

**Home Condition Report Register and Associated Services
Pro-Forma Financial Model For BAFO**

**Numbers herein are for illustrative purposes only
Lodgement volumes assume that EPCs will be lodged alongside HCRs in the register**

ESTIMATED CASH FLOW

		Year:	0	1	2	3	4	5	6	7	8	9	10
		Period to:	31 May 2007	31 May 2008	31 May 2009	31 May 2010	31 May 2011	31 May 2012	31 May 2013	31 May 2014	31 May 2015	31 May 2016	31 May 2017
Starting Balance			£0	-£755,568	-£740,748	-£535,848	-£385,948	-£181,048	£23,852	£173,752	£378,652	£583,552	£733,452
HCR Lodgement Levels (incl home sales EPCs):	1,200,000												
Lodgement Fee Bid:	£1.51												
Baseline service credit value for Performance Deductions:	£1,161												
Total HCR Receipts				£1,812,000	£1,812,000	£1,812,000	£1,812,000	£1,812,000	£1,812,000	£1,812,000	£1,812,000	£1,812,000	£1,812,000

Line No. Implementation Costs:

1 Hardware	£20,000	£120,000											
2 Software	£40,000	£0											
3 Hosting provider and other third party expenses	£45,000	£0											
4 Gross Salaries	£310,000	£0											
5 Salary expenses (Taxes, NI..)	£62,000	£0											
6 Operating Reserves	£95,400	£24,000											
7 Indirect Overheads	£114,480	£28,800											

Variable Operating Expenses (Variable on transaction volume):

8 Hardware (purchase or lease)		£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500
9 Software		£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
10 Hosting provider and other third party expenses		£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500
11 Gross Salaries		£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000
12 Salary expenses (Taxes, NI..)		£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
13 Operating Reserves		£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000
14 Indirect Overheads		£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000
15 Address lookup fees		£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000

Fixed Operating Expenses:

16 Hardware (purchase or lease)		£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500
17 Software		£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
18 Hosting provider and other third party expenses		£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500
19 Gross Salaries		£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000
20 Salary expenses (Taxes, NI..)		£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000
21 Operating Reserves		£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000
22 Indirect Overheads		£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000
23 Address lookup fees (flat)		£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
24 Independent Review Costs		£0	£0	£50,000	£0	£0	£50,000	£0	£0	£0	£50,000	£0	£50,000

Subtotal Expenses	£686,880	£1,633,800	£1,461,000	£1,511,000	£1,461,000	£1,461,000	£1,511,000	£1,461,000	£1,461,000	£1,511,000	£1,461,000	£1,511,000	£1,511,000
25 Indirect Corporate Costs	£68,688	£163,380	£146,100	£151,100	£146,100	£146,100	£151,100	£146,100	£146,100	£151,100	£146,100	£151,100	£151,100
Total Expenses	£755,568	£1,797,180	£1,607,100	£1,662,100	£1,607,100	£1,607,100	£1,662,100	£1,607,100	£1,607,100	£1,662,100	£1,607,100	£1,662,100	£1,662,100
Net Cash Flow	-£755,568	£14,820	£204,900	£149,900	£204,900	£204,900	£149,900	£204,900	£204,900	£204,900	£149,900	£149,900	£149,900
End Balance	-£755,568	-£740,748	-£535,848	-£385,948	-£181,048	£23,852	£173,752	£378,652	£583,552	£733,452	£883,352		
Internal Rate Of Return	15.6%												

Home Condition Report Register and Associated Services Review Model (for first review after three years)

