



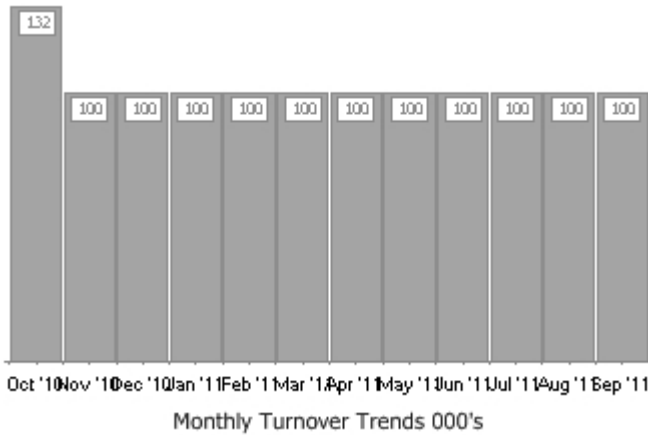
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Mandate No: 24500
Business Description: Popular easy to run Home and Office Franchised Cleaning business

Selling Price:	535,000	Deposit:	0
Stock:	15,000	Profit Last 12 Months:	201,840
Total Asking Price:	550,000	Total Assets:	0



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MANDATE REPORT

1. History Background	
Fully describe the business's activities?	The business is a comprehensive cleaning business that caters for residential and corporate cleaning needs. Cleaning is done from A-Z, including carpets, persian rugs, curtains, upholstery and leather. It is a well known Franchise with proven methods. By running this business from home instead and with Owners involvement a saving of R 19,000.00 pm can be achieved giving a ROI of 78% and payback at 15 months only.
How long has the business been established?	9 years
How long has the owner had the business?	2 years
What steps are in place to solve 'load shedding' problems?	A generator is used when no power is available. The generator is included in the price.
What is the average KW usage?	N/A
2. Present Market	
How does the business operate on a daily basis?	Teams are sent out to various clients by the manager, who controls day to day operations. Owner has checks and balances in place and manages from a distance.
How are the clients attracted to the business?	More than 80% of the business is repeat business. +- 4000 clients on database. Advertising and Promotions are done on regular basis.
What Advertising/Marketing is carried out?	SMS marketing, flyers, newspaper ads, pamphlets, also use "5 around" system to advertise while in area cleaning.
Does the business have any contract work?	No fixed contracts but many use the services on a regular basis ie. the Canadian High commission.

2. Present Market	
What competition exists?	There are one or two small operators in residential market, and on Commercial side there are Servest and Hygene.
What are the seasonal trends?	Summer is normally a bit better than winter months
3. Financial	
Is the business VAT Registered?	Yes
What VAT documentation is on file?	Yes
Are there up-to-date Management Accounts available?	Yes
What Balance Sheet and Income Statements are available?	Yes
What percentage of the business is cash/credit?	Mostly cash or EFT.
What is the age analysis of the debtors book?	N/A
How could the profitability of the business be improved?	Obtain more Commercial work, and owner to be a bit more involved. Reduce on overheads by operating from home if the space is available and living in close proximity to the area.
Is Seller finance available and for what amount?	No
What is the payback period?	33 months
What is the ROI?	37%
4. Staffing	
What is the total staff complement?	1 X manager and 4 X cleaners.
Give a breakdown of staff/functions/length of service?	Manager is in control of running the business. Been there for 2.5 years. Cleaners have been in employment for nearly 5 years.
Do any receive special perks or incentives?	Normal incentives.
Are they on contract?	Permanently employed.
Do any have management potential?	The manager currently running the business is hard-working and loyal.
How involved is the Owner in running the business?	Perhaps a maximum of 25% of the time.
5. Premises	
When does the current lease end?	March 2013
Is there an option of renewal & what period?	Yes
What is the annual escalation %?	8%
What are the trading hours?	Mon - Fri 8 to 5 sat 8 to 1
What is the square meterage of the business?	150 sqm
Is a copy of the lease available?	Yes

