Law Firm Business Plan

Irwell Business Law Manchester

DOCUMENT GUIDE

Contents

Conditional proposal for owners and funders 3 October 2026

Executive summary....4
Business details....5
Business concept and objectives....6
Business model canvas....7
SWOT and longer term goals....8
TOWS strategy matrix....9
Owner and management....10
Owner and key personnel profiles....11
Target customers....12
Segmentation targeting and positioning....13
Value proposition canvas....14
Market size and trends....15
PESTLE analysis....16
Local demand and evidence....17
Competitors and positioning....18
Porter five forces....19
Strategy canvas....20
Location and premises....21
Equipment and resource plan....22
Legal service strategy....23
Pricing and order economics....24
Competitor price comparison....25
Brand and customer experience....26
Sales channels and process....27
Launch marketing....28
Retention and ongoing sales....29
Daily operations and suppliers....30
Sustainability practices....31
Staffing and training....32
Staff skills and fair work....33
Legal and insurance requirements....34
Opening roadmap....35
Risks and management actions....36
Research and evidence....37

Quotes and assumptions..... 39
Startup costs and funding..... 40
Itemized startup costs..... 41
Owner personal survival budget..... 42
Financing terms and security..... 43
Revenue forecast and capacity..... 44
Costs and projected profit..... 45
Profit and loss forecast..... 46
Cash flow and financial position..... 47
Cash flow forecast months one to six..... 48
Cash flow forecast months seven to twelve..... 49
Financial position summary..... 50
Break even and scenarios..... 51
Model guide and completion..... 52

Reading this business plan

This hypothetical firm requires qualified ownership authorisation insurance and funded capacity before trading. The plan distinguishes official requirements from commercial assumptions. Financial schedules form the final group.

Native Word contents fields show cached page numbers. Update the entire table after edits. Currency GBP model 1.0 January 2027 to December 2029. No clients credentials permissions or funding claimed.

01 / OVERVIEW

Executive summary

Decision and proposal

Irwell Business Law is a hypothetical Manchester firm for prospective owners and funders. It proposes employer employment advice and commercial contract review for locally based small businesses. It has no existing clients, admitted founder, practising certificate, authorised entity, insurance policy or secured finance. Proceed only after the qualified ownership and client protection gates are resolved.

The operating design employs two qualified solicitors and one administrator, all paid. A prospective legally qualified principal would own and manage an England and Wales limited company; this is a required role specification, not an assertion about a real person. All legal delivery is conditional on competent personnel and SRA firm authorisation. The financial group at the end uses model 1.0, GBP and January 2027 to December 2029. Base 2027 earned fees are GBP 276,359 and net result GBP 2,694. Minimum cash is GBP 102,964. Downside requires GBP 379,882 extra to avoid negative cash and GBP 439,882 to meet its reserve. Proposed GBP 220,000 equity and GBP 30,000 loan are uncommitted.

Forecast GBP	2027	2028	2029
Completed earned fees	276,359	338,263	402,533
EBITDA	12,790	65,417	120,203
Net profit	2,694	42,649	82,245
Closing cash	118,530	153,302	222,067

02 / BUSINESS

Business details

Entity and scope

The working trading name is Irwell Business Law. Company name availability, incorporation, Companies House number, Manchester practising address, tax registration and professional approvals are pending. No public website or contact details have been established. The business is at concept and diligence stage. January 2027 is an illustrative opening date conditional on readiness.

The base structure is a company seeking recognised body status. All managers and interest holders must be legally qualified; the legal services body must include a solicitor manager with a current practising certificate or an eligible REL [R 1 R 2]. A nonlawyer investor or director would require a fresh licensed body eligibility and approval assessment; the model does not assume that route.

03 / STRATEGY

Business concept and objectives

Narrow advice practice

The offer is written employment policy and contract advice for employers, plus review and drafting of ordinary commercial supply and service agreements under England and Wales law. Paid advice concerns defined questions and agreed documents. The team will not undertake tribunal or court conduct, advocacy, property conveyancing, probate, immigration, regulated financial advice, tax advice, company formation or transaction execution.

The first operating objective is safe completion and collection within paid capacity. Principal review, file controls and management time precede utilisation. Year 2 and Year 3 seek higher use of the same team rather than automatic hiring. New practice areas or fee earners require a separately funded capacity, competence, insurance and permissions review.

04 / STRATEGY

Business model canvas

How the practice earns

Key activities are conflict checks, scope agreement, research, drafting, review, delivery and invoicing. Resources are qualified professionals, secure file systems, a modest workspace and adequate insurance. External suppliers are accountants, insurers, technology support and regulatory advisers; no supplier contract has been agreed.

The target customer is an employer or owner manager buying a defined piece of advice. Revenue comes from delivered hours at agreed rates and completed milestones. Monthly support is billed after recorded services, with no unlimited retainer or unused hours income. Costs are paid capacity and professional controls; collections and WIP finance the gap between work and cash.

Partners	Activities	Resources
Qualified staff insurer accountant and secure system suppliers. None contracted.	Conflict check scope research draft review deliver invoice collect.	Two qualified solicitors paid admin secure workspace and insurance.
Value	**Relationships**	**Channels**
Scoped usable legal advice transparent estimates and documented review.	Written terms clear options complaints route and earned repeat work.	Direct business outreach professional networks factual content.
Segments	**Costs**	**Revenue**
Reachable Manchester SME employers and contract buyers.	Paid professional capacity management admin software PII and credit losses.	Completed employment commercial and monthly support advice only.

Planning framework with evidence limits.

05 / STRATEGY

SWOT and longer term goals

Specific strengths and constraints

S 1 is a proposed two service focus; S 2 is direct principal review with reserved admin capacity. Neither is an established track record. W 1 is the absence of qualified founders and permission evidence; W 2 is a small team with key person exposure and no validated pipeline. O 1 is a hypothesis that SME decision makers value scoped advice; T 1 is professional error and T 2 is delayed payment.

By Year 3 the objective is a sustainable two solicitor practice with documented scope discipline and cash reserve. Year 5 expansion is only a strategic possibility. It requires actual renewals, resolved funding, a safe succession arrangement and evidence that demand exceeds present capacity. No market share or national scale target is claimed.

S1 S2 proposed strengths	W1 W2 weaknesses
Narrow focus principal review and deducted management time.	No qualified owner evidence permission or proven pipeline small team.
O1 opportunity hypothesis	**T1 T2 threats**
SMEs may value clear scoped employment and contract advice.	Professional error late collection key person loss and funding gap.

Planning framework with evidence limits.

06 / STRATEGY

TOWS strategy matrix

Actions from the SWOT

SO connects S 1 and O 1 through paid employer interviews and small scoped engagements. ST connects S 2 and T 1 through principal review and written boundaries. WO connects W 1 and O 1 by resolving authorisation and recruitment before selling legal services. WT connects W 2 and T 2 by account credit limits and a funded absence plan.

Do not turn weaknesses into assumed strengths in the forecast. A signed staff offer, practising evidence and insurer acceptance must precede launch. If collections lag, stop further discretionary work on overdue accounts where lawful and appropriate; notify clients and preserve obligations. A funding gap requires negotiated capital or redesign.

SO S1 O1	ST S2 T1
Paid interviews and test engagements after permission.	Principal review competent scope and protected delivery.
WO W1 O1	**WT W2 T2**
Resolve ownership approvals and PII before accepting work.	Fund absence plan credit limits and stop unfunded commitments.

Planning framework with evidence limits.

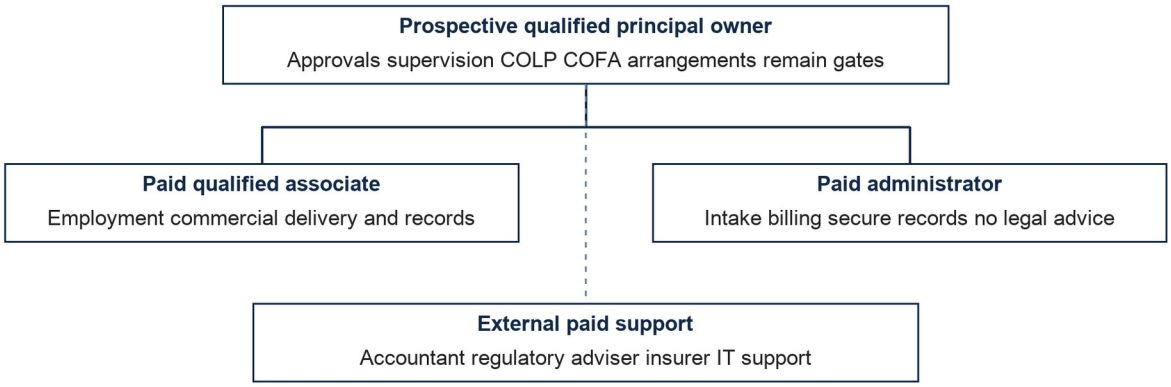
07 / STRATEGY

Owner and management

Accountable qualified leadership

The prospective principal has full operational responsibility and must be appropriately qualified, authorised and competent for the selected work. No named individual or personal biography is provided. Administration is a paid employee function and confers no solicitor status. The principal manages quality, case allocation, finance and the associate.

