01 / DECISION SUMMARY

Can the acquisition fit the business?

Example Service Co. / A fictional owner-managed business considering the acquisition of a maintenance-service operation.

Proposed next step: defer a purchase commitment.
The asking-price structure exceeds the owner's available cash. Adding debt fixes that cash gap but fails the repayment screen. Continue only with a bounded evidence review and alternative terms, subject to the owner's recorded approval.

$180k	$60k	1.10x
Modeled cash available after obligations and reserve	Cash shortfall at the $600k asking price / 70% debt	Debt coverage at asking price / 85% debt

WHAT THE REVIEW FOUND	WHAT IT MEANS FOR THE OWNER
Cash and repayment are separate constraints.	A structure that meets one can still fail the other.
The seller's $190k headline becomes $108k of modeled pre-tax cash for debt service.	Recurring management, collection losses, maintenance and working capital change the economics.
A hypothetical $400k price fits the base cash screen, with only $4k headroom.	It is an unaccepted sensitivity, not a valuation, negotiated result or cleared acquisition.

Evidence status and authority

Evidence readiness: preliminary. Contract retention, operating cost support, complete obligations, legal structure and written lender terms remain unresolved.
Authorization: no borrowing or purchase commitment is assumed. The owner chooses whether to authorize the next review phase.

How to read: start with pages 1-2; cash and operating analysis are on pages 4-5; financing and downside are on pages 6-7; follow-up actions are on pages 9-10. The companion workbook lets you change the fictional assumptions.

02 / SCOPE AND POLICY

One decision. A defined review.

Illustrates a paid Decision Readiness Review with acquisition modeling explicitly included in the agreed scope.

Owner question: Can the business acquire this operation without weakening the reserves that support the existing company? The case uses a hypothetical asset acquisition and assumes no seller debt is inherited; counsel and lender confirmation are required.

INCLUDED IN THIS SAMPLE SCOPE	WHAT COMPLETION LOOKS LIKE
Clarify the decision and evidence needs	One source list, a cutoff date and an owner-approved set of limits.
Reconcile and normalize the supplied schedules	A visible bridge from reported activity to the cash-flow measure used in the model.
Model the acquisition and alternatives	Sources and uses, loan payments, cash and coverage screens, stress cases and price boundaries.
Prepare the professional conversation	A concise decision summary, model assumptions, outstanding questions and assigned follow-up.

ILLUSTRATIVE OWNER POLICY V1	LIMIT / STATUS
Core operating reserve	Keep $175,000 after closing and known near-term obligations; test transition timing separately.
Cash available for this transaction	Modeled ceiling of $180,000. Additional obligations reduce this ceiling.
Repayment screen	At least 1.30x under the base and selected downside assumptions. This is an example policy, not a universal lender requirement.
Initial verification spending	Up to $4,000 of the already-included $8,000 transaction budget, only if authorized. This is not a Capital Control fee quote.

Separately scoped or external: bookkeeping corrections, tax planning, legal diligence, lender approval, valuation opinions, transaction negotiation and ongoing monitoring. Capital Control prepares the analysis and questions; the owner and relevant professionals retain their decisions.

03 / SOURCE MAP

Separate the evidence from the assumption.

F01-F06 are fictional exhibit descriptions created for this demonstration. No real client documents are included.

EXHIBIT	STATUS WITHIN THE EXAMPLE	DECISION IMPACT / NEXT CHECK
F01 Business bank reconciliation	Reconciled within the example. $420k business cash.	In live work, reconcile statements to books and identify restricted or unavailable funds.
F02 Obligation schedule	Partial. $65k known near-term obligations.	Confirm taxes, payroll, payables and debt completeness. Additional obligations reduce deployment capacity.
F03 Owner decision policy	Defined for illustration. Reserve, coverage and spending limits.	A policy choice is different from a fact or a lender requirement. Record owner approval in a real engagement.
F04 Seller operating schedule	Arithmetic reconciled only. Revenue credits and operating costs.	Tie to collections, customer contracts and tax/accounting records. Arithmetic agreement does not verify source accuracy.
F05 Transition budget	Unconfirmed planning assumptions. Management, capex and working capital.	Obtain operating quotes, staffing plan and collection/payment timing.
F06 Price and debt alternatives	Hypothetical. Unaccepted repricing and unquoted financing.	Confirm lender terms, required equity, collateral, guarantees, fees, maturity and transaction structure.

Critical gaps do not disappear into a readiness score.
Missing customer-retention evidence or unresolved borrowing terms can block a commitment even when most documents are available. Report the affected decision as unresolved until the controlling evidence is obtained.

