

PCEF guidance notes

**Area G –
Business advice,
development and
measurement**

Area G – Business advice, development and measurement

Unit PC13 – Provide advice and support in meeting regulatory obligations

This unit is about assisting clients with their regulatory obligations. It involves keeping up to date with changes in legislation, providing appropriate advice and carrying out the functions required to enable clients to meet their regulatory obligations. The role requires a thorough knowledge of current and proposed legislation and how it relates to clients.

Element reference	Demonstrated behaviour and examples
Element BA1 Identify and advise on relevant legal and regulatory obligations	<ul style="list-style-type: none">• Identify and monitor specific regulations which clients must comply with• Identify, monitor and control business risks associated with the legal and regulatory environment• Offer accurate advice which is consistent with the regulations• Advise clients on the introduction of procedures and systems that may assist them to comply efficiently with regulations• Supporting clients by providing seminars and literature about their regulatory obligations
Element BA2 Provide support in meeting regulatory obligations	<ul style="list-style-type: none">• Answer client specific queries on meeting regulatory obligations• Set up a company for a client• Be aware of, and be able to explain, any reasons for not being able to perform certain roles which impinge on independence• Carry out the functions required in order to meet regulatory obligations, eg prepare and file regulatory returns• Discuss with client any errors, omissions or misinformation and where appropriate inform the appropriate authority

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Unit PC14 – Formulate business strategy, objectives and plans

This unit is about the accountant's role in assisting clients with business planning. It requires you to have a clear understanding of clients' businesses and their direction and long-term goals. You need to apply a range of business planning techniques as well as having a clear understanding of the political, economic, technological and social environment.

Element reference	Demonstrated behaviour and examples
Element BA3 Formulate business strategy and objectives	<ul style="list-style-type: none">• Consult with clients to formulate recommendations for business strategy• Analyse any internal or external factors such as budget constraints and/or competitor information• Perform SWOT analysis, investment appraisal techniques, market surveys and sensitivity analysis• Evaluate the organisation's capability to achieve its strategic objectives• Translate business strategy into clear targets and objectives• Identify suitable performance measurement criteria• Communicate ideas, strategies, targets, performance criteria and recommendations to clients
Element BA4 Devise business plans	<ul style="list-style-type: none">• Define and prepare clear business plans which enable business strategies and objectives to be realised• Involve relevant personnel in the development of the plans and ensure they are aware of the benefits and constraints of specific plans• Make allowances for risks and contingencies where necessary• Provide details of the resources needed to achieve plans• Assist clients to specify a timetable for review

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Area G – Business advice, development and measurement

Unit PC15 – Assist clients to raise finances for business investment

This unit is about the provision of guidance, advice and assistance in raising finance. It involves helping clients to understand the financial and business implications of raising capital or debt finance. It also includes assisting clients to understand the various options of finance from different sources.

Element reference	Demonstrated behaviour and examples
Element BA5 Assist clients to understand and evaluate their options for raising finance	<ul style="list-style-type: none">• Discuss business objectives with clients and clarify the need for, and value of, raising finance• Discuss the purpose and applicability of different ways of raising revenue and capital funds• Clarify clients' understanding of the principles, implications and formalities of raising finance• Investigate the finance options available and analyse the costs and benefits of each option• Discuss finance options with clients and recommend the most appropriate options• Introduce clients to specialist advisors and intermediaries, where appropriate
Element BA6 Assist clients to raise finance to achieve objectives	<ul style="list-style-type: none">• Support clients in devising a business case for raising finance• Assist clients to assemble the information needed to seek finance• Support clients through the process of securing new sources of finance, eg by preparing applications for finance and attending meetings with finance providers• Assist clients to judge the value and applicability of different offers of finance

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Unit PC16 – Evaluate potential business/investment opportunities

This unit is concerned with investment appraisal and requires you to assess the business risks associated with any proposed ventures. You are expected to be aware of market conditions which may impact on future ventures or investments and make suitable recommendations.

