



NOMISMA SOLUTION
ACCOUNTING ANYWHERE

Business Plan



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1. Introduction

Nomisma Solution is cloud-based bookkeeping and compliance software designed for use by accountants and small businesses. It provides a comprehensive solution to bookkeeping, payroll, accounts-finalisation, Corporation Tax, and CRM. The software ensures control and security, and is fully compliant with HMRC's iXBRL filing system. The aim is to extend the benefits of Nomisma's fully integrated bookkeeping and accounting software to the wider market, and expand and increase return on investment. Nomisma Solution intends to raise £1.7 million, of which £150,000 will come through the Seed Enterprise Investment Scheme (SEIS) and the rest from the Enterprise Investment Scheme (EIS).



Nomisma can be accessed anywhere via any device with an internet connection. This is distinct from the long-used method of installing software on the user's desktop. The Nomisma cloud means that users can access data wherever they are. They can keep track of their business from anywhere and share securely with other authorised clients and colleagues.

The main benefits of Nomisma include:

- ◆ Uniquely, a software developed by accountants for accountants.
- ◆ Accountants can work in collaboration with clients via a single platform.
- ◆ No costly or complicated data-storage systems required.
- ◆ Many processes are automated and fully integrated, saving time and improving efficiency.
- ◆ Value for money.

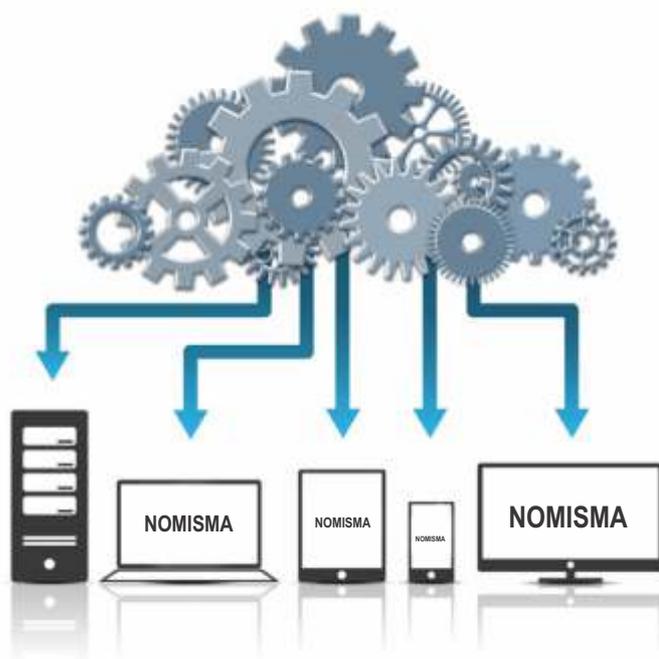


1.1. So, What is Nomisma?

Nomisma is bookkeeping, accounting, and compliancy software with some powerful new features. Nomisma is unique because we have brought the many strings of business and accountancy into one bundle. The software is designed and built to handle the complexities of modern accounting and to meet the expectations of their business clients, it also has a built-in business growth element for accountancy practices. Nomisma has married the complexity of modern-day accounting with the capabilities of modern technology. Designed for the modern world where security, efficiency, and real-time information are central, Nomisma allows businesses and accountants to be in full control of their data and securely access information in real-time.

2. Why Nomisma?

There is currently no other fully integrated software on the market that can perform all accounting processes, such as bookkeeping, payroll, accounts finalisation, and personal tax returns on a cloud, like Nomisma. While most desktop-based software packages have accountant-level compliance capability, most have poor bookkeeping and front-end integration.



2.1. Failures of Current Software

Issues with software currently available include:

- ◆ Exorbitant price.
- ◆ Not fully integrated to meet modern-day requirements and expectations.
- ◆ Accountants still using different software packages according to the accounting process.
- ◆ Other single software packages are not designed to streamline the workflow between accountants and businesses.
- ◆ Accountants cannot connect with their clients in real-time.
- ◆ Backups are costly and data transfer from place to place risks security.
- ◆ Repetitive tasks are not automated, decreasing efficiency.

2.2 . The Nomisma Solution

Nomisma solves these problems of price, efficiency, integration, streamlining, and security by offering accountants a solution to facilitate managing their entire accounting practice on a cloud. With Nomisma, accountants are able to collaborate with clients on the same set of accounts in real-time. Nomisma further automates repetitive tasks and improves efficiency through the integration of processes. Nomisma is extremely sophisticated bookkeeping software that handles accounts and compliance and extends to CRM and business growth.