5. Premises	
Do you require a licence?	No
What lease deposit and/or other surety is required?	Probably 2X months rent.
6. Assets	
Is a full asset list on file?	Yes +- R 350 000. Includes 2 X Fiat Doblo panel vans.
Are any items not included in the sale?	No
What is their overall condition?	Good
Do any require repairing?	No
How have they been valued. ?	Fair value.
Which assets are on lease/HP and with whom?	No
What are their settlement amounts?	N/A
Will Seller settle or Buyer to take over?	N/A
Are copies of agreements available?	N/A
Are they presently insured?	Yes
7. S.W.O.T. Analysis	
Strengths?	Well known franchise brand, good systems and procedures in place, high GP% business. Solid client list (some for as long as 9 years).Owner not involved enough.
Weaknesses?	Owner not involved enough.
Opportunities?	Expand the commercial side. Residential cleaning is limited to the Eastern suburbs of Pretoria and Commercial work can be done in the whole of Pretoria.
Threats?	Some competition exists, but does not affect the business too adversely.
8. Reason For Sale	
What is the reason for the sale?	Owner has become involved in another venture, and needs to move on as he cannot spend more time with this operation.
9. Conclusion	
Why is this a good business?	This is a excellent business with lots of potential for someone who wants a easy to run, well managed business that will improve with a little more hands on involvement. This business can be run from home by the Purchaser, saving R 8000 pm on salaries and a further R 11,000 pm on rental. This will mean ROI is a whopping 78% and Payback is only 15 months!
What is the price plus stock and the net profit?	Selling price R 550,000, plus Franchise joining fee R 30,000 and monthly royalty pegged at R 1,500. The franchise fee includes a 5 day training camp at St Francis Bay on how to run the business and includes accommodation as well. Current Nett Profit R 16,800 pm.

FINANCIALS

Summary Income Statement

Month	TurnOver	C.O.S.	%	Gross Profit	Add. Income	Expenses	Net Profit
Sep 2011	99,963	17,256	17	82,707	0	65,887	16,820
Aug 2011	99,963	17,256	17	82,707	0	65,887	16,820
Jul 2011	99,963	17,256	17	82,707	0	65,887	16,820
Jun 2011	99,963	17,256	17	82,707	0	65,887	16,820
May 2011	99,963	17,256	17	82,707	0	65,887	16,820
Apr 2011	99,963	17,256	17	82,707	0	65,887	16,820
Mar 2011	99,963	17,256	17	82,707	0	65,887	16,820
Feb 2011	99,963	17,256	17	82,707	0	65,887	16,820
Jan 2011	99,963	17,256	17	82,707	0	65,887	16,820
Dec 2010	99,963	17,256	17	82,707	0	65,887	16,820
Nov 2010	99,963	17,256	17	82,707	0	65,887	16,820
Oct 2010	132,486	59,619	45	72,867	0	65,887	6,980
Total	1,232,079	249,435		982,644	0	790,644	192,000

Monthly Average

Turnover:	102,673	
Cost Of Sales:	20,786	
Gross Profit:	81,887	
Additional Income:	0	
Expenses:	65,887	Average Net Profit: 16,000

Current Expenses

Expense	Amount
Accounting	1,631
Administration	2,403
Advertising	2,644
Bank Charges	549
Consumables	598
Fixed Assets	3,414
General Maintenance	2,170
HP	3,976
Rental	11,000
Royalties	1,379
Salaries	21,500
Security	2,284
Telephone	2,081
Utilities	2,411
Vehicle Costs	7,847
Total:	65,887

Detailed Expense List

Expense Group	Expense	Expense Amount	Group Total
Accounting			1,631
	Accounting	1,631	
Administration			2,403
	Operational Cost	2,403	
Advertising			2,644
	Advertising	2,644	
Bank Charges			549
	Bank Charges	549	
Consumables			598
	Consumables	598	
Fixed Assets			3,414
	Sundry	3,414	
General Maintenance			2,170
	Repairs	2,170	
HP			3,976
	Other	3,976	
Rental			11,000
	Rent	11,000	
Royalties			1,379
	Royalty	1,379	
Salaries			21,500
	Allowances	1,500	
	Salaries	20,000	
Security			2,284
	Tracker	1,988	
	Alarm	296	
Telephone			2,081
	Telephone	2,081	
Utilities			2,411
	Electricity	2,411	
Vehicle Costs			7,847
	Vehicle Costs	3,167	
	Fuel	4,680	

Balance Sheet

Assets	Value
Stock	15,000
Total:	15,000