Element reference	Demonstrated behaviour and examples
Element BA7 Determine the risks and benefits associated with business/investment opportunities	<ul style="list-style-type: none">• Evaluate the potential return (including non-financial) of business/investment opportunities• Evaluate the risks associated with business/investment opportunities• Calculate the financial requirements for the investment opportunity• Identifying the advantages and constraints of potential corporate action• Ascertain the need to secure finance and identify sources from which that finance may be obtained
Element BA8 Recommend ways of optimising the use of assets	<ul style="list-style-type: none">• Consider the ways that assets (cash/current assets/fixed assets) are being used to achieve the clients objectives• Identify ways to optimise the use of these assets in the organisation• Analyse trends and developments which may affect the way the assets are used• Recommend ways of developing assets, where appropriate
Element BA9 Establish the value of businesses	<ul style="list-style-type: none">• Advise on/agree a formula for valuation with clients• Establish and agree a valuation of the business with clients• Discuss and agree the valuation review period and mechanism with clients• Prepare a valuation report• Outline all relevant issues to clients once a valuation has been completed

Click [here](#) to view examples



Area G – Business advice, development and measurement

Unit PC13 – Provide advice and support in meeting regulatory obligations

ELEMENTS	
BA1	Identify and advise on relevant legal and regulatory obligations
BA2	Provide support in meeting regulatory obligations

EXAMPLE 1

BA1

I was recently assigned a client in the manufacturing industry who had 50 staff. I was responsible for managing the client, providing management accounting reporting and payroll on a monthly basis for the client, producing all payslips and payroll reporting, as well as a monthly meeting to discuss results.

The payroll consisted of 35 of these staff who were paid minimum wage. Due to a recent change in legislation on minimum wage, I had to advise the client of this, and so contacted their office.

I arranged a meeting where I discussed the changes with the client. Upon discussion, it was discovered that the client had a wide age range of staff members, and so I had to request a report where we could determine the age of each employee and the pay level for each staff member. Also, I had to determine the apprentices as these staff members received a different remuneration due to the training scheme requirements.

From the report, I was able to determine the staff members that were affected by the new National Minimum Wage, and I built the new rates into the report, showing the variance in overall payroll costs for the company, and determining staff that fell under the standard minimum wage, and those who fell under the apprenticeship minimum wage. Upon agreement with the Managing Director, I then arranged for the new rates to be updated to meet the new legal requirements, which took effect from the April payroll.

BA2

For one of my clients, a law firm, I had to produce an accountant's report, in accordance with the regulatory requirements set out by the Solicitors Regulation Authority (SRA). This is a requirement for any firm that holds client money in their accounts.

I attended the firm's premises, obtaining all the relevant information and bank statements. I had to follow through and carry out appropriate tests to ensure that transactions were timely, within the requirements of the SRA and there were no concerns that client balances were used for firm transactions and costs.

Following this, I completed the AR-1 reporting form for the client to provide to the SRA within the 6 month guideline. This concluded the final stage of the process.

EXAMPLE 2

BA1

I had a client that had acquired a number of rental properties in the year. As part of the transactions the client entered into a number of leasing contracts. They asked for advice on whether to account for the contracts as finance leases or operating leases. I reviewed the contracts and categorised each contract either as finance or operating lease in accordance with IFRS. I also advised the client on the difference between the two categories and the implications for accounting. I also explained the business risks associated with the different leases. I visited the client and gave the finance team a short presentation on the difference between operating and finance leases and answered any questions raised by the staff. I also advised the client on procedures they need to have in place in order to account for the leases in the correct way. One of these included a regular review of the leasing contracts in order to spot onerous leases in time and make any appropriate provisions accordingly.