The launch gate includes evidence of a lawyer who has practised for at least three years and supervises the firm [R 1]. Designated COLP and COFA arrangements and applicable approvals must be resolved. External advice supports the principal but does not transfer the firm's accountability. The model allocates 450 annual principal hours to management, administration and supervision.



Planning framework with evidence limits.

08 / PEOPLE

Owner and key personnel profiles

Evidence required for appointment

The principal profile is pending: identity, ownership, practising status, relevant employment and contract expertise, supervision experience, disciplinary suitability and references need verification. The associate needs matching competence and current practising rights. The administrator needs secure file handling, billing and conflict process training, without giving legal advice.

Ownership percentages and share subscriptions are not invented. The financial model assumes proposed equity only and no dividend drawings. Qualified principal gross salary is GBP 6,000 monthly and associate GBP 4,500, both paid during three preparation months. These are recruitment allowances, not accepted offers, prior personal income or proof of available professionals.

09 / MARKET

Target customers

Business buyers

Target employers have recurring documentation questions and insufficient internal specialist capacity. Initial geography is Manchester and reachable Greater Manchester SMEs; advice is restricted to England and Wales law. Eligible buyers need a clear legal issue, conflict clearance, suitable scope and ability to pay. This description does not establish buyer counts.

Do not accept urgent litigation, employee representation against an existing employer client, transaction handling, complex crossborder issues or work beyond the appointed team’s competence. Referrals require informed choices and no unsupported claim about another provider’s availability. Customers are not forecast as signed accounts; the demand hypothesis is utilisation.

10 / CUSTOMER STRATEGY

Segmentation targeting and positioning

Choose the reachable segment

Segments considered are micro employers, established SMEs, larger inhouse teams, individuals and transaction buyers. The initial target is owner managed businesses buying employment documents or ordinary commercial terms. Large disputes, consumer legal aid, property and corporate transaction segments are outside the offer.

Positioning is scoped advice from accountable qualified professionals with transparent estimates and documented delivery. It is a proposed promise to validate, not a comparative rating. Do not claim the fastest, cheapest or most expert firm. Interviews should test willingness to pay, preferred engagement size and actual decision cycles before marketing expansion.

Segments	Target	Position
Micro employers SMEs inhouse teams individuals and transaction buyers.	Reachable owner managed Manchester employers and ordinary contract buyers.	Clear scoped advice qualified accountability and transparent estimates.

Planning framework with evidence limits.

11 / CUSTOMER STRATEGY

Value proposition canvas

Buyer needs to test

Customer jobs are deciding how to employ staff or agree a supplier contract. Possible pains are uncertain scope, changing cost estimates and slow clarification; these are interview hypotheses. Possible gains are a usable document, written options and a known next step. None is established customer research.

The service offers an engagement letter, agreed question, current research, reviewed advice and delivery record. Pain relief is bounded scope and estimates, not a guarantee of legal outcome. Gain creation is understandable advice that the client can act on. Monthly support remains recorded work billed in arrears; unused allocations are not automatically earned fees.

Jobs	Services
Decide employer documentation and ordinary supplier terms.	Defined advice reviewed documents and options with scoped terms.
Pains to test	**Pain relievers**
Uncertain scope fees and practical next steps. No interviews yet.	Clear estimates written boundaries and an accountable reviewer.
Gains to test	**Gain creators**
Understandable advice suitable for a real business decision.	Completed deliverables records and transparent followup scope.

Planning framework with evidence limits.

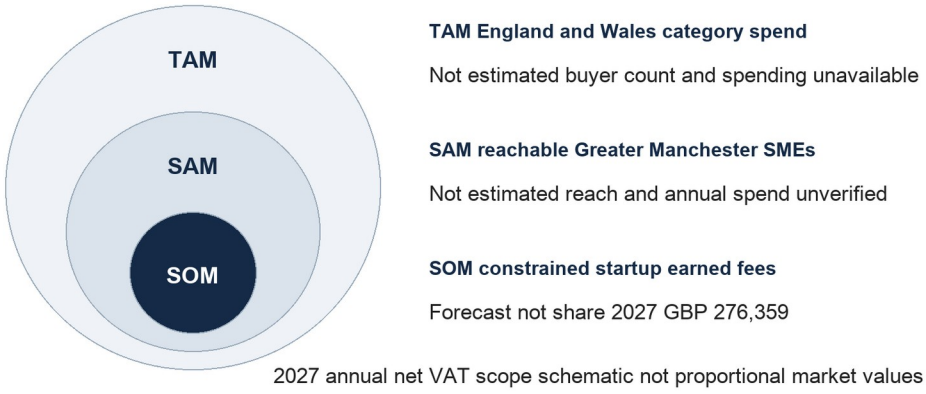
12 / MARKET

Market size and trends

Market scope and evidence limits

TAM would be annual England and Wales spending on employer employment advice and ordinary commercial contract review. SAM restricts this to reachable Greater Manchester target SMEs. Both buyer counts and category spending are unavailable in this package. No unsupported numerical estimate is substituted.

SOM is the capacity constrained startup sales forecast, not validated market share. The diagram shows nested scope only, not proportional circles. The 36 month model assumes utilisation increases from 50 percent of net billable capacity in 2027 to 70 percent in 2029. Validate buyer numbers and annual spending through primary research before asserting capture.



Planning framework with evidence limits.

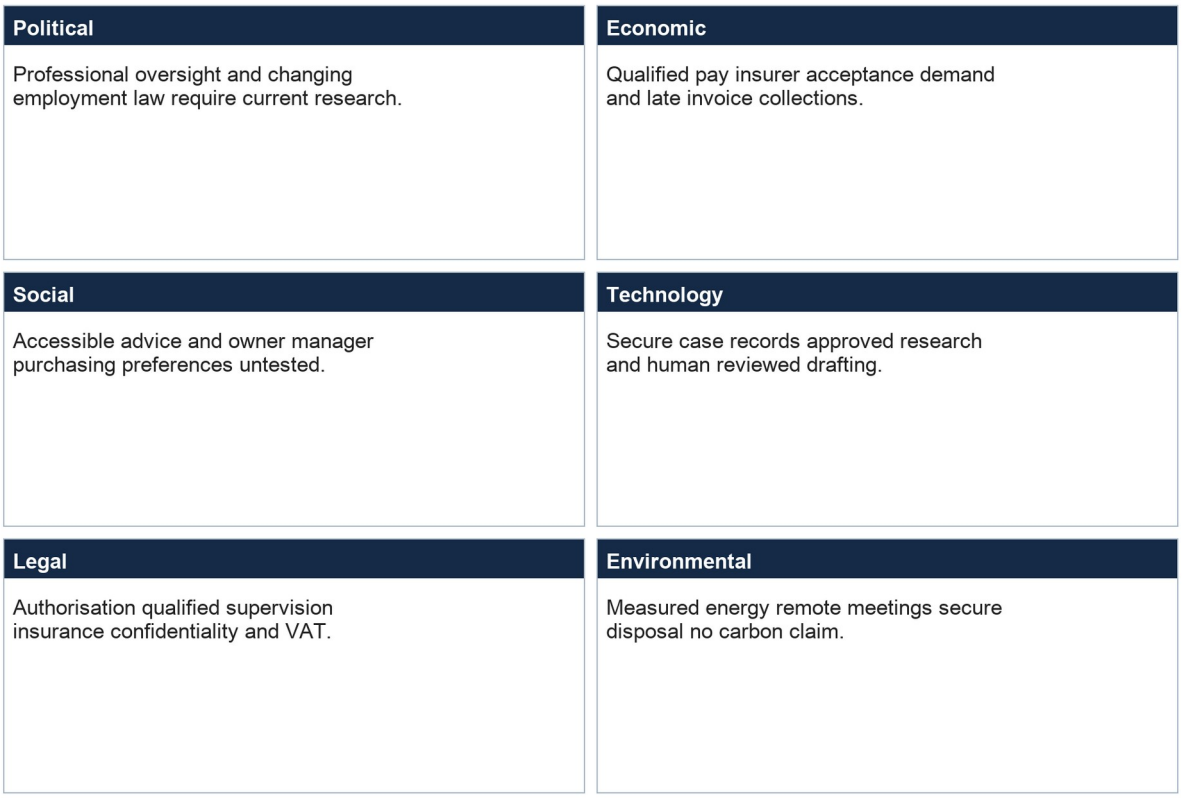
13 / MARKET CONTEXT

PESTLE analysis

External context and response

Political and legal factors include firm authorisation, professional duties, data protection and changing employment law. Economic factors are paid professional labour, demand and invoice delays. Social factors are owner manager expectations of clarity and accessibility. These implications are planning judgments.