2.3 . Success Story

DNS Associates is a professional accountancy firm in Greater London that provides accounting, tax planning, and consulting services. On implementation of Nomisma to DNS, the practice grew from 300 clients to over 1,500 within a matter of a few years. Success came through offering Nomisma software free to all DNS clients and then encouraging and training them to make use of it, to experience the power of having access to their accounts on a real-time basis, from anywhere. With Nomisma, DNS clients have come to appreciate the control the software has given them, they are confident that their accounts are up to date and aware of how much tax they will owe, all of which helps them to manage their own accounts, cash flow, and payments to the tax authorities on a timely basis. This is why Nomisma can claim to be very sophisticated, integrated bookkeeping and accounting software with compliance and business growth as central components.

The main drivers for DNS's success are:

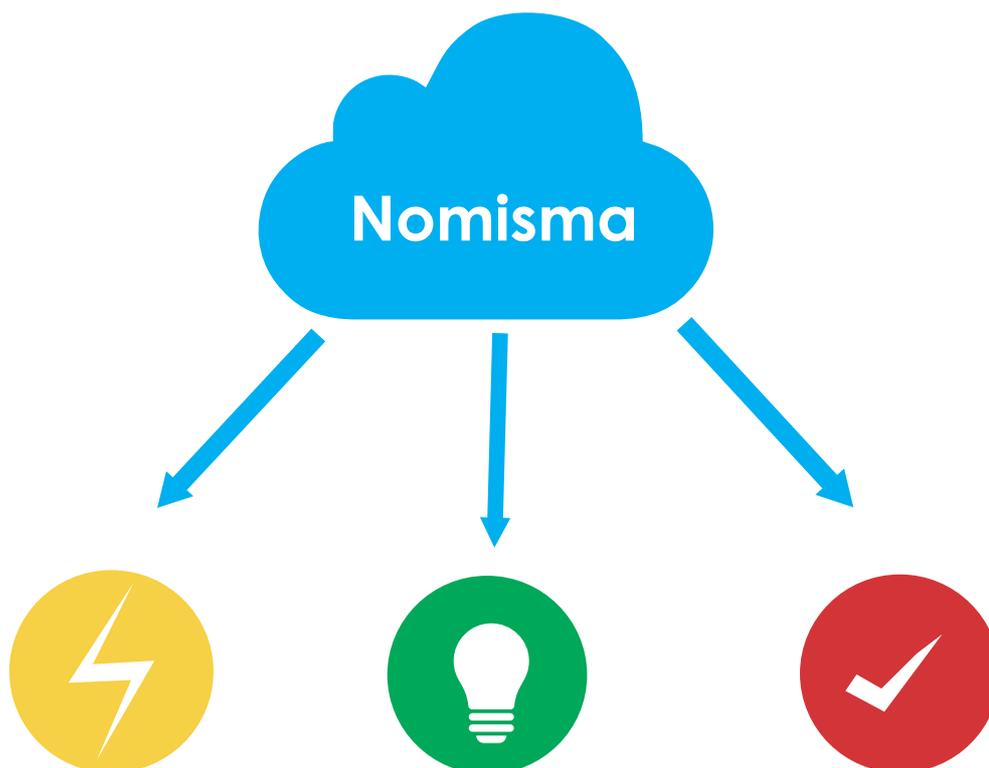
- ◆ A single accounting software platform for all accounting processes and accelerated efficiency.
- ◆ Advise clients based on real-time figures not estimates.
- ◆ DNS is able to keep track of progress among all accounts on a real-time basis.
- ◆ Integration of payroll, bookkeeping, personal tax returns, and accounts means less data entry and improved efficiency.
- ◆ Nomisma's suitability for all types of business requirements facilitated DNS's ability to attract clients from diverse industries.
- ◆ A detailed reporting system has made it easier for clients to understand their accounts.
- ◆ Clients feel more in control of their accounts and finance, fuelling loyalty and referrals.

DNS's success story presents a strong case for the business growth element of Nomisma, which is designed to help accountants evolve their practice and improve the efficiency of their services. Nomisma's business-growth component has proved to be very valuable in the practical accounting field and DNS is solid proof of that.