BA2

A new client was accepted and I was tasked with being the audit manager for the first year. It was uncovered that the company had filed incorrect tax returns for some years prior to the audit. This resulted in overstated tax assets on the face of the financial statements. As I was a member of the audit team I was not able to prepare the documentation on behalf of the client as there would have been an independence threat as a result. I explained this to the financial director of the company and referred her to our tax department, who were able to provide the tax advice following the implementation of the necessary safeguards. Once the correct tax documentation was completed, I discussed the regulatory and accounting implications with the client and advised on the best way to communicate with the tax authorities regarding this topic. In the end the tax assets were adjusted in the final financial statements of the company.

EXAMPLE 3

BA1

During the period the decision was made by management to reduce the time spent in delivering perishable food products from warehouse to store by purchasing our own transport vehicles and hiring our own delivery drivers as opposed to using the existing third party provider. In order to bring this in-house and more under our control it was imperative that regulations were adhered to in relation to insuring the company vehicles (and drivers) as well as reviewing the European Working Times Directive to ensure the company was not in breach of the drivers' regulated hours when driving long distances to make deliveries. Management were also committed to ensuring they undertook regular reviews and fully complied with ongoing changes to regulations.

I researched the necessary areas so that I could provide guidance on all aspects of legal and regulatory obligations that would impact the business and prepared a report to management advising them of the requirements to put into force. This included that drivers had a minimum daily rest of 11 consecutive hours in every 24 hours and they are limited to weekly working hours, which must not exceed 48 hours on average. I also advised management of the maintenance required of the transport fleet and ensured that maintenance needs were in line with legal requirements for company vehicles.

BA2

When the new pension regulations came into force, it was my responsibility to ensure that all eligible employees were appropriately enrolled into the Automatic Enrolment Scheme (AES) which is a government initiative to help more people save through a pension scheme at work. Firstly I devised a spreadsheet which I used to assess which employees within the company were eligible for the AES; this highlighted 14 such staff who earned over the earnings threshold. Since our existing schemes were not suitable for auto-enrolment I had to set up another scheme which met the requirements.

After researching various alternatives I decided on the NEST (National Employment Savings Trust) scheme due to the simplicity of its set up and the number of staff involved. I ensured that the scheme was fully and accurately set-up, attached it to our internal payroll system, handed pension letters to each new employee and communicated the impact of auto-enrolment to the affected employees. I explained what contributions they would be making to the scheme and in turn, what contributions the company would be making as well as which fund will be managing the scheme. I illustrated to them how their pension funds can be accessed and monitored online. I recommended that steps are implemented to review annually the pension arrangements for all employees.

Area G – Business advice, development and measurement

Unit PC14 – Formulate business strategy, objectives and plans

ELEMENTS	
BA3	Formulate business strategy and objectives
BA4	Devise business plans

EXAMPLE 1**BA3**

I attended a meeting with one of our entrepreneurial clients who had a successful small bar/restaurant business and were looking to expand. They approached me to assist with planning and performance of the business.

At the meeting, I provided them with assistance in carrying out a financial analysis of their current business. These analyses lead to a discussion around business expansion and how they wished to achieve this. The business was looking to enter the home delivery market, and also expand the units and their brand. I evaluated the various options such as capital expenditure on delivery vehicles versus using app based delivery providers, as well as whether to expand themselves or franchise their model.

Following a decision by the directors based on my information, I then assisted in laying out a plan and targets to achieve in order to successfully expand the business. This included: clarifying the business idea and aims, identifying potential risks and issues and measuring this success over a five year period.

BA4

Following on from my discussions and meeting with my bar/restaurant client, they made a decision to expand and in order to do this, had to seek a finance package from their bank. I therefore assisted the client by preparing a business plan. This included discussing what type of expansion was required. Following our discussion of the different options available, the decision was taken to undertake and pursue a national franchise.