Technology supports secure case records and research but requires human review; confidential material must not be placed in unapproved AI services. Environmental measures include remote meetings, energy use and secure paper disposal. The six panel diagram separates factors and responses. It is not a regulatory checklist or scored forecast.



Planning framework with evidence limits.

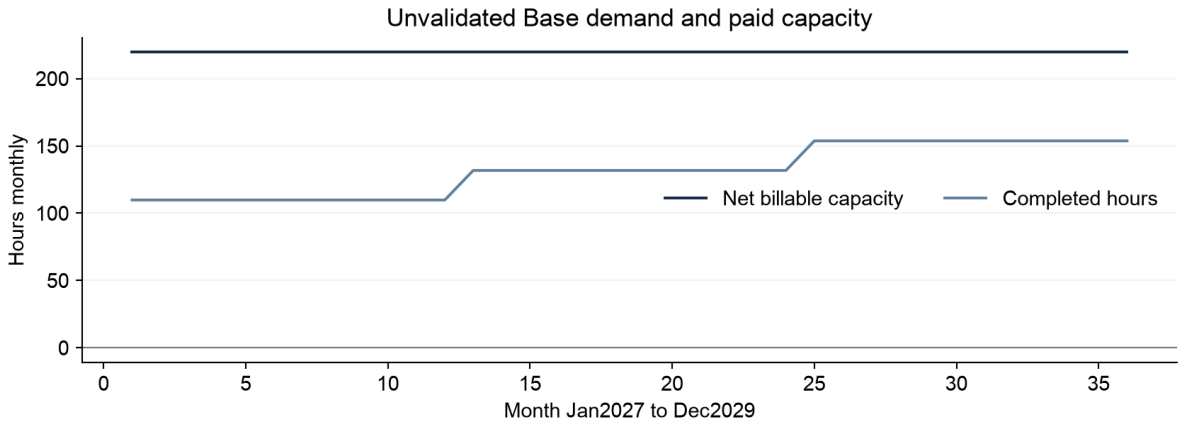
14 / MARKET

Local demand and evidence

Research before revenue commitment

No observed Manchester inquiries, referrals, signed client letters or pipeline have been supplied. The model's utilisation and rates are commercial hypotheses. A paid research phase should interview 15 to 20 eligible owner managers, record recent actual legal purchases where shared, and test engagement boundaries and estimated cost.

Ask about purchasing authority, payment terms and competing alternatives rather than soliciting promises. Capture consented anonymised notes and rejection reasons. Test low volume scoped engagements only after permission and client protection are in place. The demand chart is a scenario forecast and paid capacity comparison, not historical evidence.



Model 1.0 GBP January 2027 to December 2029 planning forecast.

15 / MARKET

Competitors and positioning

Alternatives and comparison plan

Alternatives include existing local law firms, larger firms with SME teams, qualified freelance advice where permitted, employer support providers and internal HR. No competitor names, rates or quality scores have been collected. Some alternatives may offer a different protection or service scope; verify before comparison.

Build a dated comparison of identical scope, qualified delivery, VAT, inclusions, turnaround estimate and client protection. Do not use a generic advertised package as an hourly rate benchmark. The strategy canvas records our proposed emphasis only. Its axes show management priorities rather than invented competitor rankings.

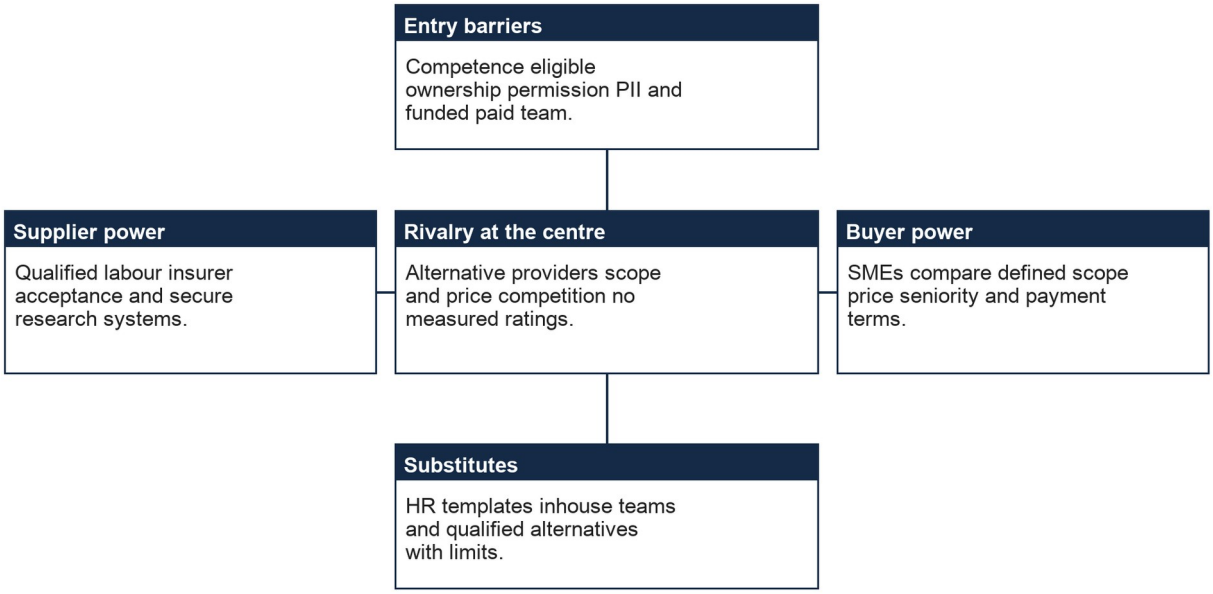
16 / COMPETITIVE STRATEGY

Porter five forces

Industry pressures

Rivalry is strong as a planning judgment because buyers have alternative legal providers. Buyer power comes from scope and price comparisons. Supplier power is qualified labour, insurer acceptance and secure research systems. Entry depends on accountable competence, permissions and financial readiness.

Substitutes include HR templates and internal teams, but legal advice questions can still require specialist review. Responses are a narrow offer, transparent scope, paid capacity and carefully managed credit. The centre diagram places rivalry between the four surrounding pressures without fabricated force scores or competitor observations.



Planning framework with evidence limits.

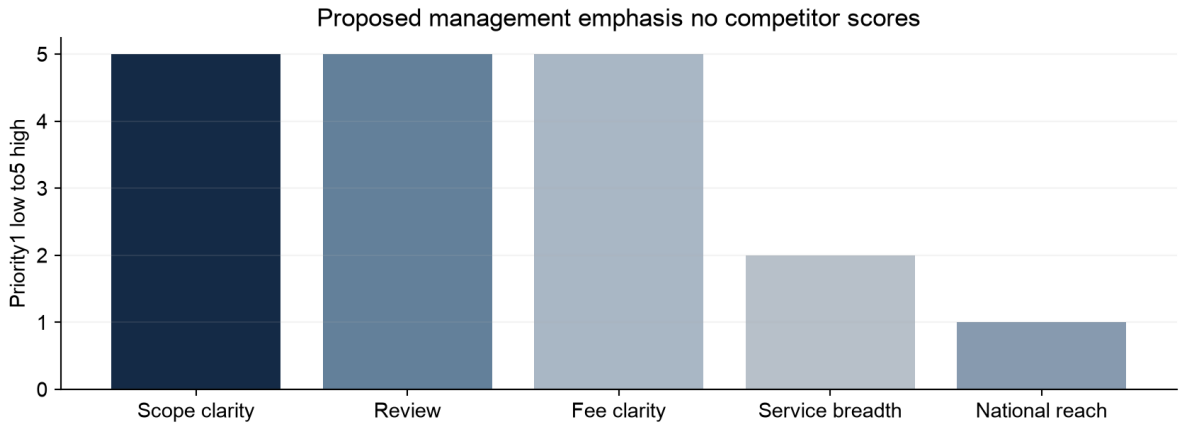
17 / COMPETITIVE STRATEGY

Strategy canvas

Proposed priorities

The canvas prioritises scope clarity, principal review, transparent estimates and secure delivery, while limiting service breadth and national reach. These are intended operating choices, not measured customer preference. There is no competitor rating line.

Review the priorities against interviews and completed matters after launch. If a broader promise cannot be supported by paid capacity, decline the work. The forecast uses one paid administrator and two solicitors, with no round the clock response promise or unpaid principal evening work.



Planning framework with evidence limits.

18 / OPERATIONS

Location and premises

Manchester practising base

A Manchester address and secure modest workspace are proposed; no premises is selected or leased. Budget rent is GBP 1,800 net monthly within taxable overhead. The model conservatively assumes standard VAT on overhead and requires a landlord quote and tax treatment review. Deposit is GBP 5,400 as an asset.