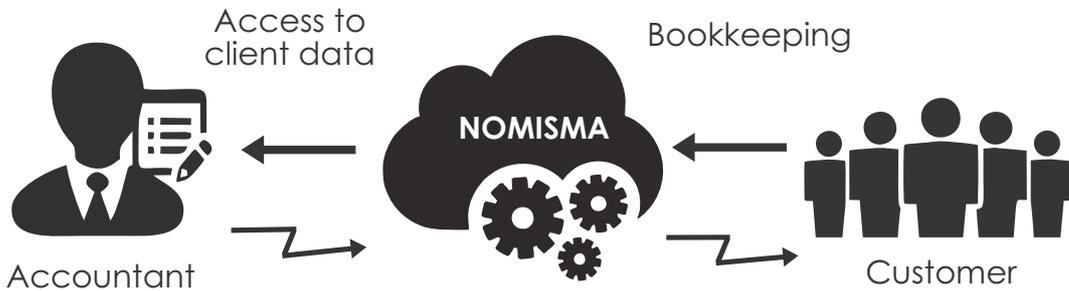
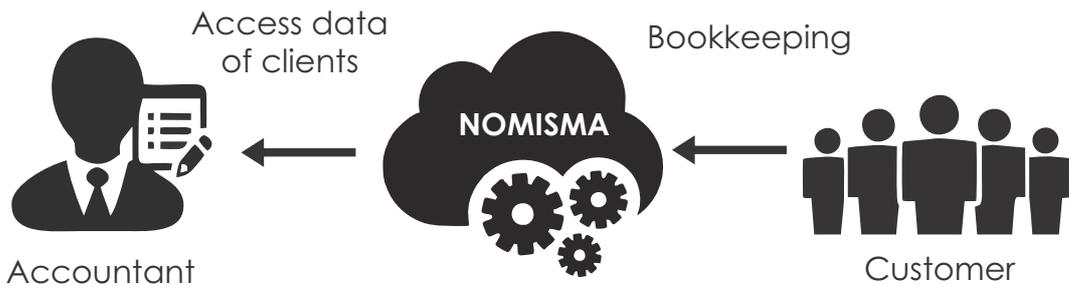
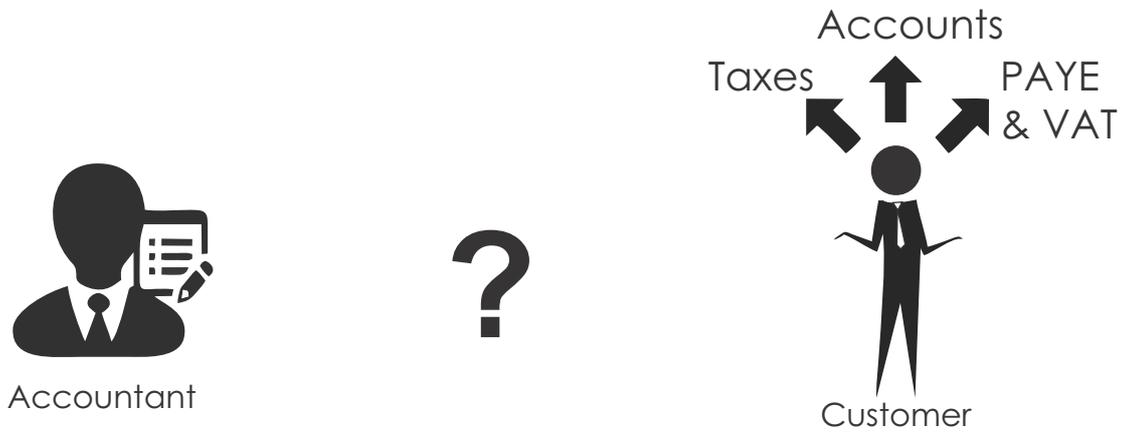


3. Key Benefits of Nomisma

- ◆ Automation, integration and security, fully integrated into automated processes for accuracy, efficiency and security.
- ◆ Efficiency.
- ◆ Fast processing, reducing manual intervention.
- ◆ Cost reduction.
- ◆ Saving time and saving on labour costs for bookkeeping and accountancy work.
- ◆ Risk reduction.
- ◆ Cloud-based technology allows authorised users to view, edit, and retrieve information at any time, anywhere, from any device (with an internet connection).
- ◆ Ideal for continuity planning.
- ◆ Compliance.
- ◆ Meets the requirements of HMRC and Companies House.
- ◆ Real-time information.
- ◆ Up-to-date information, accessible to entrepreneurs on a real-time basis, helps in the decision-making process.
- ◆ Accessible, when needed, anywhere, from any device (with an internet connection).