		Year: Period to:
Income		
Baseline Lodgement Fee:	£1.51	Actual Loc
Recommended new lodgement fee:	£1.02	Forecast Loc
New Service Credit Level:	£1,187	
Baseline Lodgement Level:	1,200,000	
Total HCR Revenues		
Bad Debts		
Net Income (past and projected)		
Baseline Variable Expense Budget (incl Op reserve)		
Adjusted Baseline Variable Expense Budget (incl Oper Reserve)		
Baseline Fixed Expense Budget (incl Oper Reserve)		
Total Adjusted Expense Budget (incl Oper Reserve)		
Actual Variable Expenses		
Actual Fixed Expenses		
Total Actual Expenses		
Total Actual Expenses above budget (incl operating reserves)		
Adjustments		
Underspends		
Underspend to date		
Baseline Operating Reserve (Variable)		
Adjusted Baseline Operating Reserve (Variable) to date		
Baseline Operating Reserve (Fixed)		
Total Adjusted Baseline Operating Reserve		
Underspend to be taken into account		
Underspend to deducted at 40%		
Service Credits		
Service Credits to date		
Value of service credits to date		
Agreed cost of rectification work carried out		
Remaining Service Credits to be added		
Other Adjustments to be deducted		
Net Income Model		
Expenses		
Actual Variable Expenses (as above)		
Forecast Future Variable Expenses (incl Op Reserve)		
Actual Fixed Expenses (as above)		
Budgeted Future Fixed Expenses (incl Op Reserve)		
Sub-Total		
Indirect Overhead		
Sub-Total		
Indirect Corporate Overhead Cost		
Net Expense Model		
Net Cash Flow Model		
Internal Rate Of Return		

0 31 May 2007	1 31 May 2008	2 31 May 2009	3 31 May 2010	4 31 May 2011	5 31 May 2012
Judgement Levels:	1,397,254	1,575,282	1,765,340		
Judgement Levels:				1,600,000	1,600,000

£2,109,854	£2,378,676	£2,665,663	£1,632,000	£1,632,000
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			£50,000	
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£2,109,854	£2,378,676	£2,665,663	£1,582,000	£1,632,000
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£0	£270,000	£270,000	£270,000
£0	£314,382	£354,438	£397,201
£572,400	£810,000	£810,000	£810,000
£572,400	£1,124,382	£1,164,438	£1,207,201
£0	£299,735	£301,976	£313,726
£543,827	£795,726	£815,987	£745,634
£543,827	£1,095,461	£1,117,963	£1,059,360
£0	£0	£0	£0

£28,573	£28,921	£46,475	£147,841
£0	£45,000	£45,000	£45,000
£0	£52,397	£59,073	£66,200
£95,400	£135,000	£135,000	£135,000
£95,400	£187,397	£194,073	£201,200
£28,573	£28,921	£46,475	£147,841
£11,429	£11,568	£18,590	£59,136

4	20	25
£4,644	£23,220	£29,025
£3,000	£21,000	£10,100
£1,644	£2,220	£18,925
£11,429	£0	£0

£2,088,501	£2,362,306	£2,625,452	£1,582,000	£1,632,000
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£0	£299,735	£301,976	£313,726		
£0				£360,000	£360,000
£543,827	£795,726	£815,987	£745,634		
				£810,000	£810,000
£543,827	£1,095,461	£1,117,963	£1,059,360	£1,170,000	£1,170,000
£108,765	£219,092	£223,593	£211,872	£234,000	£234,000
£652,592	£1,314,553	£1,341,556	£1,271,232	£1,404,000	£1,404,000
£65,259	£131,455	£134,156	£127,123	£140,400	£140,400
£717,852	£1,446,009	£1,475,711	£1,398,355	£1,544,400	£1,544,400
-£717,852	£663,845	£902,965	£1,267,308	£37,600	£87,600
100.9%					

6	7	8	9	10
31 May 2013	31 May 2014	31 May 2015	31 May 2016	31 May 2017
1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
£1,632,000	£1,632,000	£1,632,000	£1,632,000	£1,632,000
£1,632,000	£1,632,000	£1,632,000	£1,632,000	£1,632,000

£0	£0	£0	£0	£0
£1,632,000	£1,632,000	£1,632,000	£1,632,000	£1,632,000
£360,000	£360,000	£360,000	£360,000	£360,000
£810,000	£810,000	£810,000	£810,000	£810,000
£1,170,000	£1,170,000	£1,170,000	£1,170,000	£1,170,000
£234,000	£234,000	£234,000	£234,000	£234,000
£1,404,000	£1,404,000	£1,404,000	£1,404,000	£1,404,000
£140,400	£140,400	£140,400	£140,400	£140,400
£1,544,400	£1,544,400	£1,544,400	£1,544,400	£1,544,400
£87,600	£87,600	£87,600	£87,600	£87,600

Parameters Fixed For BAFO Purposes - Please enter values in green fields

Transactions per annum 1,200,000

Supplier Parameters

Lodgement Fee	£1.51	
Operating Reserve (must be less than 20%)	20.00%	20.00%
Indirect Overhead (must be less than 20%)	20.00%	20.00%
Indirect Corporate Overhead Cost (must be less than 10%)	10.00%	10.00%