Require private client conversations, controlled entry, encrypted devices, secure disposal, accessible meeting arrangements and business continuity options. Avoid an expensive frontage before validating demand. The firm’s actual practising address must meet the SRA requirements for its entity type [R 1]. No fitout approval or council consent is assumed.

19 / OPERATIONS

Equipment and resource plan

Secure paid resources

Initial net capital allowance is GBP 20,000 for laptops, secure networking, communications and modest furnishings. Capital is depreciated over 36 months from opening. A separate GBP 8,000 replacement at month 25 uses its own 36 month life. These are budgets, not supplier quotes or asset donations.

Software and research seats are operating overhead, not depreciated capital again. Obtain security configuration, support response, backups and exit terms. The later investment creates no additional billable staff or automatic capacity growth. Verify the replacement need before committing and regenerate cash and assets if timing changes.

Capital allowance GBP	Net	Life months
Initial secure equipment furnishings	20,000	36
Replacement month 25	8,000	36

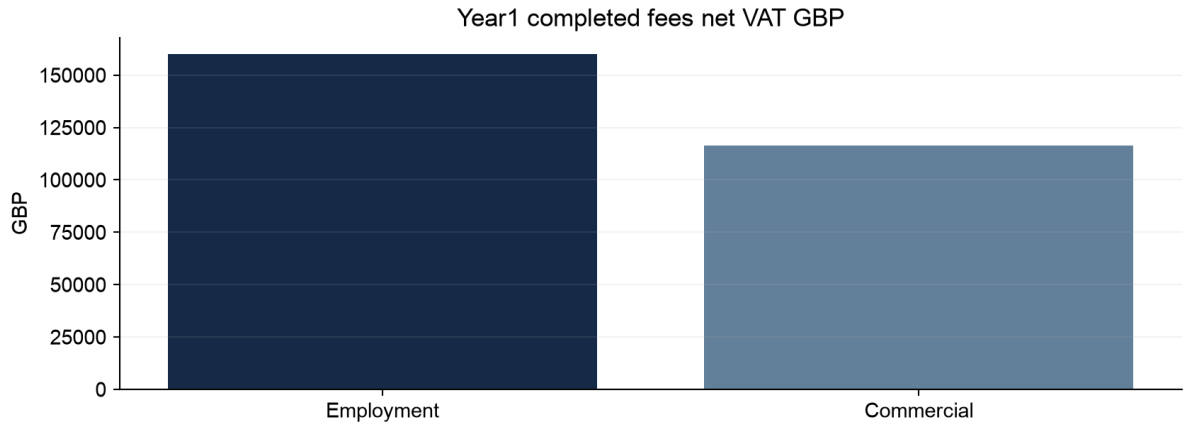
20 / OFFER

Legal service strategy

Legal service strategy

Employment advice covers employer contracts, policies and defined management questions. Commercial work covers ordinary service and supply terms. Each requires a scoped engagement and competent lawyer review. The fee mix is 60 percent employment and 40 percent commercial completed hours.

Monthly support represents 25 percent of completed time and is billed after delivery at agreed rates. The other 75 percent is scoped projects; 25 percent of project earned value is assumed invoiced a month after a completed milestone. No unperformed work, litigation wins, disbursement margin, conveyancing or success fee enters revenue.



Model 1.0 GBP January 2027 to December 2029 planning forecast.

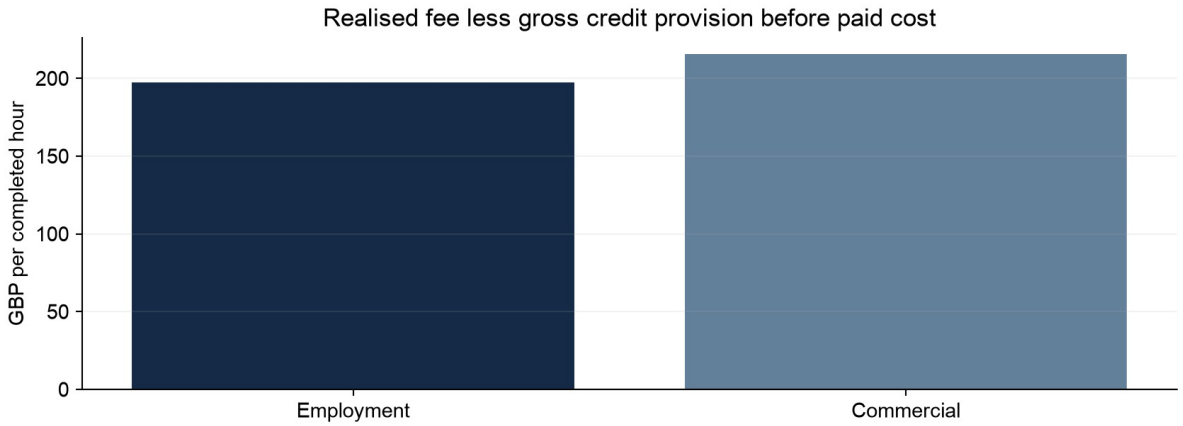
21 / OFFER

Pricing and order economics

Rate and realization hypotheses

Proposed 2027 hourly rates are GBP 220 employment and GBP 240 commercial, excluding 20 percent VAT. They are commercial assumptions and have no verified competitor comparison. Base realization is 92 percent after time discounts; this is separate from 2 percent bad gross invoice exposure.

Rates increase 2 percent each January in Base. Staff remain paid when time is unutilised or discounted. The contribution chart uses realised net hourly fees and provision assumptions before fixed paid cost; it is not profit per matter. Engagement estimates and fee caps require scope specific agreement and recorded client consent.



Model 1.0 GBP January 2027 to December 2029 planning forecast.

22 / OFFER

Competitor price comparison

Comparison still required

Our proposed rates are not verified market prices. Before deciding them, request or collect comparable public information for the same employment document or contract review scope. Record minimum fees, seniority, VAT, turnaround, exclusions and date. No observations are invented.

Comparisons must distinguish an all inclusive fixed fee from hourly advice. If a fee cap is accepted, track actual delivery time and realization. Insufficient evidence should lower commitment speed rather than be concealed as a competitive advantage. Model inputs and documents must update together after evidence changes.

Proposed hourly rate excluding VAT	GBP	Comparable evidence
Employment	220	Not collected
Commercial	240	Not collected

23 / OFFER

Brand and customer experience

Clear informed engagement

The working brand should explain service scope and confirmed regulatory status accurately. It must not use solicitor credentials, admission claims, case outcomes or client testimonials until real and verified. No public launch communication is authorised by this plan.

The client experience runs from conflict screened inquiry to written scope, estimates, advice delivery and invoice. Provide clear escalation and complaint information required for eligible clients [R 4]. Use plain language and accessible formats. Avoid promising outcomes, unrestricted support or response times that the two solicitor team cannot cover.

24 / GROWTH

Sales channels and process

From inquiry to earned fees

Proposed channels are direct owner manager outreach, professional networking and factual educational content. No paid referral arrangement or existing pipeline is assumed. Marketing allowance is GBP 800 net monthly within fixed overhead, paid even during a modelled opening delay.

An inquiry earns no revenue. Conflict checks and competence screening precede engagement. Work is accepted only with a deliverable, estimate and timetable. Invoice completed recorded work in arrears; collect into the business account only for billed fees. Clients pay third party costs directly. No client account, trust balance or unearned advance is forecast.

25 / GROWTH

Launch marketing

Evidence led launch

Paid preparation includes research, compliant descriptions, employer interviews and systems setup. Publication begins only after final professional status and identity are confirmed. The budget is a planning allowance within setup and ongoing overhead; there is no extra percentage of revenue marketing cost.

Begin with a limited target list and record qualified inquiries, conflict rejections, accepted work and collection experience. Principal business development fits the management hours deducted from capacity. Neither personal connections nor unpaid marketing labour are assumed. A launch delay has no fees while salaries and overhead remain payable.

26 / GROWTH

Retention and ongoing sales

Earned relationships

Repeat work depends on useful advice, reliable delivery and client choice; no renewal or cross sell success is established. Monthly support does not obligate unrestricted availability. Set a defined maximum scope and agree new work separately. Billed fees must correspond to actual completed advice.

Review matter profitability and credit exposure before continuation. Analyse realized hours, discounts, complaints, overdue balances and repeated scope changes. A late paying account must not receive unlimited additional credit. Retention activity uses paid management time and does not add separate assumed revenue to the capacity engine.

