

Financial Foundations & Strategic Growth with Poonam Mawani

A practical guide to mastering the numbers
that shape your recruitment business.



orca

ONLINE RECRUITMENT COACHING ACADEMY



Meet Your Trainer

Poonam Mawani

- **Director at Azuki Accountants**
Finance Partner to Recruitment Founders
- Chartered Accountant & SME Finance Expert
- Specialist in Recruitment M&A and Scale-Up Strategy
- Trusted Advisor to Agencies Across the UK





What You'll Learn:

- Common financial pitfalls to avoid
- How to improve valuation and prepare for M&A
- Smart funding options (beyond just overdrafts)
- Tax efficiency, digital compliance and back-office automation
- Metrics that matter when scaling

COMMON FLUFF-UPS TO AVOID

Even profitable agencies lose value by skipping financial basics. Here's what to fix first:

- No cash flow forecast = risk of running out of money
- Missing balance sheet reconciliations = surprises down the line
- Accrued time sheets, not paid ones, should match GP
- CapEx vs OpEx: Know the difference and tax impact
- Commissions & PAYE accruals in the wrong month = distorted margins
- VAT & tax codes wrongly applied = HMRC headaches

THE POWER OF EMPLOYEE OWNERSHIP TRUSTS (EOTS)

Want to sell your agency but keep the culture? This is how:

Tax-Free Sale: EOT lets you sell >50% of your business tax-free (no capital gains).

Team Benefits: Your team becomes the beneficiary, not a PE firm.
Employees can get £3,600/year tax-free bonuses

Clean Exit: The leadership team stays in place. You get a clean exit just paid in instalments

Best for: Founders who want to reward loyal staff and retain legacy.



KNOW YOUR FINANCIAL METRICS

40%

Payout Ratio Target

Sales salaries ÷ GP
(target: 40% or lower)

10–25%

Net Profit %

Aim for 10–25%
(higher = more mature)

5%

Marketing Spend

Should be ~5% of GP

1%

GP% Uplift Impact

Even 1% higher margin
adds £££ to bottom line

Bonus Insight: AI adoption should reduce your payout ratio over time.

THE M&A PROCESS – STEP BY STEP

Planning

Clean your books, reconcile everything.

Targeting

Identify buyers via brokers or network.

Initial Talks

Sign NDAs, anonymised Q&A.

Indicative Offer

LOI/Heads of Terms (price, terms, timeline).

Due Diligence

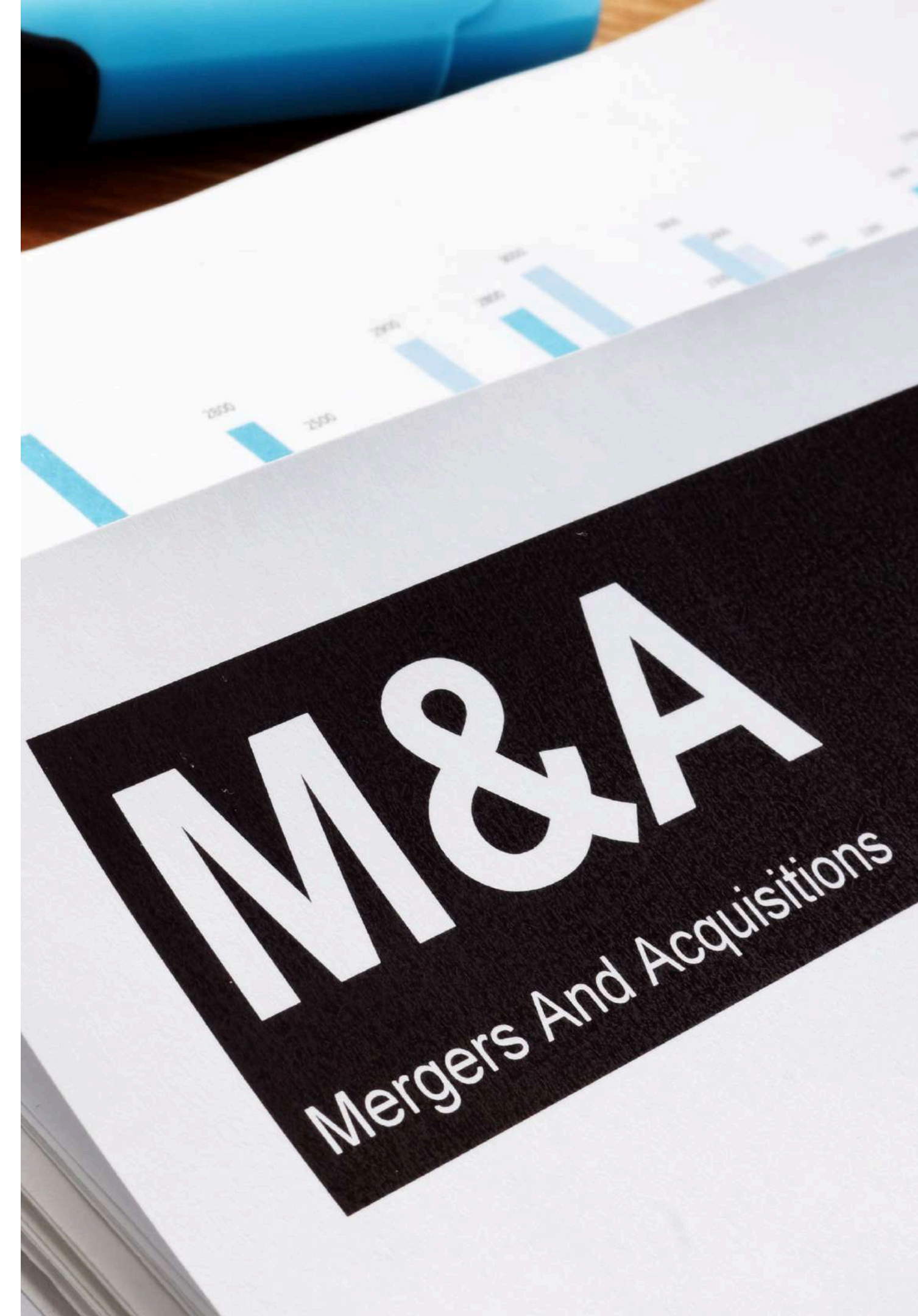
Legal, financial, commercial checks.