3.1. Customer Value Chain

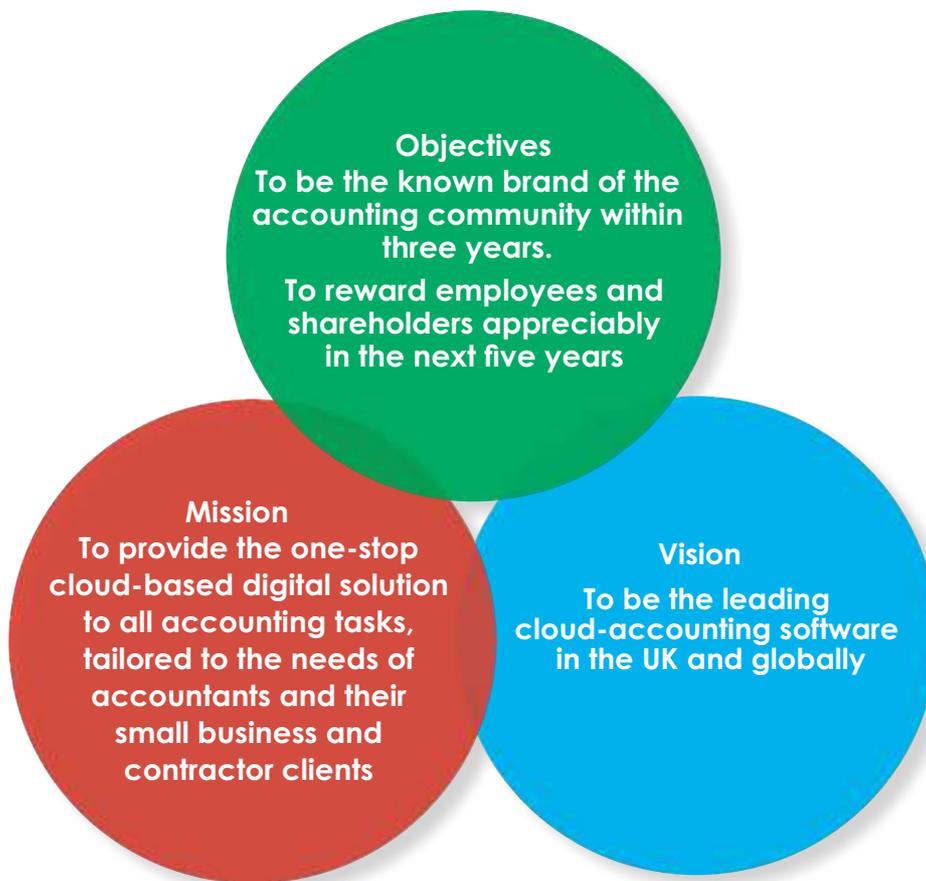


Process accounts, VAT returns, PAYE, personal returns, tax planning advice

Real-time taxes to HMRC, due dates for taxes, accurate financial reports

4. Mission, Vision, and Objective

Nomisma's promotion of accurate record keeping in all spheres of the business world is part of its solution to nurture business growth. Nomisma aims to empower the accounting function through accountants and businesses to make real-time accounting a must-have among them, and to help make decision-making in business both realistic and prompt.



5. Management



Sumit Agarwal ACMA, ACA (India) – Managing Partner & Founder

A specialist accountant and tax adviser for freelancers, contractors and small businesses since 2005, Sumit is an expert in business growth and development strategies. A renowned tax expert for owner managed businesses and contractors, Sumit won the British Business Forum's Young Entrepreneur Award in September 2012, presented at the House of Commons by MP Vrinder Sharma.



Jaipal Singh Yadav – Technical Director

Jaipal is a veteran of the software development industry and leads the Nomisma development team. In a career that has spanned nineteen years, Jaipal has worked with the likes of HP, Aetna, and Autodesk; he also owns two successful businesses, Itrak Software and Cogniz Consultancy. In 2010, he developed Favourite Table, a platform for reserving restaurants in the UK that is immensely popular and well known.



Dermot Hamblin – Marketing Director

Dermot has twenty-five years' marketing experience having worked with a number of prominent software houses to win them clients. He was Sales Director with Thomson Reuters for three years and Corporate Sales Director with IRIS Software for ten years. Dermot provides the Nomisma Solution brand with new ideas for constructive marketing and brand management.