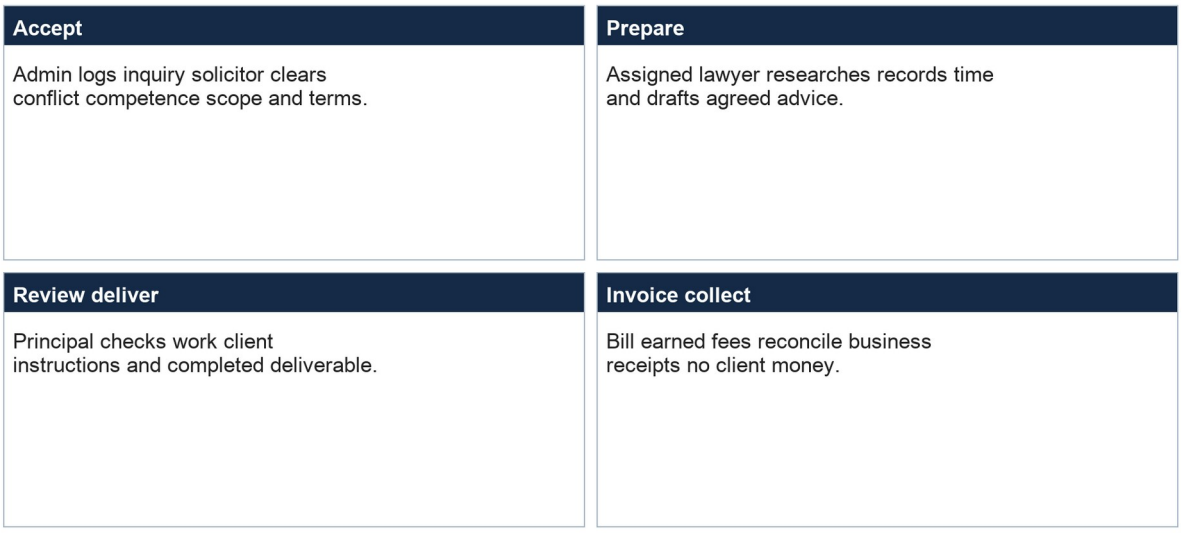
27 / OPERATIONS

Daily operations and suppliers

Controlled legal workflow

The administrator logs inquiries and performs documented intake steps, with solicitor decisions on conflicts, competence and acceptance. The assigned lawyer records time, sources, deliverables and review. Principal release and client instructions remain documented. External research, finance and technology suppliers are paid but uncontracted.

Keep deadline diaries with backup review, secure documents, controlled access and a clear escalation path for errors. Test restoration and interruption procedures. Do not outsource substantive advice to unverified providers. No supplier or counsel pass through money is held: client direct payment is the chosen scope.



Planning framework with evidence limits.

28 / OPERATIONS

Sustainability practices

Practical office measures

Prefer secure electronic files, remote meetings where suitable, modest equipment life and measured electricity use. Paper containing client information requires secure disposal. None of these choices proves a carbon reduction or certification. No green price premium is forecast.

Assign the administrator to record paper and equipment disposal and the principal to approve confidential handling. Review energy bills and travel where reliable records exist. Savings are not booked before measured. Replacement capital and software costs already sit in the model, so environmental intentions do not create a second asset or expense line.

29 / OPERATIONS

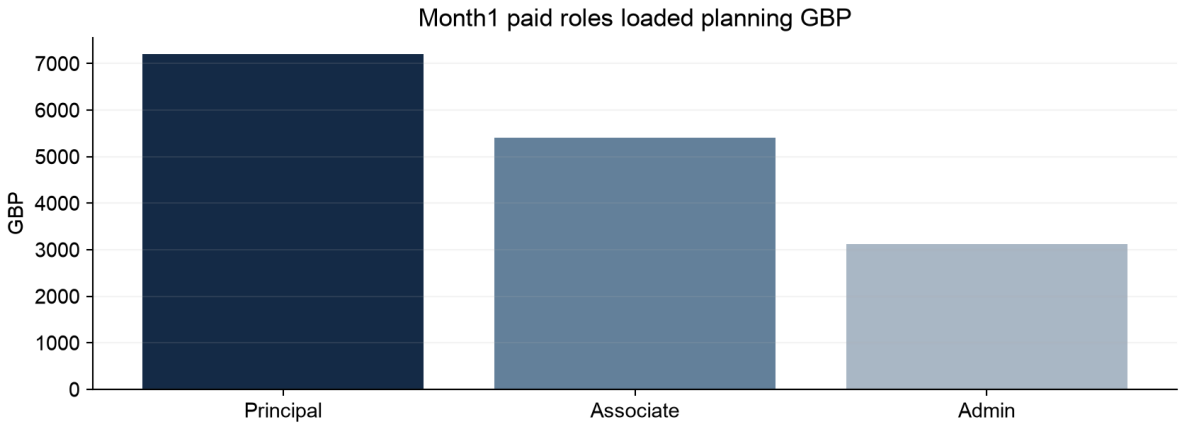
Staffing and training

Paid team and capacity

Two 37.5 hour weekly solicitor roles are paid throughout operations. Annual leave 5.6 weeks each, sickness 37.5 hours and training 50 hours are removed from billable availability in Base. Principal 450 hours and associate 220 hours of annual admin and management are separate deductions. Utilisation applies to remaining capacity.

One administrator is paid GBP 2,600 monthly; legal advice remains the qualified team's function. Employer load 20 percent is a planning reserve for NI, pensions and cover, not a statutory rate. Current employer NI must be checked with payroll [R 8]. No employment allowance benefit, volunteer cover or unpaid founder labour is used.

Paid role	Gross monthly GBP	Loaded monthly GBP
Prospective qualified principal	6,000	7,200
Qualified associate	4,500	5,400
Administrator	2,600	3,120
Total	13,100	15,720



Model 1.0 GBP January 2027 to December 2029 planning forecast.

30 / PEOPLE

Staff skills and fair work

Competence and conditions

Recruitment must establish current practising rights, suitable employment and commercial expertise, supervision competence and references. Training is paid and cannot be recovered by assuming every hour is billable. Leave planning follows the GOV.UK 5.6 week entitlement baseline [R 7]. Actual contracts and payroll require professional review.

Use clear hours, fair recruitment, reasonable adjustments, grievance routes and workload review. The model's even allocation of leave is a planning convention; real rosters must preserve supervision and client deadlines. A single key person absence may restrict service further. Administration training covers confidentiality, secure billing and escalation, with no independent legal advice.

31 / OPERATIONS

Legal and insurance requirements

Unresolved professional gates

Firm authorisation, eligible legally qualified ownership, manager approvals, practising rights, supervision and COLP COFA arrangements remain unresolved [R 1 R 2]. A recognised body company is different from a solicitor sole practice. If nonlawyer ownership is chosen, stop and assess licensed body eligibility rather than call the administrator a solicitor.

Qualifying indemnity insurance from a participating insurer is required for the authorised firm; relevant incorporated bodies have a minimum GBP 3 million any one claim cover under the SRA terms [R 3]. Obtain adequate scope, excess and run off review. GBP 1,000 monthly PII is only a cost allowance. Conflict confidentiality complaint and financial stability controls need implementation [R 4]. Obtain a matter-specific AML and sanctions scope assessment before onboarding [R 12]. Transactional work is excluded. No exemption is inferred merely from holding no client money.

Gate	Required evidence	Status
Recognised body	Qualified ownership eligible manager authorisation	Pending
Professional team	Practising rights competence 3 year supervision	Pending
COLP COFA	Designations applicable approval records	Pending
PII protection	Qualifying adequate policy client terms	Pending
Client money	No holding no advances client direct costs	Chosen scope
Privacy controls	Risk appropriate security and tested restoration	Pending

32 / OPERATIONS

Opening roadmap

Conditional readiness sequence

Base pays principal and associate during October to December 2026 and admin in December. They prepare ownership evidence, authorisation applications, insurer submissions, scope, client terms, systems and interviews. This paid preparation budget does not establish that approval will arrive by January.

Opening requires actual eligible people, entity authorisation, supervisory arrangements, client protection, secure systems and funded cash. Downside includes six preparation months and an additional three operating forecast delay months, explicitly a costly stress. Missing permission means no service revenue. Do not accept deposits to bridge readiness costs.

Paid preparation	Readiness evidence
Two solicitors Oct to Dec2026 admin December base. No free owner work.	Actual qualifications ownership insurer terms permissions and cash.
Conditional opening	**Downside delay**
January2027 illustrative all gates pending. No deposits to fund readiness.	Six paid prep months then three forecast delay months with payroll.

Planning framework with evidence limits.

33 / MANAGEMENT

Risks and management actions

Stop and response rules

Material risks are unsuitable ownership, failed authorisation, insurer refusal, professional error, key person absence, data compromise, weak demand and late collection. Principal owns readiness and client protection; admin supports file and cash records. None is marked resolved.

Maintain a 13 week cash forecast alongside the monthly model. Stop unfunded launch commitments and do not assume an overdraft. Review scope restrictions and orderly client handover if the firm cannot continue. Quarterly VAT cash and bad debt provisions matter even when a month records positive earned fees. Risk conclusions must use the final model cash gaps. Final Downside minimum cash is GBP (379,882) and reserve funding gap GBP 439,882. Delay and low utilization cannot be funded by the proposed capital alone.