Implementation Costs - Please enter values in green fields

	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07-->	
(a) Hardware	£20,000									£20,000	£120,000
(b) Software	£40,000									£40,000	£0
(c) Hosting provider and other third party expenses	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£45,000	£0
(d) Gross Salaries	£40,000	£40,000	£40,000	£40,000	£30,000	£30,000	£30,000	£30,000	£30,000	£310,000	£0
(e) Salary expenses (Taxes, NI..)	£8,000	£8,000	£8,000	£8,000	£6,000	£6,000	£6,000	£6,000	£6,000	£62,000	£0
(f) Operating Reserves	£22,600	£10,600	£10,600	£10,600	£8,200	£8,200	£8,200	£8,200	£8,200	£95,400	£24,000
(g) Indirect Overheads	£27,120	£12,720	£12,720	£12,720	£9,840	£9,840	£9,840	£9,840	£9,840	£114,480	£28,800
	£162,720	£76,320	£76,320	£76,320	£59,040	£59,040	£59,040	£59,040	£59,040	£686,880	£172,800

Variable Operating Expenses - Please enter values in green fields

	Year:	0	1	2	3	4	5	6	7	8	9	10
	Period to:	31 May 2007	31 May 2008	31 May 2009	31 May 2010	31 May 2011	31 May 2012	31 May 2013	31 May 2014	31 May 2015	31 May 2016	31 May 2017
Variable Operating Expenses (Variable on transaction volume):												
(a) Hardware (purchase or lease)		£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500	£37,500
(b) Software		£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
(c) Hosting provider and other third party expenses		£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500	£2,500
(d) Gross Salaries		£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000	£150,000
(e) Salary expenses (Taxes, NI..)		£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
(f) Operating Reserves		£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000	£45,000
(g) Indirect Overheads		£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000	£54,000
(h) Address lookup fees		£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000	£160,000
Total		£484,000	£484,000	£484,000	£484,000	£484,000	£484,000	£484,000	£484,000	£484,000	£484,000	£484,000

Above is based on lodgement fees per annum: 1,200,000

Totals:

Fixed Operating Expenses - Please enter values in green fields

	Year:	0	1	2	3	4	5	6	7	8	9	10
	Period to:	31 May 2007	31 May 2008	31 May 2009	31 May 2010	31 May 2011	31 May 2012	31 May 2013	31 May 2014	31 May 2015	31 May 2016	31 May 2017
(a) Hardware (purchase or lease)		£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500	£112,500
(b) Software		£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
(c) Hosting provider and other third party expenses		£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500	£7,500
(d) Gross Salaries		£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000	£450,000
(e) Salary expenses (Taxes, NI..)		£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000	£90,000
(f) Operating Reserves		£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000	£135,000
(g) Indirect Overheads		£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000	£162,000
(h) Address lookup fees (flat)		£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000	£5,000
(i) Independent Review Costs				£50,000				£50,000			£50,000	£50,000
		£977,000	£977,000	£1,027,000	£977,000	£977,000	£1,027,000	£977,000	£977,000	£1,027,000	£1,027,000	£1,027,000

Totals:

Termination For Convenience caps

Please enter values in green fields

Event	Cost Reimbursement	Reinbursement will not exceed:	Cancellation Fee	Maximum Amount Payable
Contract termination for convenience prior to Final Preparations Commitment Date	Software development costs to date within cost profile agreed the and any termination costs from third-party software and services commitments.		£50,000	£50,000
Contract termination for convenience after Final Preparations Commitment Date but before 1 st June 2007	All above costs plus staff termination costs		£150,000	£150,000
Contract termination for convenience after 1 st June 2007	<p>If costs are greater than revenue to date then the difference is payable.</p> <p>If costs are less than revenue to date then no reimbursement is payable.</p> <p>Costs as defined in Clause 32.5 (incl. legal minimum redundancy package where staff are unavoidably made redundant.</p> <p>The supplier is expected to offer alternative employment on a reasonable endeavours basis if possible to reduce costs).</p> <p>Used assets will remain property of the supplier. Unused assets, or assets committed for delivery will become property of DCLG.</p> <p>Not to exceed £1,000,000</p>		£250,000 or 312 days service credit or half of remaining business days (Mon-Sat) to contract end date as service credit whichever is lowest	£250,000