I compiled the business plan using information already prepared including quarterly management accounts. From this, I analysed the trends for growth to predict future growth, taking into account the expected results of the expenditure and the expansion into home delivery. I also considered the effects on cash flow as a result of loan repayments and further costs. I also undertook a review of potential risks which included competitor analysis and customer demand. I discussed and presented the business plan to the client prior to finalising it for them to present to the bank to support their loan application. The client was pleased with the approach taken and the details within the business plan. I received confirmation from the client that the bank was willing to support the loan.

EXAMPLE 2**BA3**

I had a new client that was a property management company. They were investing in numerous projects across the country, mainly concentrating in big city centre developments. The firm was looking to sign significant contracts in value with a number of different investors. I prepared a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) on specific properties that they were intending on investing in and met with the client to advise on the results of the SWOT analysis. The main opportunity that the client wanted to discuss further was the increased development in the city centres across the country with a lot of existing buildings being converted into residential flats, which was the main target market of my client. I also oversaw different investment appraisals for the new projects and advised the client on the findings of these. There were a couple of buildings that were undervalued according to one of our market experts. These were of a particular interest to the client and he decided to contact the property development company that was responsible for the conversion of these two buildings. The client adopted this as their main short-term business objective.

BA4

For the property management company I was responsible for preparing a business plan for investment purposes. I had four different client meetings to devise this and I produced a business plan that covered the agreed timescale of five years. The investment projects were split by year, by location and by size. Each one of them included an overall summary of the costs involved and the expected return; with detailed calculations included in the appendix.

The final client meeting included presenting the completed business plan to the board of directors and answering any questions they had. During the presentation I explained the main risks associated with each one of the projects (ranging from unattractive location for residential purposes to potential structural risks with the building based on its age) and suggested allowing for some contingency costs before entering into a future contract. The presentation was appreciated by the client and I received positive email feedback in the following week.

EXAMPLE 3

BA3

I was involved in helping a client with the sale of a particular area of their business. I was an integral part of the team as I was responsible for setting the targets to achieve this strategic goal that they had set themselves. This included evaluating their current finance system and process requirements to ensure these were in place prior to the sale. Whilst working with the client to define the sale plans which were incorporated into the overall business plan it was discovered that the current finance system they had in place would not be sufficient to go ahead with the sale of the business. The system was quite limited in the number of reports it provided and the analysis of bigger data sets was slow and inefficient. I recommended that it would be in the client's best interest if they purchase a mid-tier finance system in order to achieve the goal they had of selling this part of their business.

BA4

Once the client had purchased the finance system required for the sale of the business, the finance director and I worked with the client to devise the closure plan. This included transferring various activities to other parts of the client's business along with advising the relevant staff that the part of the business they were working in was in the process of being sold. I assessed the level of funding required to close down this particular part of the business and I provided detailed spend proposals and cash flow forecasts to the client to enable them to make an informed decision on when the best time would be to go through with the sale. I also discussed with the client the importance of communicating the changes and the longer term strategy to staff and wider stakeholders, given that some individuals may be affected by the changes. The client agreed to schedule a meeting explaining the changes to the affected stakeholders and was satisfied they had all the required information to go ahead with the sale.

Area G – Business advice, development and measurement

Unit PC15 – Assist clients to raise finance for business investment

ELEMENTS	
BA5	Assist clients to understand and evaluate their options for raising finance
BA6	Assist clients to raise finance to achieve objectives

EXAMPLE 1**BA5**

The director of my cake manufacturing client came to the office to discuss some expansion opportunities of her company. The business had been steadily growing over the last few years and she recently secured longer term contracts with two national supermarket chains. As a result she wanted to expand the existing production site and also modernise some of the factory equipment.

My client wanted to apply for a bank loan to purchase a new site adjacent to the existing premises and also buy new equipment for the factory. I explained to her that there are also other ways of raising finance and not everything needs to be financed by a bank loan. I indicated that a bank loan of the proposed amount may have significant implications on the leverage of the firm and there could also be stringent loan covenants, which may adversely impact the business in the future.