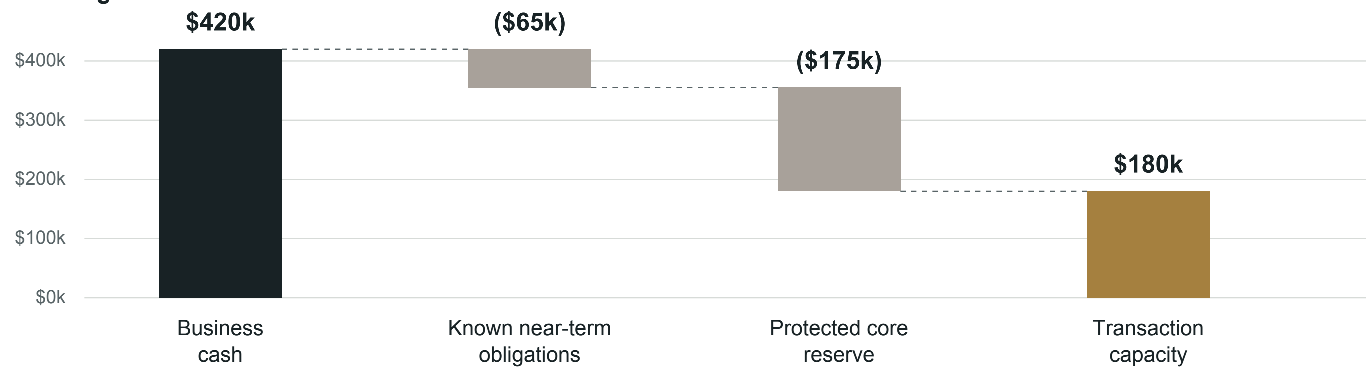
Source labels travel with the analysis: supplied/reported information, a reconciled calculation, an owner policy, and a planning assumption have different meanings. The model never turns an empty source field into proof that a cost is zero.

04 / CASH CAPACITY

Bank cash is not the spending budget.

The cash bridge protects the existing business before asking how much can go into the acquisition.

Cash bridge / fictional F01-F03



USES OF CASH	ASKING / 70% DEBT	REPRICED / 70% DEBT
Purchase price	$600,000	$400,000
Loan proceeds	$420,000	$280,000
Equity purchase contribution	$180,000	$120,000
Closing costs / 2% of price	$12,000	$8,000
Transaction / diligence allowance	$8,000	$8,000
Transition costs	$25,000	$25,000
Opening working capital	$15,000	$15,000
Total cash deployment	**$240,000**	**$176,000**
Headroom / (shortfall)	**($60,000)**	**$4,000**

The repriced case leaves $179,000 of core cash after closing and known obligations.
That is only $4,000 above the protected reserve. An additional $10,000 obligation would create a $6,000 shortfall. The annual model does not prove the reserve survives transition; a 13-week cash forecast is still required.

Opening working capital is a funded $15,000 starting balance. The operating model separately assumes a further $12,000 increase during its annual period; it does not deduct the opening balance twice. Personal wealth and future cash from the existing business are not assumed funding sources.

05 / NORMALIZED OPERATING ECONOMICS

Turn the headline into a cash-flow bridge.

Stabilized annual illustration; not a first-year cash forecast. An earnings headline can omit cash requirements a new owner will face.

ONE MODELED ANNUAL PERIOD / F04-F05	AMOUNT	TREATMENT
Gross billings	$600,000	Seller-reported in the fictional schedule.
Credits and collection loss	($18,000)	Deduct once to reach net revenue.
Net revenue	**$582,000**	Gross billings less credits/losses.
Variable operating costs	($250,000)	Moves with sales in the stress case.
Fixed operating costs	($160,000)	Held constant in the stress case.
Replacement management	($42,000)	Cost of replacing work performed by the seller.
Normalized EBITDA	**$130,000**	Operating earnings after these adjustments.
Maintenance capital expenditure	($10,000)	Cash reinvestment below EBITDA.
Additional working capital	($12,000)	Increment above the funded opening balance.
Pre-tax cash for debt service	**$108,000**	Used in this example's repayment screen.

The reconciliation is the useful work

The seller's headline is $190,000: $600,000 gross billings less $410,000 stated operating costs. The model then recognizes $82,000 of collection, management, reinvestment and working-capital requirements. A larger headline does not make those requirements disappear.

Keep the accounting basis explicit.
The fictional variable and fixed costs exclude depreciation, amortization, interest, income taxes and the separately modeled management cost. Cash for debt service is pre-tax and is not distributable owner cash. A live review needs CPA input on tax cash flows and a transition forecast.

06 / FINANCING ALTERNATIVES

More debt changes the constraint.

Every financing lane below is hypothetical. No lender has offered these terms, and the lower price has not been accepted.

