broking Breakfast: Buying or selling an intermediary

Insights from the front line

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Today's speakers



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Agenda



01 Introduction
John Needham

02 Finance & Client
Money
Will Lanyon

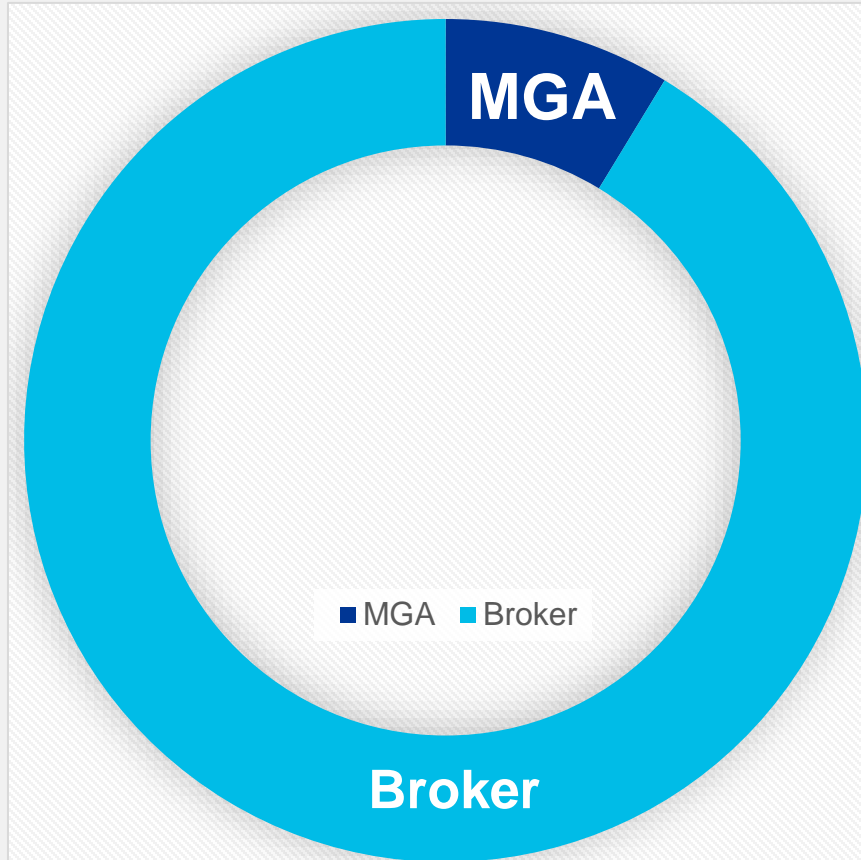
03 Corporate &
Employment Tax
Tom Golding