34 / APPENDIX A

Research and evidence

Primary authorities and limits

Sources R 1 to R 12 were checked 3 October 2026 for professional and UK operating context. They do not prove an admitted owner, available employee, authorised entity, insurance quote, actual demand, client willingness to pay or secured funding. Current rules must be checked again before the intended 2027 launch.

The law firm financial reference was inspected read only. This startup model was rebuilt: capacity and realization ideas were reused, while seven year DCF, equity partner residual pay, full service mix and contingent success fees were rejected. The approved actual Word template was copied and its 48 topics retained with legal service adaptations.

ID	Primary authority	Use
R 1	SRA Authorisation of Firms Rules	Eligibility approvals compliance roles supervision and practising address; launch pending
R 2	SRA Firm authorisation guidance	Legal services body solicitor manager and ownership; company is not sole practice
R 3	SRA Indemnity Insurance Rules and terms	Qualifying participating insurer and relevant incorporated body GBP 3 m minimum; policy absent
R 4	SRA Code of Conduct for Firms	Competence confidentiality conflicts financial stability and complaints; controls not established
R 5	SRA Accounts Rules	Client money handling; chosen practice excludes money holding and advance payment
R 6	GOV UK VAT rates	20 percent standard VAT; model assumes registered domestic taxable legal services
R 7	GOV UK Holiday entitlement	5.6 weeks minimum paid leave baseline
R 8	GOV UK National Insurance rates	Current employer NI 15 percent; model 20 percent total loading is reserve estimate, not statutory rate
R 9	GOV UK Corporation Tax rates	25 percent main rate; positive-month cash reserve not actual company tax assessment
R 10	ICO Security including cyber security	Risk appropriate personal data security; implementation and evidence required
R 11	HMRC VAT Notice 700 tax points	Basic service completion tax point; outputVAT conservatively earned before delayed billing no 14 day override assumed
R 12	SRA Scope of money laundering regulations	Assess specific work before accepting instructions no exemption inferred from no client money

R1 https://www.sra.org.uk/solicitors/standards-regulations/authorisation-firms-rules/

R2 https://www.sra.org.uk/solicitors/guidance/firm-authorisation/

R3 https://www.sra.org.uk/solicitors/standards-regulations/indemnity-insurance-rules/

R4 https://www.sra.org.uk/solicitors/standards-regulations/code-conduct-firms/

R5 https://www.sra.org.uk/solicitors/standards-regulations/accounts-rules/

R6 https://www.gov.uk/vat-rates

R7 https://www.gov.uk/holiday-entitlement-rights

R8 https://www.gov.uk/national-insurance-rates-letters

R9 https://www.gov.uk/government/publications/rates-and-allowances-corporation-tax/rates-and-allowances-corporation-tax

R10 https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/security/

R11 https://www.gov.uk/guidance/vat-guide-notice-700

R12 https://www.sra.org.uk/solicitors/resources/money-laundering/scope-money-laundering-regulations/

35 / APPENDIX B

Quotes and assumptions

Evidence to replace budgets

Obtain written solicitor recruitment offers, insurer terms, secure workspace lease and deposit, research software, IT support, regulatory adviser and lender quotations. Validate the proposed hours, rates, billing milestones, collection terms and 20 percent payroll reserve. All allowances remain estimates.

Before commitment identify owners and interests, real qualifications, permissions and any personal guarantees. No valuation, security or household outside income is fabricated. Preserve source dates and update the same model, case captures, figures and Word whenever assumptions change. The completed arithmetic is not a substitute for launch evidence.

36 / FINANCE

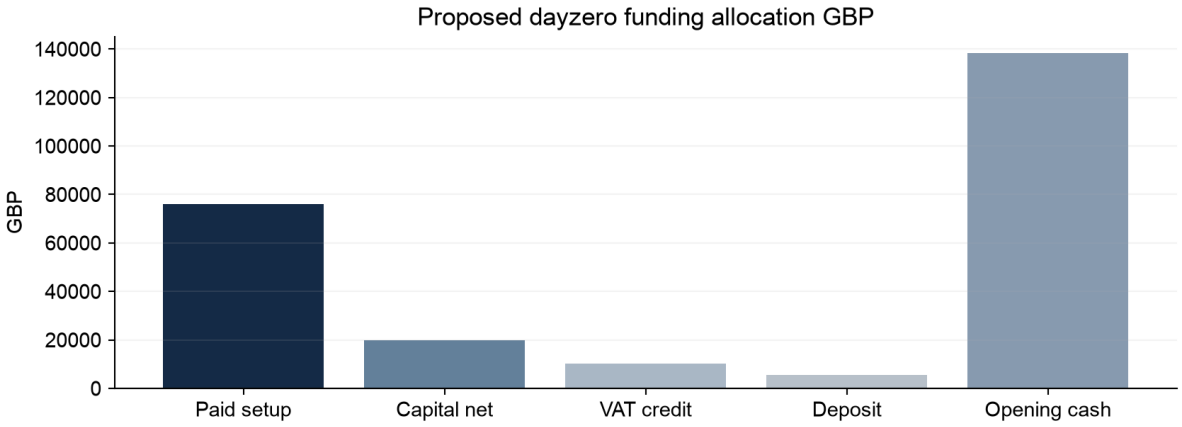
Startup costs and funding

Funding before paid work

Proposed equity must arrive before preparation; the loan is assumed only at operational dayzero. No funding is committed. The model separates expense capital input VAT deposit and cash. A reserve is retained cash rather than a second expense.

Base requires paid qualified principal and associate for three preparation months and admin for one. Preopening expenses reduce retained equity. Setup VAT is carried as a credit without refund. Downside needs materially more funding and must not proceed on a balancing overdraft.

Proposed funding GBP	Amount
Equity before preparation	220,000
Loan at opening	30,000
Total proposed	250,000
Preopening cash uses	111,720
Opening cash	138,280
Base minimum cash	102,964
Downside reserve extra	439,882



Model 1.0 GBP January 2027 to December 2029 planning forecast.

37 / FINANCE

Itemized startup costs

Quotes still required

Initial net capital GBP 20,000 and setup expense GBP 18,000 are planning allowances. Paid preparation covers salaries and fixed overhead; refundable deposit GBP 5,400 is a separate asset. Startup input VAT is a recoverable credit conditional on valid registration invoices and business use.

Salary preparation and operating payroll are distinct periods. Do not omit professional development or assume owner work is free. Obtain actual approval insurance and staffing costs before commitment. Cash uses and opening balances below are exact model outputs, not vendor quotes.

Startup allowance GBP	Amount
Preparation solicitor payroll loaded	37,800
Preparation admin payroll loaded	3,120
Preparation overhead net	17,100
One time setup net	18,000
Total preopening expense	76,020
Initial capex net	20,000
Input VAT credit carried	10,300
Refundable deposit	5,400
Total preopening cash uses	111,720
Opening operating cash	138,280

38 / FINANCE

Owner personal survival budget

Paid owner survival requirement

The prospective qualified owner receives GBP 6,000 gross monthly during paid preparation and operations. A 65 percent retained-pay proxy gives GBP 3,900 against GBP 3,600 monthly household spending, leaving GBP 300 in Base before individual tax differences or unexpected needs. This is not a PAYE calculation.

Household costs are housing taxes 1500 essentials 1000 transport insurance dependents 550 and savings contingency 550. No reliable outside income or unpaid owner support is assumed. Household costs are not company expenses a second time. Actual tax family commitments and income history remain unknown and need private confirmation.

Monthly household budget GBP	Amount
Housing taxes	1,500
Utilities food communications	1,000
Insurance transport dependents	550
Savings contingency	550
Total spending	3,600
Other reliable income	—
Gross salary	6,000
Net 65 percent proxy	3,900
Surplus	300

39 / FINANCE

Financing terms and security

Unapproved funding proposal

The model proposes GBP 220,000 equity before preparation and GBP 30,000 loan at operational opening. Interest is 9 percent annually on opening debt, with three principal grace months then 48 equal monthly principal instalments capped at outstanding debt. Unpaid remaining loan continues beyond the horizon.

No lender approval collateral valuation guarantee or paid subscription is supplied. Proposed equity holders must satisfy chosen professional eligibility; a nonlawyer investor requires licensed body reassessment. Security is not cash. Funding below zero and reserve gaps are requirements to negotiate, not automatic sources.

