

Berkshire Property Meet

How important is it to understand your numbers?



Who am I?

- ◆ 20 years as an accountant
- ◆ FD of a £230M turnover division of a FTSE 100 company + private companies
- ◆ I have run businesses
- ◆ Now run two practices – one specialising in property investors
- ◆ Property investor!



Some of my clients (in no order!)

- ◆ Glenn Armstrong
- ◆ Nick Pedrithes
- ◆ James Bailey
- ◆ John Rattigan
- ◆ Faster Bridging Finance
- ◆ Darren Lad
- ◆ The Rais?



What are we going to learn?

- ◆ Agreed with Kaaeed that I'd aim at the newer investors
- ◆ Some basics
 - Business
 - Strategy – begin with the end in mind
 - Cash flow with case study
- ◆ Ask as many questions as you want



This is a business!

- ◆ Make your decisions based on business principles
- ◆ Know and understand your strategy
- ◆ Know your numbers
- ◆ Ensure you have the right team
 - Advisors/mentors etc.
 - Beware the bar room expert!
- ◆ Exit strategy?
- ◆ You will have fun though



Strategy – isn't that what big companies do?

- ◆ "a plan of action or policy...."
- ◆ BTS, BTL or both?
- ◆ What are your criteria for each?
When is it a good deal FOR YOU and how do you know?
- ◆ From this comes the detail
 - Correct structure
 - Correct finance
 - Correct team



Strategies in property

- ◆ Buy to sell (flipping) (own name or company?)
- ◆ Buy to let
 - Cash flow (where from?)
 - Capital growth
 - Will you ever sell?
- ◆ Commercial
 - Via a company
 - Via a pension
- ◆ A mixture
- ◆ Emergent



This will kill your business if you get it wrong!

- ◆ In property, cash is king.
- ◆ Look at this case study – it is based on a real person's experience!
- ◆ Strategy – BTL; cash flow; never sell
- ◆ Scenario – portfolio of 35 BTL properties; circa £1M equity
- ◆ "I'm down to my last £50k and I don't understand the numbers...."



Get an overview of the business & the potential

	Per house	Total
Rent income	750	26,250
Mortgages	600	-21,000
Insurance	20	-700
Property mgt		-1000
Advertising		-1000
Cash flow		2,550



Good start, but what about ..

	Month 1	Month 2	Month 3	Month 4
Potential	2,500	2,500	2,500	2,630
Voids	-3,750	-3,750	-3,750	-3,750
No rent	-3,750	-3,750	-3,750	-3,750
Refurb	-5,000	-15,000	-15,000	
Cash	-10,000	-20,000	-20,000	-4,870
Cum	-10,000	-30,000	-50,000	-54,870



Learnings with respect to cash flow

- ◆ Devil is in the detail
 - What, when and how much
- ◆ Don't be caught out
- ◆ Plan ahead
 - “Plans are nothing, planning is everything”
- ◆ Take action when you know
- ◆ Beware of deal fever!



What next

- ◆ Give me your e-mail address and I will send you a fact sheet on what you can and can't claim and when
- ◆ I also need 5 volunteers who want some free landlords' and accounting software