04 VAT
Mark Ellis

05 IT
Phil Broadbery

06 Root causes &
Q&A
John Needham

Our experience



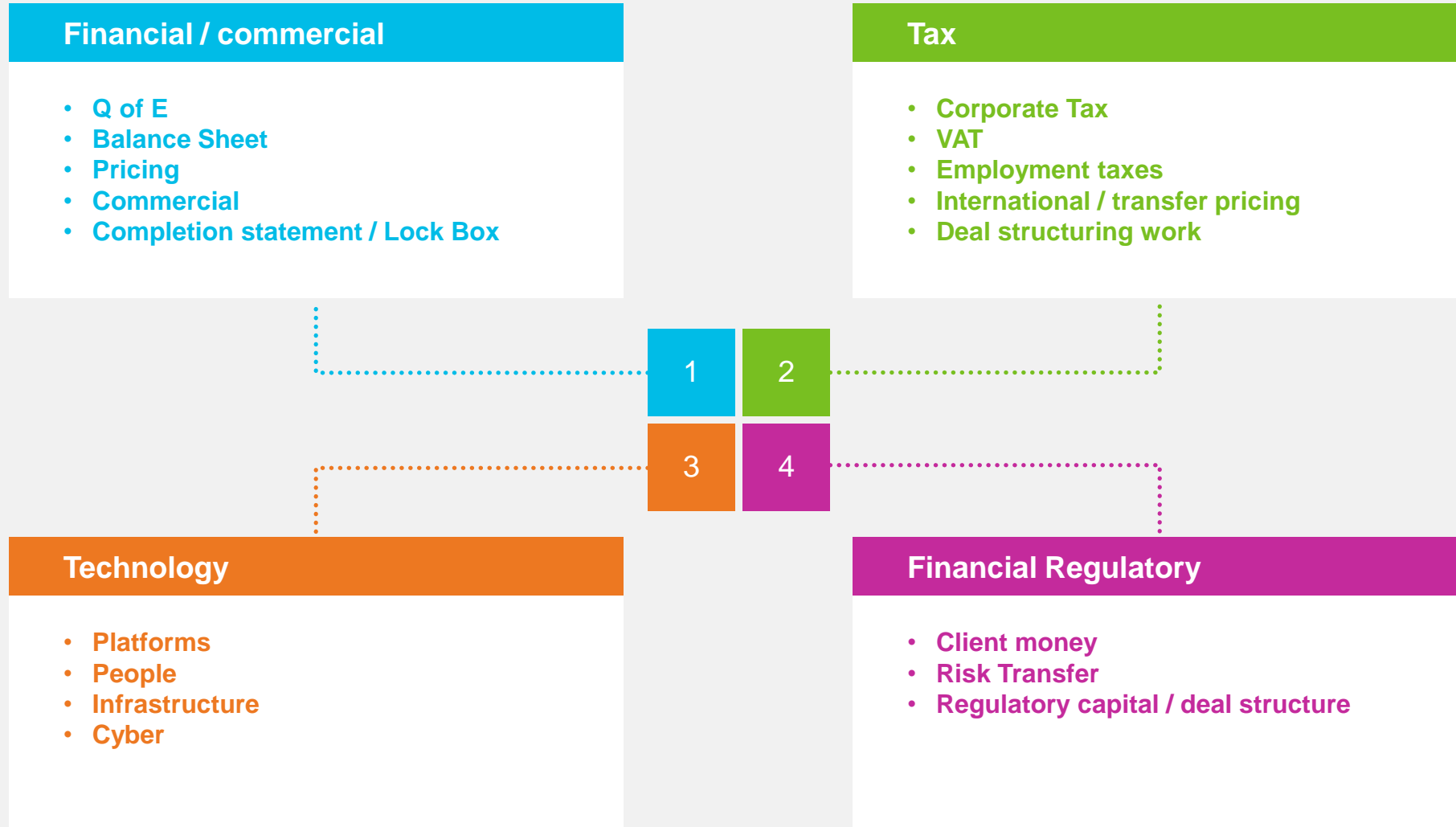
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Due diligence and investigatory assignments carried out in the last 20 months

Very few deals have been abandoned – where they have it's a regulatory or tax issue where the seller can't get comfortable

-  Buy side and sell side
-  Platform deals and bolt ons
-  Equity / Debt finance
-  Advised / non advised
-  Lock box / completion accounts basis
-  2 months – 12 month time periods