Gowthaman Appavu – Project Manager

Gowthaman is a software professional and technical leader in the IT industry with twenty years' experience in domains such as automotive, telecom, supply-chain, government, media, insurance, learning management, health and social care, and product life-cycle management (PLM). Gowthaman is currently responsible for Nomisma's software design and development and also heads the Research and Development department to ensure continuous development and improvement of the product.

6. Market Analysis

Over 200,000 UK businesses already use cloud-based accounting software and the number is growing at a staggering pace. At the current time, Nomisma has filled a gap in the market for fully integrated cloud-based accounting software, designed specifically for accountants to grow and manage their entire practice from a single platform. It does this by giving accountants the ability to connect with business owners in real time, share data with clients and colleagues, and cross-sell licenses to their clients.

6.1. Market Analysis: Summary

The cloud-based accounting-software industry provides a market opportunity of more than £1 billion. Nomisma is launched at a time when the whole accounting industry and businesses in general are shifting to cloud-based working for greater efficiency.

Nomisma's customer base comprises three target groups

- ◆ Accountants
- ◆ Small businesses
- ◆ Freelancers and contractors

Accountants

The number of accounting firms in the UK is approximately 30,000, the majority of which are small firms or sole practitioners. The FRC reports that as at 31 December 2013 there are over 327,000 accountants in the UK and the Republic of Ireland; a growth of 2.5% from the previous year and a compounded annual growth rate of 2.7% for the period 2009–13. Every year, almost 8,000 fresh students become members of the Accounting bodies.

Small Businesses

At the beginning of 2014, the FSB reported that there are 5.2 million businesses in the UK, a record annual increase of 330,000; of these 115,000 are companies. Of all the businesses, approximately 1.5 million of them are companies (29%); 62% are sole traders; and the rest are partnerships. Small firms account for almost 99.3% of all private-sector businesses.

Freelancers

IPSE estimates that there are 1.88 million freelancers in the UK. This shows a growth of 14% in just over fifteen years. The number of freelancers continues to grow, as companies increasingly choose to hire contractors over employees.

6.2. Market Potential

Potential customers	Year 1	Year 2	Year 3	Year 4	Year 5
Accountants	2.7%	335,829	344,896	354,209	373,594
Small businesses	3%	5.35	5.68	5.85	6.20
Freelancers (millions)	1.5%	1.88	1.91	1.94	2.00

6.3. Customer Profile



7. Competition and Analysis of Competitors

Nomisma's major competitors in the cloud-accounting software market in the UK in 2015 are:

- ◆ **Sage** is the UK market leader. It offers a desktop solution to small businesses and only recently started transitioning to cloud technology. The company is listed on the FTSE 100 London stock exchange. Sage has more than 6 million customers worldwide and revenue in excess of £1 billion per annum. Sage One, its flagship product, has a customer base of 20,000.
- ◆ **Xero**, a New Zealand-based company, is one of the biggest players in the industry. With 61,000 active users, Xero collaborates with almost 2,500 accountants in the UK alone. Currently in UK operations, it has revenue of £20.9 million. The main product is bookkeeping. Xero does not offer any comprehensive solution for accountants in practice.
- ◆ **Kashflow** is a software company that boasts more than 20,000 small-business users in the UK. Kashflow had a turnover of £3.078 million in 2014. The company was recently acquired by IRIS.
- ◆ **FreeAgent** has among its customers more than 40,000 freelancers and small-businesses and 750 accountancy practices.
- ◆ **Clearbooks** has around 7,000 small-business customers and revenue of £823,000. The company has grown rapidly in the last few years.
- ◆ **Intuit Quickbooks/Quickbooks** turns over approximately £15 million in UK. With over 739,000 Quickbooks-online users worldwide, 90% of these are based in the US and the others are divided between Australia, India, and the UK. Intuit's desktop version is still more popular than the online version.
- ◆ **Zoho Books** is a USA-based company that launched its UK version of the software in 2015. The company has 13 million users worldwide.
- ◆ **Liquid Accounts** is a pioneer of the cloud-accounting market in the UK. The company has faced challenges in the past and has now revamped its software and recently relaunched.