MODEL OUTPUT	ASKING / 70%	ASKING / 85%	REPRICED / 70%
Purchase price	$600,000	$600,000	$400,000
Debt amount	$420,000	$510,000	$280,000
Annual debt service	$81,089	$98,465	$54,059
Pre-tax cash for debt service	$108,000	$108,000	$108,000
Debt coverage	**1.33x**	**1.10x**	**2.00x**
Cash deployment	$240,000	$150,000	$176,000
Core cash after obligations / close	$115,000	$205,000	$179,000
Cash screen	**Fails**	**Meets**	**Meets**
Base coverage screen	**Meets**	**Fails**	**Meets**

Common assumptions: 9.0% fixed annual interest, 84 monthly payments, full amortization and matching seven-year maturity. Principal and interest are included. No interest-only period, balloon or assumed seller debt. Sources: fictional F05-F06.

The two failures require different responses.
At 70% debt, the asking case needs $60,000 more cash than policy allows. At 85% debt, it leaves cash but generates only $1.10 of modeled pre-tax cash for each $1.00 of annual debt service, below the 1.30x owner screen. Financing alone has not solved the economics.

A calculation result is one part of the decision

The repriced case meets both base financial screens. Its price is only a sensitivity, its costs and contracts remain unconfirmed, and the combined downside on page 7 fails coverage. **No acquisition is cleared by this table.**

Definition: coverage = modeled pre-tax cash for debt service / annual acquisition principal and interest. A lender may use different adjustments, collateral rules or covenants; its actual requirements must be confirmed.

07 / DOWNSIDE AND BOUNDARIES

Find what must change before committing.

Stress the hypothetical $400,000 structure instead of relying on its base-case result.

AT $400K / 70% DEBT	BASE	SALES STRESS	COMBINED STRESS
Net revenue	$582,000	$523,800	$523,800
Sales change	-	(10%)	(10%)
Interest rate	9.0%	9.0%	12.0%
Pre-tax cash for debt service	$108,000	$74,800	$74,800
Annual debt service	$54,059	$54,059	$59,313
Debt coverage	**2.00x**	**1.38x**	**1.26x**
Pre-tax residual after debt	$53,941	$20,741	$15,487
1.30x owner screen	**Meets**	**Meets**	**Fails**

Sales stress reduces net revenue and variable costs by 10%; fixed costs, management, capex and additional working capital stay constant. Rate stress is an unquoted test at origination, not a reset of a fixed-rate loan. Residual cash excludes income taxes and is not a distribution amount.

Reverse-solving shows which constraint binds

PRICE BOUNDARY AT 70% DEBT	MODEL RESULT	INTERPRETATION
Cash policy	$412,500	The maximum price under the $180k deployment ceiling and stated fees/budgets.
Sales stress at 9% / coverage	$425,743	Cash policy is tighter than this earnings boundary.
Combined stress at 12% / coverage	$388,032	Coverage becomes tighter than cash policy. The $400k sensitivity fails this stress.

A boundary is not a valuation or a suggested offer.
It shows what the selected assumptions and limits permit mathematically. If actual price, terms, costs or retention do not fit, resize the transaction, obtain different supported terms, or defer it. Do not quietly relax the owner's policy to make a model pass.

08 / REVIEW TRAIL

Better evidence can change the next step.

Illustrative checks demonstrate how the model is challenged before the owner relies on it.

REVIEW FINDING	MODEL CONSEQUENCE	CONTROL / DISPOSITION
A headline schedule uses gross billings; credits and collection loss are omitted.	At asking / 70% debt, headline $190k divided by $81,089 debt service suggests 2.34x. Normalizing to $108k changes this to 1.33x.	Preserve the headline and build the bridge on page 5. Identify every adjustment and its support.
Net revenue already includes the $18k collection adjustment. A draft deducts it again.	The duplicate would reduce modeled cash from $108k to $90k and coverage from 1.33x to 1.11x.	Remove the duplicate deduction. Arithmetic correction improves consistency; it does not verify collections.
A copied closing-cost formula uses 10% while the assumption note says 2%.	At a $600k price, the mismatch changes cash needs by $48k. Correct deployment is $240k, still $60k above capacity.	Use one controlled input, trace its formula and cross-check the narrative. The corrected model still fails the cash screen.
A customer-retention assumption has no signed renewal support.	The base model is useful as a scenario, but the acquisition cannot be cleared on that assumption.	Request contracts, customer concentration and collection history; test the loss of key business.

What the owner gains from the review

The result is a traceable explanation of why a number changed and what that changes in the decision. Missing evidence is visible. A favorable arithmetic correction does not become a favorable business recommendation by default.

Checks have a defined limit.
The sample calculations and companion model are checked for consistency. Mechanical checks do not prove source accuracy, future performance, lender acceptance or professional approval. A real engagement records who reviewed the facts and who authorized the action.

09 / FIX-FIRST PLAN

Make the next conversation specific.

Prioritize evidence that can change cash capacity, operating cash generation, financing terms or transaction authority.