Components of our work



Issues identified on financial DD

Will Lanyon, Director – Transaction Advisory

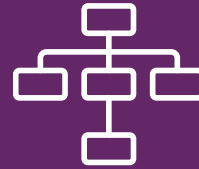
Issues identified on financial DD



Data v systems



**Retention rates v
premium rates**



**Back office
infrastructure**



**Revenue
recognition**



Reconciliations



PC or overrides



**Missing balance
sheet items**



**Regulatory issues
surrounding dual
income & property
owners**



**Quality of earnings
adjustments**



**Concentration
risks**

Financial regulatory



Client money and risk transfer



Funding



Solvency

Common tax findings

Tom Golding, Director – Corporate Tax

Common tax findings



Employment related securities



EMIs



Benefit reporting



Salary sacrifice



Lifestyle businesses



Off payroll workers



Loans to directors



Overseas operations

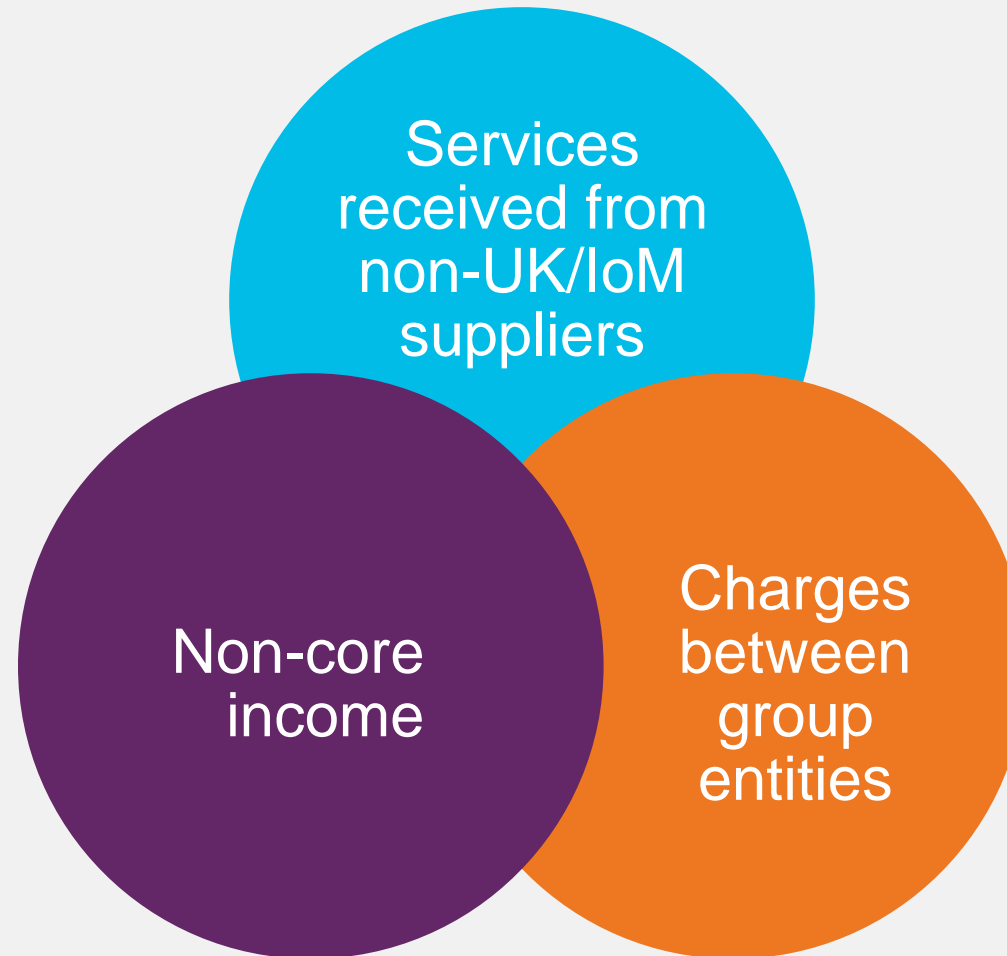


Transfer pricing

Unforeseen VAT liabilities

Mark Ellis, Partner - VAT

▀ Unforeseen VAT liabilities



IT due diligence

Phil Broadbery, Partner - Technology

10 checklist items for IT DD



IT physical infrastructure



Inventory of IT agreements



IT performance and maintenance



IT risks and controls register



Breach and incident register



Internal audit reports and controls



Structure and team



Data protection policy and procedures



Strategy and project management



Network security and testing

Root causes of poor DD outcomes

John Needham, Partner – Transaction Advisory

▀ Root causes of poor DD outcomes



- Quality and dedication of functions e.g. finance / ops / tech
- Platforms / Tech
- Advisors – day to day advisors and as part of the sale
- Preparation / experience



▀ Question and answer



Any questions?



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