

# Due Diligence

Due diligence is a critical step in the investment, acquisition or sale process. It provides an independent assessment of the business from which a potential investor or funder is able to inform their decision.

The investigation is conducted by our experienced transaction support team who have extensive experience in a wide variety of transactions across sectors. Our report addresses your requirements in a clear concise format, highlighting any fundamental concerns.

We appreciate the importance of working to a tight timetable which is why we ensure regular two-way communication and agree the scope of the review at the outset. We take great care to deliver reports that reflect our client's needs but at the same time remain objective. If we uncover sensitive or critical issues we bring these to your attention immediately and work with you to evaluate the implications and assess how best to proceed.

## Financial Due Diligence

Over the past few years our transaction services support team has performed many financial due diligence investigations for a number of the major banks, private equity houses, and corporate acquirers throughout the UK and undertaken vendor due diligence as part of controlled auction processes. In addition to full due diligence investigations, our clients often use us for tailored finance due diligence work, including:-

- Abbreviated reports
- Business plan sensitivity analysis
- Pre-bid support work
- Reviews of vendor due diligence

We also carry out financial investigation work. We use our many years of experience of financial investigation work both to set the terms of the initial scope of work and to know when to adjust it as necessary should the position change.

## State-Aid Projects Due Diligence

When the Public Sector gets involved in a private business by way of an equity investment, grant or loan we understand that this adds a new dimension to the challenges of due diligence. The rules/regulations pertaining to State-Aid under EU legislation can be complex and can change as new guidelines and clarifications are published. Blue Sky are experts in State Aid and frequently undertake pre-transaction, post-transaction audits and even opinion based reports on the State-Aid implications of Public Sector interventions. The range of State-Aid related to due diligence services that we provide includes:

- MEIP Test – Market Economic Investor Principle audit reports
- Risk Capital Intervention audits/reports
- Financial Engineering Instruments (FEI) audits/reports
- De-minimis Test audits/reports
- RGF Pre Investment/Post Investment/Annual audit reports
- Growing Places Pre Investment due diligence
- ERDF/LEP/Local Authority grant and loan scheme audits
- State-Aid Expert Opinion reports

## Acquisition Due Diligence

Acquisition due diligence provides you with reassurance about the business you are acquiring and helps to identify potential risks. The scope of a due diligence review is based on your particular requirements. However, we always aim to address several fundamental questions:-

- Is the deal structured in the most appropriate way?
- What are the tax consequences of the deal now and in the future?
- How accurate or reasonable are the forecasts provided?
- Is pension funding an issue?
- Are there risks around employment and staffing matters?
- Are there any deal breakers?
- What warranties and indemnities need to be secured?
- Are market projections supported by sector data?

Our team conduct due diligence on behalf of purchasers, banks and private equity providers.

## Vendor Due Diligence

Vendor due diligence is increasingly seen to be an important factor in the successful sale of a business. It provides an independent assessment which can answer potential questions and reassure prospective buyers. These reviews can help to establish a fair sale price and identify risks early on in the process.

Our due diligence experts are well versed in preparing these reports. We understand issues from the vendors perspective but are also able to advise on what prospective buyers will be looking for. Our vendor due diligence reports aims to:-

- Provide the vendor with a tool to further the selling process
- Enable the vendor to address potential concerns before purchasers are involved
- Ensure that potentially sensitive information is dealt with objectively

## Commercial Due Diligence

We can provide authoritative and practical market appraisals and studies across a wide range of industries. This can be expanded into formal strategy reviews if required. Our commercial due diligence services includes:-

- Bespoke or abbreviated reviews (e.g. reports based around a structured trade reference taking exercise) especially in industries where comprehensive market analysis would be time consuming or of dubious value
- Confidential trade and personal reference taking service in circumstances where this may prove unduly sensitive for the investor

## Corporate Finance Due Diligence

We are increasingly asked to assist our clients in corporate finance due diligence, including:-

- Exit studies to assess current deal activity and pricing, potential acquirers and their price expectations
- Value driver reports to pinpoint the factors which are likely to be seen as exit multiple enhancing in the current market environment
- Sector analysis of critical industries and competitive issues

## How can Blue Sky Corporate Finance help you?

We provide a comprehensive range of due diligence services and our experienced transactional support services team will gladly tailor a report to meet your requirements. Why not give us a try?



To find out how **Blue Sky Corporate Finance** can help you  
please call **0345 BLUE SKY** (0345 2583759)  
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