Illustrative term	Value
Loan GBP	30,000
Interest 9 percent annual	Opening balance monthly
Grace	3 months principal only
Amortisation	48 equal principal instalments capped
Year 3 remaining loan GBP	9,375
Security guarantee lender approval	Unknown none claimed

40 / FINANCE

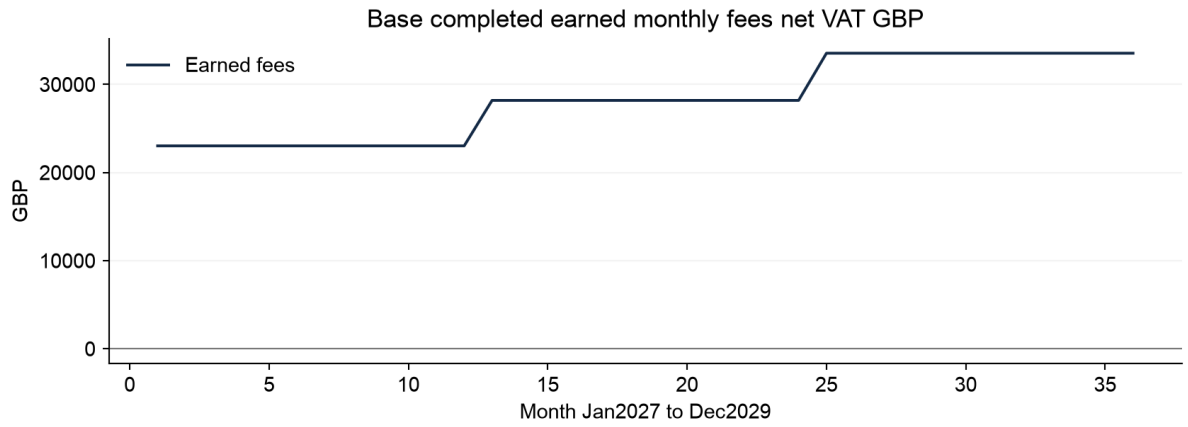
Revenue forecast and capacity

Only completed work earns fees

Paid capacity deducts leave sickness training principal management and associate administration. Base utilisation rises 50 to 60 to 70 percent of remaining capacity; it does not create extra staff. Earned fees use completed employment and commercial hours with 92 percent realization.

The model excludes unperformed services client money and contingent wins.25 percent of delivered time is monthly support billed after work.25 percent of project earned value is invoiced in the following month as completed WIP. No support advance, unused retainer income or speculative outcome fee is recorded.

Annual result	2027	2028	2029
Completed billable hours	1,318	1,581	1,844
Available billable hours	2,635	2,635	2,635
Earned fees GBP	276,359	338,263	402,533



Model 1.0 GBP January 2027 to December 2029 planning forecast.

41 / FINANCE

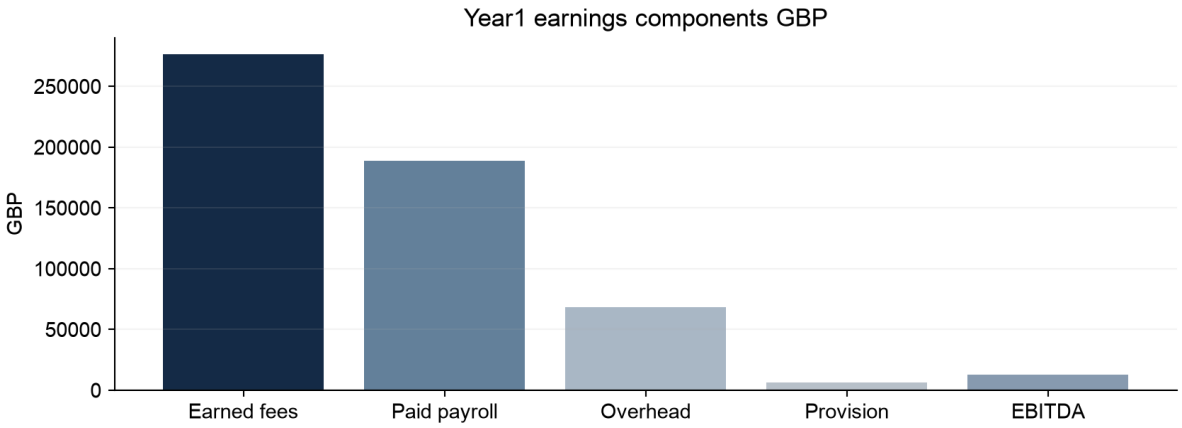
Costs and projected profit

All delivery and management paid

Principal associate and administrator gross monthly payroll totals GBP 13,100 before 20 percent reserve load. Base net overhead GBP 5,700 monthly includes taxable suppliers GBP 4,500 and exempt insurance GBP 1,200. Salaries and overhead rise 3 percent each January.

The PII allowance is not a quote. Payroll load is a reserve estimate and actual NI pension and employment obligations need professional calculation. Bad debt expense is 2 percent of gross invoices in Base, including irrecoverable output VAT. Costs persist during opening delay; no owner salary disappears in loss months.

Expense GBP	2027	2028	2029
Paid loaded payroll	188,640	194,299	200,128
Net overhead	68,400	70,452	72,566
Gross bad debt provision	6,529	8,095	9,637
Depreciation	6,667	6,667	9,333
Interest	2,531	1,884	1,209



Model 1.0 GBP January 2027 to December 2029 planning forecast.

42 / FINANCE

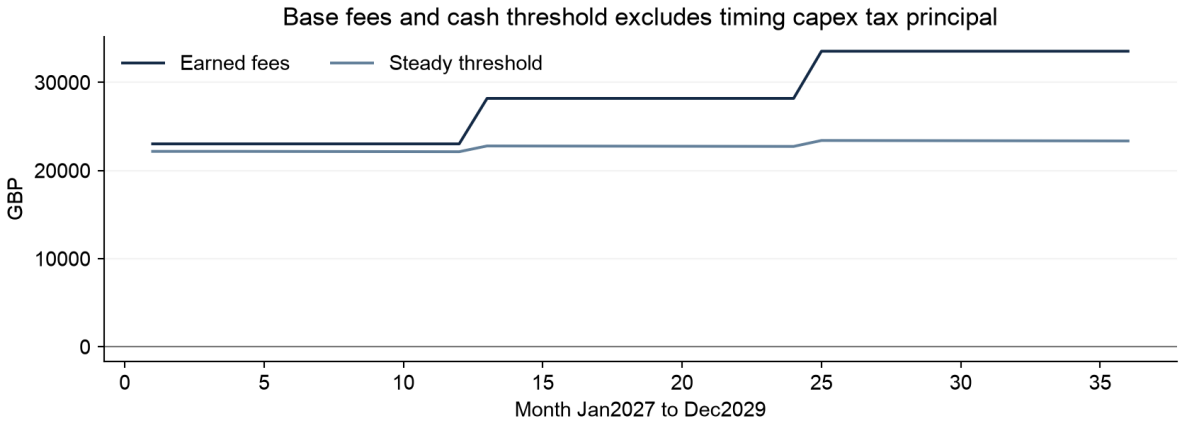
Profit and loss forecast

Earnings recognition and tax limits

Revenue is completed advice earned, excluding VAT. Work completed but invoiced later becomes WIP. Discounts reduce realized fees; bad debt gross provision is separate expense when invoices issue. Asset depreciation is capped by each vintage. Interest is expense; principal is cash only.

The 25 percent tax line is a conservative positive monthly book profit reserve paid immediately, not actual annual corporation tax [R 9]. It excludes loss offsets allowances marginal relief and filing timing. Negative months receive no tax refund. Company loss and household salary remain separate.

GBP	2027	2028	2029
Completed earned fees	276,359	338,263	402,533
Payroll	188,640	194,299	200,128
Overhead	68,400	70,452	72,566
Bad debt provision	6,529	8,095	9,637
EBITDA	**12,790**	**65,417**	**120,203**
Depreciation	6,667	6,667	9,333
Interest	2,531	1,884	1,209
Profit before tax	3,592	56,866	109,660
Tax reserve	898	14,216	27,415
Net profit	**2,694**	**42,649**	**82,245**



Model 1.0 GBP January 2027 to December 2029 planning forecast.

43 / FINANCE

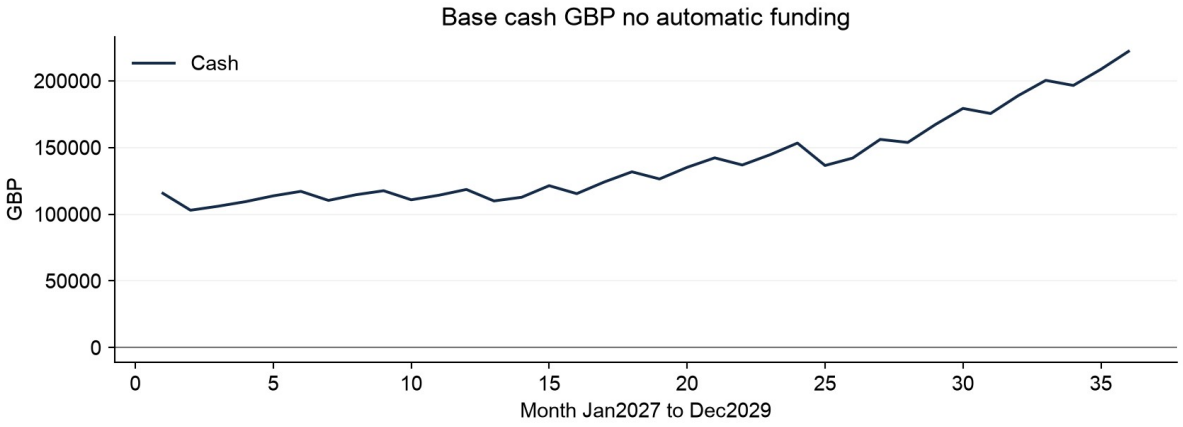
Cash flow and financial position

Invoices VAT and cash

Every invoice month has collectible and bad gross balance cohorts across all 36 months. Uniform issue timing uses actual calendar days, payment terms and bad debt writeoff days. Collections follow issued invoices; WIP generates no cash before billing. Long payment terms retain only historical invoices, not a revenue multiple.