I went through the benefits and drawbacks of a number of different finance options and recommended that an operating lease for the factory equipment might be the best option based on her current plans and the technological advancement in the area. By choosing this option she could benefit from using the latest equipment, which will be serviced by the lessor and she would not need to have a huge upfront cost.

The plot of land that was adjacent to the existing factory was in the middle of a popular industrial estate. The company that used to own the plot had recently gone into liquidation and they were selling the land. As my client owned her premises and given the popularity of the estate, I suggested that she might benefit from the increasing market prices in the future, so buying the land could also be seen as a potential investment. I introduced the client to one of the valuation specialists we work with, so he could also provide some professional advice. Following that meeting the client decided to apply for a bank loan and purchase the plot of land.

BA6

In order to apply for the loan the client needed a well-structured business plan and copies of the signed accounts for the last three years. I helped the client with the preparation of the business plan and also advised her to provide copies of the signed contracts that she had secured with the supermarket chains.

I helped the client with the application for the loan and attended a meeting with my client and her bank business relationship manager. Following the meeting the bank offered three different loans to my client, all with different interest rates and loan terms. I analysed the different options and prepared a summary paper for my client, where I listed the main benefits and drawbacks of the offers. The loan offers varied with regards to the length of the loans, the interest rates and the covenants required. I recommended applying for a three year loan with limited collateral, which was less onerous on the client and the monthly repayments were in line with the client's affordability. She reviewed the paper and agreed with my recommendation, which led to a successful outcome for the client.

EXAMPLE 2**BA5**

One of my clients is a big engineering company that wanted to invest in a number of civil engineering projects. I met with the client to discuss their business objectives and financing needs. I spent time with a team of colleagues researching the available sources of finance and appraised the various finance options available to the client. In addition to the standard bank loans that the firm was looking into, I found out that they can apply for a government grant due to the type of work they will be performing and the benefits that the local communities will get. The company wanted to invest mainly in road infrastructure and flood defences across some of the most deprived regions in the country. I had another meeting with the client where I presented my findings and advised the client to look into the government funding option.

BA6

After careful consideration of the different options presented to the company, the board of directors decided to pursue the government funding option. I sourced the right application forms that had to be completed and assisted the client to assemble a range of financial and management accounts needed to support the application. Part of the application process included outlining the benefits for the local communities. I helped the company to prepare this as a colleague from my team was local to the area and helped me with some local knowledge.

I met with the client on numerous occasions to ensure they understood the process and the requirements related to administering the government grant if the application was successful. A month after the application was made, two separate offers were received by the local council. I helped the client analyse those and advised that one of the options should be accepted (the one for the road infrastructure). The application for the flood defences had a number of restrictive conditions and would have resulted in an overall loss for my client.

EXAMPLE 3**BA5**

Within the printing business we use an invoice financing facility to cover the working capital requirement. I was tasked with improving the efficiency of raising finance as well as investigating other options of raising additional finance for the business. In order to improve the efficiency of the existing financing facility I managed to locate significant amounts of capital currently inaccessible due to reconciliation errors; by improving the invoice allocation I managed to improve the usage of the facility and released extra finance. I also ensured that the company's debtor review process was addressed to ensure that any slow payers were chased accordingly to improve the overall outlook of our sales invoicing. After discussion with the director, I implemented additional procedures for chasing outstanding debts within 14 working days.

In order to consider alternative sources of financing I reviewed the possibility of increasing the overdraft facility with the bank and investigated the business' potential for the use of sale and leaseback. Further discussions took place to agree a temporary increase in the overdraft facility to support the future of the business.

BA6

In order to determine whether the business would be granted an increased overdraft facility I reviewed both historical trading performance and future business projections based on the existing level of trading at the printing business which I anticipated the bank would review in order to determine the company's ability to both repay the overdraft facility as well as the possibility of any future breach of covenants in place. I also created a draft sale and leaseback deal on our fully paid up vehicle fleet and negotiated a good interest rate in advance. Both options were documented in a report to management, showing clear costs and benefits associated with each and, as a result of my work, the sale and leaseback deal was entered into which further improved the company's cash flow situation.