Of the companies/software listed above, the solution offered is concerned mostly with bookkeeping and basic compliance options. None of Nomisma's competitors offers a comprehensive, fully integrated solution, with extensive bookkeeping and accounting capability complete with a practice-management (business growth) solution.

7.1. Cloud-Accounting Software Comparison

The Table below compares features of Nomisma's direct competitors in the cloud solution market. The data assembled below for the purposes of the current business plan was accurate at the time of writing.

	Nomisma	Clearbooks	FreeAgent	Kashflow	Xero	Quickbooks	Sage One
Bookkeeping	✓	✓	✓	✓	✓	✓	✓
Payroll	✓	✓	✓	✓	✓	✓	✓
Self-assessment	✓	✗	✓	✗	✗	✗	✗
Accounts Production	✓	✗	✓	✓	✗	✗	✓
Corp Tax	✓	✗	✓	✗	✗	✗	✗
Practice Management	In-process	✗	✗	✗	✗	✗	✗
CRM	In-process	✗	✗	✗	✗	✗	✗
CIS	✓	✓	✗	✓	✗	✗	✓
Auto-enrolment	In-process	✗	✗	✓	✗	✗	✗
Stock management	In-process	✗	✗	✗	✗	✗	✗
Company Secretary	In-process	✗	✗	✗	✗	✗	✗
Time-sheet Management	In-process	✗	✗	✗	✗	✗	✗
P11D	In-process	✗	✗	✗	✗	✗	✗
Price (p.m.)	£16	£16	£29	£15	£30	£15	£20

7.2. Sensitivity Analysis

On balance of probability, Nomisma considers that there are no significant factors likely to change overall material operations, as the entire basis of the current case study and the business plan are conservative, realistic and proven.



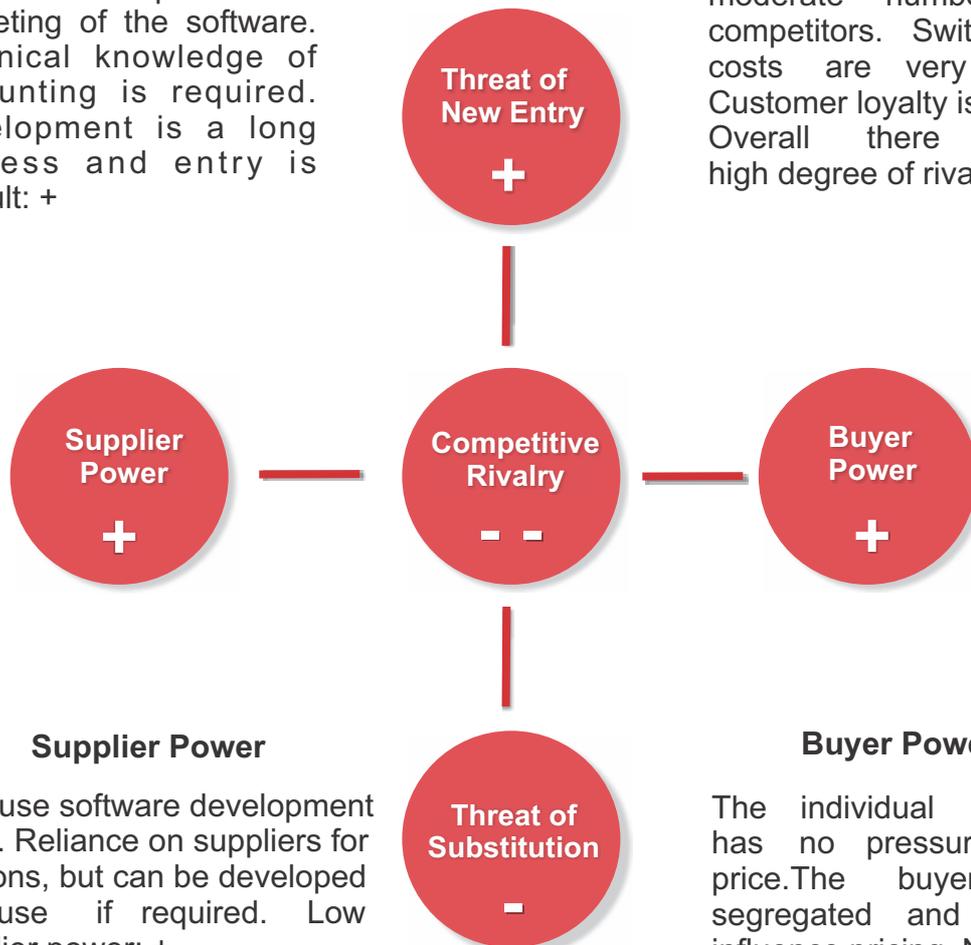
7.3 Competition Analysis

Threat of New Entry

Entry barriers are relatively high due to the large capital costs of development and marketing of the software. Technical knowledge of accounting is required. Development is a long process and entry is difficult: +