PRIORITY / OWNER	NEXT DELIVERABLE	WHAT IT RESOLVES / TIMING
1 / Owner + bookkeeper	Complete cash, payable, tax and debt schedules; reconcile them to current records.	Confirm the $180k capacity assumption. Before any non-refundable spending or financing application is relied on.
2 / Seller + owner	Customer-level billings, collections, contracts, concentration and retention history.	Replace headline revenue and continuation assumptions. Before agreeing a purchase price or contingencies.
3 / Capital Control + operator	Replacement-management support, transition quotes and 13-week cash forecast.	Test true operating cost and whether cash ever falls below reserve during transition. Within the bounded review phase.
4 / Lender	Written debt terms and its coverage definition, required equity, fees, collateral, guarantees and maturity.	Determine whether modeled proceeds and payments are available. Before accepting financing or committing to close.
5 / CPA + attorney	Tax cash-flow review; transaction/entity structure; assumed liabilities and legal diligence.	Identify obligations the financial model cannot resolve. Before owner authorization to acquire.

Questions prepared for the lender

What cash-flow adjustments and coverage calculation will you use? Are the modeled proceeds supportable after your required reserves and fees? What are the actual amortization and maturity dates? Are guarantees, liens or inherited obligations required? What must be satisfied before the terms become binding?

Deliverable for the owner
One consolidated request list, one model with labeled assumptions, and a concise set of open professional questions. The owner can see why each request matters and what would change when it is answered.

10 / ACTION AND REVIEW RECORD

Keep permission separate from the model.

Illustrative action record under owner policy V1. The sample does not record a real approval or completed transaction.

RECORD FIELD	EXAMPLE ENTRY
Proposed action	Collect the critical evidence and re-test alternative price/financing structures. Defer borrowing and purchase commitments.
Decision owner / analysis owner	Owner approves policy and spending. Capital Control prepares the analysis and consolidated follow-up.
Spending and time limit	Up to $4,000 of the already-included $8,000 transaction budget; a ten-business-day review window if authorized. Not a quoted Capital Control fee.
Authorization status	Pending. No external spending, application acceptance, waiver or transaction execution follows automatically from the packet.
Stop / re-review conditions	Pause new discretionary spending if costs exceed the allowance, critical evidence cannot be obtained or new facts invalidate the review plan. Keep borrowing and purchase commitments deferred; return to the owner with the changed fact and available options.
Completion criterion	Source gaps are answered or explicitly left open; model updated; lender/CPA/attorney questions addressed; owner records a disposition.

Illustrative later update: a staffing quote changes

Suppose replacement management rises from $42,000 to $54,000. Keep the original plan visible and show the $12,000 increase. In the repriced sales-stress case, pre-tax cash for debt service falls from $74,800 to $62,800; coverage falls from 1.38x to **1.16x**. The response is to re-scope, obtain supported alternatives or defer, with the owner deciding.

> **Follow-through can be separately scoped.**
> A control review compares the original plan with new evidence, explains the difference, updates the forecast and proposes a response. It does not erase the original assumptions or change an owner's limits without approval.

The ten-day window begins only after agreed source access and owner authorization. Unresolved professional prerequisites can extend the decision beyond that window; there is no promised loan or closing timeline.

11 / THE VALUE OF THE PACKAGE

A clearer decision before a major money move.

The same discipline applies when a business borrows, hires, buys equipment, expands, acquires or prepares for a sale.

WHAT CAPITAL CONTROL PREPARES	WHY IT IS USEFUL TO AN OWNER
Decision scope and evidence map	Keeps effort focused on the decision and distinguishes reliable inputs from open questions.
Cash and operating bridges	Shows what can be deployed and what the business must generate after real cash requirements.
Model, alternatives and downside	Makes the tradeoff visible when one structure solves cash but weakens repayment, or when a new cost changes the answer.
Fix-first plan and professional handoff	Turns a vague request for more information into assigned questions with a reason and a deadline.
Decision and review record	Preserves the original assumptions, policy, approval status and trigger for reassessment.

For a different business decision

Hiring: can demand and gross profit support the full employment cost?
Equipment: do utilization, maintenance and financing fit the cash budget?
Expansion: what happens to cash during the ramp, not just at steady state?
Sale preparation: which earnings adjustments and schedules will a buyer question?

Start with a free assessment.
Describe one decision and the records you already have. If there is a fit, Capital Control proposes a scope, fee and deliverable for a paid Decision Readiness Review. This sample includes separately scoped acquisition modeling; ongoing monitoring is not included by default.

capitalcontrol.co / Start the Free Assessment

This is a fictional demonstration of the delivery approach, not a client testimonial or claim of obtained financing, savings or returns. It is not investment, tax, legal or accounting advice, a valuation opinion, or a lender approval. Financial models contain assumptions and may not capture all facts. The owner and relevant professionals retain the decisions and approvals.