Area G – Business advice, development and measurement

Unit PC16 – Evaluate potential business/investment opportunities

ELEMENTS	
BA7	Determine the risks and benefits associated with business/investment opportunities
BA8	Recommend ways of optimising the use of assets
BA9	Establish the value of businesses

EXAMPLE 1**BA7**

My client who operated in the car industry was looking to expand their showroom portfolio through the purchase of a further showroom. The directors were considering financing this through available capital rather than loans or other financing.

I arranged a meeting with the client to discuss the current management accounts. At the meeting, they laid out the plans and established the staffing, assets and other items which would be needed to be financed. Once I had gathered all the facts, we established a financial forecast for the first year, based on sales and costs of previous start ups for the group and building in other factors such as inflation and changing customer trends.

Once the forecast was prepared, it became apparent that by using the capital available in the business, this could lead to future risks such as cash flow difficulties for the group. As part of my presentation I looked at other sources of finance, such as loans, mortgages and outside investment, as well as the associated costs and effects on cash flow. After further discussion with the client, we agreed that a loan would be a viable option should cash flow difficulties occur and the client was comfortable with this approach.

BA8

One of my clients in the retail sector was looking at ways of reducing costs, and approached me to discuss their current inventory levels, as they felt this had a large effect on their cash flow. I arranged an inventory count to take place of the items and a follow up meeting with the client. From discussion it became apparent that a lot of inventory was not turning over quickly. I discussed this with the client and they explained that they bought in bulk due to discount. I then took action to weigh this discount value up against the costs of storage and warehousing. From my analysis it became apparent that the company could free up cash and save overall by switching their inventory policy toward supply and demand. As a result of the analysis, the firm was able to undertake a review of work force salaries and overheads by reducing their warehouse units, and only purchasing inventory as required. The freeing up of cash allowed investment in other areas of the business, and helped to increase profitability.

BA9

One of my clients working within the bar/restaurant trade were looking to sell their business, and approached my firm for assistance. I attended a meeting with the client to discuss the options, such as selling as a going concern or selling the assets and the property. As the client owned the premises, I discussed the options around selling the property with the business, or selling the trade and leasing the building to the owner/tenant.

The client decided after discussion to sell the business as a whole, including the property. To conduct the valuations, I firstly decided on an asset valuation by looking at the value of the assets and liabilities of the business. As I am not an expert, I sought the assistance of a surveyor to ensure that the correct market value was used for the property. After conducting an onsite visit, the surveyor confirmed the market value was as we initially expected. The client was satisfied with this outcome as it allowed them to consider selling the business as a whole with the property. I then considered the other areas of the business such as the share value and goodwill, using techniques such as the price earnings ratio to calculate the relevant values and arrive at an overall sale price, to promote to interested parties. I was able to prepare a valuation report for the client with the aim of promoting the sale of the business and property.

EXAMPLE 2**BA7**

One of my clients held the franchise for a chain of fast food outlets. They wanted to expand and bid for three more franchises. I had to determine the value of the business in order to put in a bid for the additional franchises. I was provided with expected turnover and I was able to analyse different income streams of the business and the relevant costs associated with them. I assisted the managing director in the review of the income streams. I was able to present my findings at a client meeting where I discussed the cost-benefit analysis of the potential investment and I also identified the advantages and risks of the corporate action. The main advantages were the big profit margins and the well-established name of the fast food outlets. These were positive signs for quick return on the initial investment. The main risk was the increased demand for healthier food and the increased negative perception towards fast food outlets. The director was pleased with the report and after evaluating it decided to go ahead with the bid as initially planned. This was successful and allowed the company to further increase its geographical presence.