Competitive Rivalry

Intense competition from existing big players; moderate number of competitors. Switching costs are very low. Customer loyalty is low. Overall there is a high degree of rivalry: --



Supplier Power

In-house software development team. Reliance on suppliers for add-ons, but can be developed in-house if required. Low supplier power: +

Buyer Power

The individual buyer has no pressure on price. The buyers are segregated and cannot influence pricing. Nomisma can work on its own terms and conditions. Very low buyer power: +

Threat of Substitution

Customers can easily move to competitors.
Private-label option for accountants.
Some threat of Substitution: -

7.4. Data Management and Security

Nomisma uses UK-based servers with downtime not exceeding 1%. As these servers offer reliable, abundant capacity, Nomisma will not be required to move its database to any other service-providers in years to come. Similarly, Nomisma's data-security systems are robust, eliminating the chances of any negative occurrence.

7.5. SWOT Analysis



7.5. Marketing



8. Financial Projections

The cloud-accounting market has in excess of £1 billion potential.

Basis of the financial statement:

Small-business client licenses are £5 p.m. all in. Accountants pay £50 p.m. for practice licences (+ £100 set-up fee). The approach here is deliberately conservative there is opportunity to increase the price of Nomisma licenses in the future to match other providers currently charging more than £10 for similar licenses.

8.1. Forecasted Four-Year Cash Flow Statement

Annual Projected Cash Flows	Year 1 (£'000)	Year 2 (£'000)	Year 3 (£'000)	Year 4 (£'000)
Income	118	288	868	1,868
Outflows:	Outflows:			
Development costs	523	372	247	208
Support	105	165	200	260
Administrative cost	69	89	124	137
Marketing & advertising	319	334	390	399
Total outgoings	1,016	960	961	1,004
Net cash flow	-898	-672	-93	864
Cumulative cash flow	-898	-1,570	-1,663	-799

Nomisma generates profits from the fourth year of trading, implying positive cash flow.

8.2. Use of Funds

Nomisma intends raising £1.7 million in funding in the first issue to finance its working capital for the next four years. The funds will be used to cover the costs over the period for the following.

Software Development Costs: £1.35 million

Nomisma plans to recruit additional software developers, business analysts, and software testers for further development of its cloud-accounting Company Secretary and CRM modules, and enhancement of other modules. Building a team in-house will further augment the process of development and help in producing tools for improving customer experience. In addition, the funds will be used for strategic partnerships with other apps, in order to give businesses freedom to choose from among the widest selection of add-ons available on the market, and to improve management of their businesses.

Marketing & Advertising Costs: £1.44 million

Nomisma will continue to advertise with popular accounting networks and undertake direct marketing (i.e. exhibitions such as Accountex; cloud-computing exhibitions, business shows, and other avenues to create awareness of the brand). Additionally, the company will use digital marketing tools, such as SEO optimisation, email campaigns, development of videos, and PPC to engage its target audience further. A sales team will be recruited to focus on telemarketing, field presentations, and webinars with accountants.

Support Costs: £0.73 million

The support team will be responsible for the maintenance and testing of current IT systems and for overseeing security. An independent R&D department, already set-up, seeks continuous upgrade and development of innovative apps so that the software consistently adheres to changes in tax laws and regulation.

Administrative Costs: £0.42 million

To support the existing structure and for client services, a back-office team is required to ensure operations run smoothly. This will involve an in-house accountant, administrative staff, and telephone support. In addition, a team of account managers will be established to train small businesses and accountants on the usability of the software.

9. Registration, License, Membership, and Professional Support

Companies House

Nomisma Solution Limited is registered in England and Wales under Company No. 08511463. Nomisma Solution Limited was registered in April 2013.

Registered Office

Euston Office, One Euston Square, 40 Melton Street London, NW1 2FD

London Chamber of Commerce

Nomisma will consider becoming a member of the London Chamber of Commerce as this may attract a huge number of potential clients. With an annual membership of £1,152, the company will be able to use the Chamber of Commerce's logo, thus adding trust to the software. Chamber of Commerce membership boasts discounts, networking, and other services. The London Chamber provides extensive support to its members, i.e. HR and legal, business information, and marketing and promotional support.

