



Adison International Limited

THE BUSINESS BROKERAGE WITH A REAL DIFFERENCE

Memorandum of Sale

IT Recruitment Consultancy
Business Ref. JS2080
Location: West Midlands

Confidentially offered for sale

Asking Price: £1.5million plus assets

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Business Profile:

Located within a large conurbation in the Birmingham area our client is a highly successful IT recruitment consultancy, committed to the application of best practice techniques for the selection and matching of highly skilled and experienced IT professionals. Incorporated in the year 2000 they work in close partnership with a client base that includes all areas of England & Wales and comprises numerous software houses, large scale IT end-users and IT services companies. They provide the highest standards of service to both their SME clients and their clients who are FTSE 100/AIM quoted.

The company supplies both permanent and contract staff within the IT environment. The sectors supplied to are Software Development, Internet Development/Design, Project Management, Business and Systems Analysis, Testing, Infrastructure and Technical Support and RDBMS. Their contractor numbers have increased to approx. 30 per day.

The business is run by two fully committed hands-on Directors supported by a small support team. This business is extremely profitable, professionally run with a high level of expertise and an exemplary reputation with its clients and candidates alike. This is a highly profitable business that is ideal for further development. The Directors wish to remain with the business post sale and seek to align themselves with a major IT/Technical based recruitment organisation so that they can further develop this exciting business.

Strengths:

- Sustainable profitability of £420,000 per annum
- Good mix of contract and permanent placements
- Strong account management skills
- Self financing with considerable assets
- Extensive client and candidate base
- Excellent location
- The offices are owned by the business
- Fully equipped with the latest recruitment software
- Directors to stay and develop the business
- Low cost core operation
- Fully re-locatable

Financial Information:

The business is offered for sale as “a going concern” basis by selling 100% of the share holding. All financial discussions between the vendor and interested parties will take place through the auspices of Adison International Ltd.

The business is jointly and equally owned by the two Directors.

Financial Results:

	2009	2008	2007	2006
Turnover	£2,100,241	£1,995,421	£1,366,861	£1,245,237
GP	£590,918	£640,302	£646,181	£583,921
Operating P	£222,915	£281,430	£303,487	£286,407
Profit BT	£218,570	£278,959		

The admin expenses contain £242,000 payment to the Directors which if reduced to a reasonable wage of £60,000 per annum each then we calculate that the sustainable profitability of the business is in excess of £340,000 based on 2009 figures. Preceding years had produced greater profitability and Directors are confident that sales performance to September'2010 will be an improvement to last year.

There is a wide client spread with no client representing more than 20% of the gross profit. Net assets in the form of cash and debtors list amount is substantial.

Premises:

This company occupies a 3 storey premises which they own. It is situated close to all motorway links, airports and rail connections. These offices are part of a select gated development of office and residential development granting them the right to operate as an office and/or a residence. This is an attractive building of approximately 1500 square feet that is fully equipped with room to expand to approximately 8 people. There is adequate secure parking onsite and offsite.

Employees:

The team consists of the owners/Directors who currently work full time both running the business and placing candidates. They employ a regular bookkeeper along with under graduate staff on an adhoc basis to assist in administrative and resourcing tasks.

Reasons for sale:

The Directors of this business have developed a highly successful brand of IT recruitment company that has a low cost support operation. This has made the business highly profitable which in turn has provided the resources and expertise to further develop the business. However the Directors have always been cautious and now wish to sell their business to a reputable IT/Technical recruitment organisation in order to realise the value of the company. They also wish to remain fully committed to the organisation beyond sale so that the company can be developed to its maximum extent. They recognise that potential buyers will have differing visions of how to grow the business and they are open minded to differing scenarios.

Key Opportunity:

A buyer purchasing this business would gain 2 highly successfully and credible IT recruiters, who would be pleased to train, motivate and nurture an expanding team in their existing offices. Their client list is very extensive which will allow a bigger team to expand the business rapidly. The contract side of their business has enormous potential to grow. The Directors could imagine the operations side of the recruitment process being relocated elsewhere whilst they continue to act as business developers visiting clients and generating new business.

Support:

The Directors will commit a minimum of 2 years post sale employment which will allow a smooth transition and integration with the buyers business.