BA8

One of my clients is an international transport company. Over the last year they lost a contract which meant that 40% of their lorries were not in use for a substantial part of the year. This caused serious cash flow issues for the client as it was one of their biggest contracts and a decision had to be made to sell the lorries or to bid for a new contract to try and get them back into use. I performed a ratio analysis on both scenarios and also investigated the tax implications on the current and future asset structure. I presented my findings at a board meeting and recommended that the company should try and secure another contract within a three months' time frame. If this was not achieved, then selling the vehicles was the next best option. However, I recommended that if they needed to go ahead with the sale, they should wait until the next financial year when they were expecting bigger operating expenditure, thus offsetting some of the profit on the sold vehicles.

BA9

One of my manufacturing clients in the period was trying to establish the value of one section of their business. They felt it was losing money due to reduced customer demand and they wanted to disband that side of the business and sell off the assets to invest in more lucrative projects. I was tasked with establishing and agreeing a valuation of this part of the business with the client and I had to prepare a valuation report. This was presented at a client meeting along with my recommendations and a SWOT analysis of selling versus not selling the division of the company. This generated a number of discussion points which I facilitated and provided guidance on before delivering my outcome. Overall, my recommendation was to sell that part of the business to a smaller competitor and invest the funds in the development of a new product that the firm recently patented.

EXAMPLE 3

BA7

During the period our small HR consultancy company decided to investigate the possibility of investing in a new, large scanning machine in order to automate this manual side of the business. I carried out a detailed cost benefit analysis associated with the investment and reported this to management. This analysis confirmed the return on investment by year four as well as estimated future savings, especially in relation to off-site paper-storage costs and utilisation of staff time carrying out the current time-intensive process. Included in the costs of the proposal were not just the one-off initial cost of the scanner but also on-going maintenance costs and the cost of paper shredding and recycling once the information was scanned into the searchable database online. The analysis also considered the non-financial risks associated with investing in this equipment including likelihood of breakdown and potential loss of client's data as well as resulting General Data Protection Regulation (GDPR) ongoing compliance.

BA8

With the decision made to invest in the scanning equipment I put forward recommendations as to how to optimise its use within the office. This included considerations as to its physical location (and the confined availability of working space) which would impact the performance of the machine, adequate training to ensure optimal usage by on-site users as well as their ability to fix small mechanical breakdowns. This would limit the intervention of the external maintenance team and associated costs but in light of my review it was decided that insurance would be purchased to cover an initial period of three years in order to reduce the issue of interrupted workflows, loss of sensitive data etc. in the face of breakdowns. With the increased use of the cloud-based storage in the business, it was also proposed that the contents, once scanned, would be entered into a searchable database in the cloud that could be securely retrieved by approved users only.

Once a location was decided the utilisation of space surrounding the machine was also reviewed and additional storage units were provided in close proximity to allow for input and output streams to be carefully monitored and any duplication of workflows to be avoided. It is anticipated that the machine will not only bring cost savings and improve the profitability of the business but will also ensure that we remain competitive.

BA9

Following management's decision to sell off one of the manufacturing group's subsidiaries as part of its longer-term business strategy, I was asked to prepare a valuation of the existing operation as a starting point for negotiations with prospective buyers. After consideration of various valuation methods and given the significant tangible asset base of the subsidiary, I started with the asset-based valuation method which is based on the sum of assets less liabilities. The starting point for my calculations was the prior years audited accounts which I then adjusted to reflect current market rates. However, as a going concern, it was important not to under-value the subsidiary therefore I also considered the growth potential of the business. This is a key attribute and attractive to potential buyers who are able to see their initial investment realised more quickly within a growing business.

I prepared the valuation report, which I presented to the management board, outlining all of the issues above. Discussions then took place and it was agreed that the valuation represented a fair value of the subsidiary. The management board then held conversations with a number of prospective buyers and finally negotiated the sale of the subsidiary at a price that was very close to the one outlined in the report I prepared.