BASDA

BASDA, a Business Application Software Developers Association in the UK, is a trade body providing representation and information on common needs and opportunities for the industry. Charters and a Code of Conduct state that it regulates members to raise the industry level. Many focused interest groups have been set up to represent the organisation more rigorously, such as the New Accountants in Practice Interest Group, which is working to help shape HMRC's strategy on Digital Tax Accounts. A highly regulated membership, BASDA membership costs around £1,800 per annum. Companies such as Xero, Sage, Moneysoft, Intuit and Pegasus are among its members.

10. Risk Analysis

Risks are inherent in every business, but effective planning reduces the chances of damage from risk. Nomisma Solution's approach to minimising risk is detailed below:

Approach to Risks

- ◆ Determine risk and evaluate its significance to the business.
- ◆ Decide either to accept or take action to prevent or minimise the risk.
- ◆ Continually review existing controls to reduce or limit risk.
- ◆ Determine appropriate response to each risk.
- ◆ Consider the probability and consequences of each risk.
- ◆ Rank each risk high, medium or low.
- ◆ Continually review risk strategy to ensure that all risks are identified and that steps have been taken to manage them.
- ◆ Ensure all colleagues are aware of the risks.
- ◆ Remain vigilant.



11. Risk and Mitigation of Risk

Liquidity Risk

The company could default on payment of its debts. The cash-flow projections show positive cash flow from the fourth year. Payments are committed in line with the receipts generated.

Currency Risk

Increase in costs due to unexpected movements in foreign exchange rates. Nomisma has factored in a 10% fluctuation as a measure of volatility. The company does not expect to borrow in foreign currency.

Interest Rate Risk

Increased costs due to unexpected movement in the interest rates. Funding will be raised only through equity. Current projections do not require any funding through borrowing.

Technological Risk

As cloud technology has evolved rapidly, there is a risk that limitations in the technology may hamper Nomisma's ability to exploit cloud technology further. Although cloud technology is still evolving, largely it has already been developed sufficiently to allow businesses to operate within the cloud market and the software that drives it. Nomisma's highly skilled and informed software developers are fully conversant with changing technologies. This risk is therefore one that Nomisma Solution will use to its advantage: the R&D department has already been established to mitigate such risks.

Other Risks

- ◆ **Employees:** Of the risk of an employee submitting false information, misusing business assets, or colluding with a supplier, Nomisma remains constantly vigilant.
- ◆ **Suppliers:** Nomisma guards itself against fraudsters, disguising themselves as known suppliers, which deceive companies into redirecting regular payments.
- ◆ **Strategic:** A competitor comes onto the market using the same business model as Nomisma. Nomisma Solution protects itself from this threat by remaining competitive, meeting customers' requirements and keeping hold of customer loyalty.

Insurances

Nomisma Solution will be covered by all relevant insurances and remain so at all times:

- ◆ Employer's liability
- ◆ Public liability
- ◆ Fire & Theft



12. Conclusion

This business plan outlines Nomisma's intention to raise £1.7 million, which will be used over a period of four years to meet costs related to development, marketing, and support activities. The cloud-accounting software market for accountants and small- and medium-size businesses, freelancers and contractors provides Nomisma extremely fertile ground in which to grow and meet its objectives. By following this business plan, Nomisma aims to meet its financial goals.

Nomisma expects to generate a positive cash flow and start making a profit in the fourth year. Revenue by then is expected to rise to fourteen times the present figures. Nomisma's comprehensive, fully integrated solution to facilitating collaboration between accountants and businesses is unique, which is why Nomisma is poised to claim the top spot on the market. An aggressive market-penetration strategy, experienced management, and industry knowledge will drive its growth

In order for Nomisma to achieve the status of industry leader in the cloud-accounting market, the company requires initial funding to meet its cost requirements. Provided Nomisma is able to secure the funding, the company looks forward to accomplishing operational success in the coming years and reporting healthy profits and expansion.

REVIEW BASIS

Business planning is an ongoing process and the content of this business plan is accurate at the time of publication. This Business Plan will be reviewed on a regular basis, particularly before due diligence is conducted by a potential investor. Professional advice should be obtained before taking any decisions.

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