

IPO READINESS REVIEW



COMPANY PLANNING AN IPO IN THE FUTURE?

What is an IPO readiness review?

- A free of charge assessment of how prepared a company is for a future IPO, with a particular focus on accounting and financial aspects.
- It provides the board and its advisers with an indication of practical steps that can be taken in the short term to assist a future IPO process.

Why perform an IPO readiness review?

- Although an IPO might not be planned for some time, preparation work can be onerous. Have opportunities been identified to bring work forward and thereby reduce the pressure on management nearer to the IPO?
- Have all potential future stumbling blocks been identified and resolved?

- In current market conditions only the most prepared companies are likely to be able to take advantage of windows of opportunity and meet investors' requirements.

Outputs

- Typically, a brief report highlighting priority areas, which can be tailored to IPOs on most major stock exchanges.
- Recommendations and then working with management to ensure recommendations are implemented.
- IPO readiness reviews are performed by experienced members of our Transaction Services team in conjunction with specialist support from across the firm.

Some of the areas we would typically investigate

Clear strategy – (to the extent not already covered by the financial adviser) does the company have a focused and realistic strategy? Is this reflected in historical financial performance?

Management team – are the board and management structure suitable for a listed company? Are additional non-executive directors needed? Are key finance roles filled appropriately and is there sufficient resource to cope with the demands of the IPO process?

Corporate structuring and taxation – is the corporate structure and jurisdiction understandable? Is it designed to optimise tax, whilst ensuring adequate distributable reserves?

Historical financial information – does the company have three years' audited financial information? Are any changes in accounting policies or additional disclosure notes required (eg to IFRS)? Have there been any significant acquisitions which may require additional financial information? Will a new opinion from the reporting accountants be required?

Financial reporting procedures – are these appropriate for a listed company? Are financial processes, controls and the IT environment established? Can short reporting deadlines for interims and full year results be met? Are procedures for producing budgets and forecasts established and is there a detailed, integrated working capital model?

Remuneration schemes – have remuneration and incentive schemes for directors and key employees been determined?

Due diligence preparation – have financial and legal information requirements been established? Has work commenced on gathering documentation?

Timetable – is there a realistic timetable in which to achieve the IPO process?

CONTACTS

John Barker

Transaction Services Partner
Eastern region
john.barker@bdo.co.uk
+44 (0)1707 255 940

Ian Cooper

Transaction Services Partner, London
ian.cooper@bdo.co.uk
+44 (0)20 7893 2678

Matt Copley

Transaction Services Partner, Leeds
matt.copley@bdo.co.uk
+44 (0)113 204 1217

Graham Elsworth

Transaction Services Partner, Birmingham
graham.elsworth@bdo.co.uk
+44 (0)121 352 6212

Chris Heatlie

Transaction Services Partner, Manchester
chris.heatlie@bdo.co.uk
+44 (0)161 833 8362

Chris Searle

Transaction Services Partner, London
chris.searle@bdo.co.uk
+44 (0)20 7893 2058

Paul Smith

Transaction Services Partner, Gatwick
paul.smith@bdo.co.uk
+44 (0)1293 591 151

www.bdo.co.uk



'Audit Team of the Year' 2008

'Tax Team of the Year' 2008

'Corporate Finance Deal of the Year' 2008

This publication has been carefully prepared, but should be seen as general guidance only. You should not act upon the information contained in this publication without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO accepts no responsibility for any loss incurred as a result of acting on information in this publication.

BDO LLP operates across the UK with some 3,000 partners and staff. BDO LLP is a UK limited liability partnership and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO International is a world-wide network of public accounting firms, called BDO Member Firms. Each BDO Member Firm is an independent legal entity world-wide and no BDO Member Firm is responsible for the acts and omissions of another member. The network is coordinated by BDO Global Coordination B.V., incorporated in the Netherlands with its statutory seat in Eindhoven (trade register registration number 33205251) and with an office at Boulevard de la Woluwe 60, 1200 Brussels, Belgium, where the International Executive Office is located.

BDO LLP is the Data Controller for any personal data that it holds about you. We may disclose your information, under a confidentiality agreement, to a Data Processor (Shamrock Marketing Ltd). To correct your personal details or if you do not wish us to provide you with information that we believe may be of interest to you, please contact Lyndsey Chivers on +44 (0)117 930 1500 or email lyndsey.chivers@bdo.co.uk

BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Services Authority to conduct investment business.

BDO is the brand name for the BDO International network and for each of the BDO Member Firms.

Whilst every care and attention has been taken to ensure the accuracy of this information, it is intended for general guidance only. Please call us if you would like specific advice on any matter.

Copyright © October 2009. BDO LLP. All rights reserved.

 This document is printed on 9lives 80, a paper containing 80 per cent recycled fibre and 20 per cent virgin Totally Chlorine Free (TCF) fibre sourced from sustainable forests. 9lives 80 is produced by an ISO 14001 accredited supplier.