Deal Structuring

Warranties, earn-outs, final negotiation.

Completion

Money hits, papers signed, team informed.



MAKING TAX DIGITAL (MTD)

Landlords and self-employed recruiters,
take note:

Key Requirements

- HMRC will soon require quarterly digital submissions
- MTD doesn't apply to limited companies or partnerships
- Expect a similar rollout for other tax areas later

Timeline by Turnover

- **£50k+:** Must comply by April 2026
- **£30k+:** April 2027
- **£20k+:** April 2028



OPENING AN OVERSEAS OFFICE

- **Research the Market**
Job boards, competitors, and demand.
- **Start Virtual**
Incubate from the UK first.
- **Set Up Right**
New legal entity, bank accounts, payroll.
- **Transfer Pricing**
Formal agreement between UK & newco.
- **Legal Compliance**
Licences, insurance, visas, T&Cs.
- **Budgeting**
Different comm schemes, fit-outs, equipment.

Bonus Tip: Appoint an in-country accountant early.



FUNDING OPTIONS YOU SHOULD KNOW

1

Invoice Discounting

Fast cash against
contract sales

2

Factoring

Bank runs credit control
(higher cost)

3

Overdraft

Good for short-term, low-
volume gaps

4

Loans

Fixed payment,
often with PGs

5

Asset Lending

For firms with property or
fixed assets

6

Equity Investors

Give up some control,
gain capital

7

Director's Loans

High risk, full control

YOUR BACK OFFICE TECH STACK



CRM

Integrated with pay & bill systems



APIs

Sync everything: placements, timesheets, invoicing



Xero/Accounting Software

Auto-linked to finance ops



Automation

Reporting, credit control, analytics



Data Capture

Use tools like Dext or Apron

Want to scale without admin chaos? Your finance ops should be as modern as your sourcing stack.





WHAT DESTROYS VALUE?

Buyers run when they see:

Founder-reliant businesses ("you are the business")

Overexposure to one client or income stream

Messy or DIY financials

No tracking of financial KPIs

Over-aggressive tax avoidance

Poor documentation around debts or liabilities

Resistance to external advice or investment

Clean data, good governance, and growth potential
= high valuation.

WHAT WORKED IN THE DOWNTURN?

1

Recurring Revenue

Contractors, retainers, RPOs

2

Geographic Diversity

Beyond the UK

3

Fast Action

Downsized quickly,
automated, outsourced

4

Pivot Strategy

Moved into better
performing sectors

5

Client-Centric Approach

Market updates,
benchmarking, and insights

In tough times, **agility** beats **optimism**.

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