Output VAT conservatively accrues on completed services at the basic tax point [R 11], including completed work pending billing. The WIP asset carries earned net fees and associated unpaid VAT. Input VAT follows eligible supplier bills. Positive prior quarter net VAT is paid in the next month; credits carry with no refund assumed. No bad debt VAT relief is assumed. These are simplified monthly planning conventions; confirm actual tax points and quarter dates with the accountant.

Cash result GBP	2027	2028	2029
Operating cash	(14,125)	42,272	85,866
Capital cash	—	—	9,600
Principal	5,625	7,500	7,500
Net cash change	(19,750)	34,772	68,766
Closing cash	118,530	153,302	222,067



Model 1.0 GBP January 2027 to December 2029 planning forecast.

Cash flow forecast months one to six

Opening half year cash

Opening cash is proposed funding less all paid preparation capital VAT and deposit uses. Customer receipts are gross collections of billed fees. Cash outflows separately show paid payroll gross overhead VAT interest tax capital and principal. January toJune 2027 is the opening half year.

No client money advance fee or additional debt balances the forecast. The model’s uniform calendar invoice convention cannot replace a bank daily cash schedule. Client direct disbursement payment excludes third party funds from the firm’s balance sheet.

GBP	2027-01	2027-02	2027-03	2027-04	2027-05	2027-06
Opening cash	**138,280**	**115,640**	**102,964**	**105,958**	**109,421**	**113,735**
Gross collections	—	9,938	25,609	27,520	27,549	26,617
Paid payroll	15,720	15,720	15,720	15,720	15,720	15,720
Gross overhead	6,600	6,600	6,600	6,600	6,600	6,600
VAT cash	—	—	—	818	—	—
Interest tax	320	294	294	294	291	287
Capital gross	—	—	—	—	—	—
Principal	—	—	—	625	625	625
Net change	(22,640)	(12,676)	2,995	3,463	4,313	3,385
Closing cash	**115,640**	**102,964**	**105,958**	**109,421**	**113,735**	**117,120**

45 / FINANCE

Cash flow forecast months seven to twelve

Continue the same cash rollforward

July toDecember 2027 opening balances link directly to prior month cash. Principal begins after the initial three month grace. VAT payments follow the selected quarter convention. Bad invoices retain an allowance until their aged writeoff without assumed recovery.

Unexpected complaints scope rework late payment or insurance costs can require more cash than forecast. Keep a 13 week account level cash tool and stop unfunded commitments. Positive earned fees are not equivalent to cash receipts, especially while completed WIP and receivables grow.

GBP	2027-07	2027-08	2027-09	2027-10	2027-11	2027-12
Opening cash	**117,120**	**110,322**	**114,588**	**117,576**	**110,789**	**114,192**
Gross collections	27,549	27,491	26,210	27,549	26,617	27,549
Paid payroll	15,720	15,720	15,720	15,720	15,720	15,720
Gross overhead	6,600	6,600	6,600	6,600	6,600	6,600
VAT cash	11,118	—	—	11,118	—	—
Interest tax	284	280	277	273	270	266
Capital gross	—	—	—	—	—	—
Principal	625	625	625	625	625	625
Net change	(6,797)	4,266	2,988	(6,787)	3,403	4,338
Closing cash	**110,322**	**114,588**	**117,576**	**110,789**	**114,192**	**118,530**

Financial position summary

Assets liabilities and earned WIP

Assets are cash net receivables completed earned WIP including taxpoint VAT carried VAT credit refundable lease deposit and equipment net book value. Liabilities are loan and positive VAT payable. No client money account deferred advance liability goodwill or secured property is present.

Equity is fixed proposed paid capital plus retained earnings including preparation losses and monthly net results. The asset and liability difference checks every month. Negative cash is disclosed unfunded liquidity and cannot be treated as authorised overdraft. Bad debt allowance already reduces receivables and must not be deducted again.

Yearend GBP	2027	2028	2029
Cash	118,530	153,302	222,067
Net receivables	39,722	48,620	57,857
Completed WIP with VAT	5,182	6,342	7,547
VAT credit	—	—	—
Lease deposit	5,400	5,400	5,400
Equipment NBV	13,333	6,667	5,333
Total assets	**182,167**	**220,330**	**298,206**
Loan	24,375	16,875	9,375
VAT payable	11,118	14,132	17,262
Unearned advances	—	—	—
Total liabilities	**35,493**	**31,007**	**26,637**
Paid equity	220,000	220,000	220,000
Retained earnings	(73,326)	(30,677)	51,568
Total equity	**146,674**	**189,323**	**271,568**
Liabilities plus equity	**182,167**	**220,330**	**298,206**
Balance difference	—	—	—

47 / FINANCE

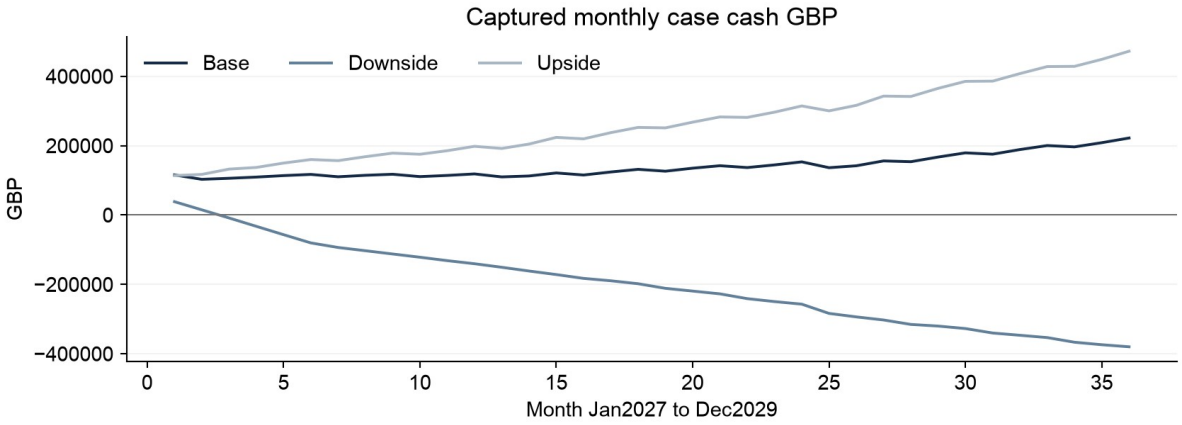
Break even and scenarios

Steady threshold and adverse case

The steady earned fee threshold divides paid payroll overhead and interest by contribution after gross credit provision. It excludes cash collection delays WIP capex tax principal and minimum reserves, so it is not a liquidity break even test. Month 1 steady threshold is GBP 22,177 versus earned fees GBP 23,030.

Base Downside Upside are dated captures from one live selectable model. Downside has lower utilisation realization and rates plus higher credit loss and delays. After any case input edit the captures flag stale. A profitable Upside is conditional and does not establish observed demand or remove launch gates. Downside minimum cash GBP (379,882); extra to reserve GBP 439,882.

Captured case GBP	2027 fees	2027 net	Minimum cash	Reserve extra
Base	276,359	2,694	102,964	—
Downside	116,025	(167,490)	(379,882)	439,882
Upside	372,484	74,574	113,705	—



Model 1.0 GBP January 2027 to December 2029 planning forecast.

48 / APPENDIX C

Model guide and completion

Live model and captured cases

The Inputs selector chooses Base Downside or Upside for the same 36 month formula build. Blue case inputs are editable. Native Excel charts link to live ranges. Cases are dated captured comparisons: changing any case input marks them stale and requires regenerating the retained JavaScript, model results and Word.

Review paid capacity, completed fees, delayed earned WIP, gross invoice cohorts, bad debt allowance and quarterly VAT settlements. No advance fees or client money are recognised as income. Cash and assets are independently reconciled, but the commercial inputs and professional readiness remain unresolved. The financial group is the final part of this plan.