

## **Via East Midlands Ltd (VEML)**

### **Due Diligence**

Due diligence refers to the work undertaken by a purchaser to ensure that what they are buying is worth what they are willing to pay.

In the case of buying a company, or shares in a company, this would normally include a thorough review of the following.

- Accounts and profitability
- Finance and banking position (e.g. overdrafts, loans)
- Contracts and trading
- Assets
- Intellectual property
- Insurances
- Litigation and disputes
- Employment practices, retirement benefits, Health and Safety breaches
- Real estate and environmental issues

The situation with VEML is slightly different in that

- The company has only been in existence for a short period
- The company is wholly owned by 2 local authorities.
- NCC is a 49% shareholder and has seats on the company board
- The main customer of VEML is NCC. NCC has control over revenue and capital work issued to VEML and has oversight of the work undertaken.
- VEML is being acquired for mainly non-financial reasons and the value will be set either by agreement or will be subject to an independent valuation (which will allow for any due diligence issues)

All of the above significantly mitigate the risk that there is anything that NCC is not already aware of that would impact on the decision to acquire the shares or on the value of those shares.

Notwithstanding the above, further Due Diligence work is being undertaken and a report will be produced with the Council's external legal advisers for consideration by the S151 officer (or his nominee, as appropriate) and the Monitoring Officer in accordance with the recommendations in the report.