TARGET	WHERE	ASKING	TIER
Print & signage workshop · business-to-business	Provincial capital (~180,000 pop.), Spain	€120,000	Reality Check · €950 · 48h

ILLUSTRATIVE SAMPLE — AND DELIBERATELY THE OTHER OUTCOME

A Reality Check is produced only from the seller's real documents — filed accounts, business bank statements, the sales ledger, the lease. **No documents, no Reality Check:** I never reconstruct earnings from assumptions. This sample shows what the €950 tier looks like when the documents hold up: the declared figures, the bank and the invoicing all point at the same number. That happens more often in an invoice-led trade than in a cash-led one — and the reason is the trade, not the seller's character.

Illustrative sample. The figures below are worked examples so the €950 format can be shown end-to-end — in a client report, figures are transcribed or arithmetically recast from documents supplied by you or the seller; I do not certify that those documents are complete or correct. The tier gate is unchanged: with no seller documents, the order is delivered as a €550 Screen + Document Request Pack. **Why a second sample:** the first Reality Check sample shows a deal where the papers and the claim disagree. Most listings look like that one. This is what the same tier prints when they agree — and what still stands between a buyer and a signature when they do.

WHAT I AM ACCOUNTABLE FOR

- Searching every public source this tier covers — competently, and honestly reported
- Testing the documents you obtained against each other, and showing every step of the arithmetic
- Every figure traced to the document it came from, with the date it was retrieved
- Printing **"not retrieved"** where a source did not answer — and **"not run"** where a test has no reliable basis in this trade

WHAT NO DESK REPORT CAN BE ACCOUNTABLE FOR

- Whether the seller's documents are genuine — I test them for consistency, I cannot authenticate them
- How the business performs once you own it
- What only an on-site visit, or your lawyer, can establish
- Your decision to buy, and the price you agree

Consistent documents are a good start, not a clearance. They tell you the seller is quoting the number he filed. They do not tell you who owns the business, what it owes, or what the tax office can still come and collect from you — **which is exactly why the verdict on this deal is still "resolve first", and why the plan below names what to demand, and from whom, before your money moves.**

THE SCREEN LAYER, RE-CONFIRMED

SCOPE OF THIS REALITY CHECK

The full €550 Screen (public records) plus Block 2 — the seller's real documents, reconstructed into a usable cash-flow picture and tested against the observable world.

- **Public records** — registry, insolvency, licence, activity signals
- **Seller's documents** — accounts, bank statements, sales ledger, lease (this is Block 2, below)
- **Only your lawyer can reach** — the blind spots named on page 2

WHERE THE RISK SITS

Same read-by-area as the Screen. Green does **not** mean "safe" — it means nothing surfaced.

Registry & insolvency	Nothing in public records
Activity licence	On record
Declared earnings vs papers	Consistent — see Block 2
Lease terms	Flag — see stress test
Local market & competition	Field is fragmented, revenue is not
Real owners of the business	Can't see from a desk
Court cases in progress	Can't see from a desk

Green no public warning sign — not "safe" · **Amber** resolved only by Block 2 or a named action · **Hollow** your lawyer runs it.

WHAT THE MARKET ITSELF SAYS

Nine comparable workshops in the city – and one client worth more than any of them

The competition sweep is carried over from the Screen and re-run on the day of this Reality Check. In a street trade it asks whether the declared revenue can be earned **on this pavement, against these venues**. This business does not sell on a pavement: its customers are other businesses, they order by phone and email, and they compare quotes across the province rather than across the street. So the sweep is reported here for what it is — a map of who else does this work — and the harder question is answered from the seller's own sales ledger instead.

COMPARABLE WORKSHOPS (6 OF THE 9 MAPPED)	DISTANCE	RATING	REVIEWS	POSITIONING
Signage & vehicle wrapping	1.2 km	4.5	38	Same trade
Digital print, no fitting	1.8 km	4.3	64	Narrower
Copy shop with large format	2.4 km	4.0	121	Narrower
Industrial signage, estate unit	4.6 km	4.7	19	Broader
Print broker, no workshop	5.1 km	3.8	27	Resells
Signage & fit-out contractor	7.9 km	4.6	44	Broader

Ratings and review counts are proxies from public map listings, dated on the day of the sweep and listed in full in the appendix. **In a business-to-business trade these counts are thin and mean little** — a workshop with nineteen reviews may hold the largest contracts in the province. A proxy may open a question or contradict what the seller told you. It can never confirm a financial fact — only a document does that. The workshops are named in a client memo; here they are described, because this is an illustrative sample.

Cross-test 1 · Saturation — how crowded is this trade here?

In the street-trade version of this test, the count of rivals inside a walking radius is set against a national base rate for that trade, and the ratio is reported as a percentage. **For signage and print workshops I hold no base rate I am willing to stand behind** — the activity codes bundle several different trades together, and a ratio built on that bundle would look precise and mean nothing.

NOT RUN — NO RELIABLE BASE RATE FOR THIS TRADE. STATED RATHER THAN ESTIMATED.

Cross-test 2 · Customer concentration — how much of the revenue sits on one desk?

Run from the seller's own sales ledger for the last full year, which is a document rather than a proxy. The largest customer accounts for **€43,120 — 22% of invoiced revenue**; the top five together account for **48%**. Of those five, none is on a written supply contract: the work is repeat business placed by purchase order. The seller's answer — that the largest customer has ordered every year since 2019 — is credible and is not evidence.

FINDING: THE REVENUE IS DOCUMENTED AND IT IS CONCENTRATED; BOTH STATEMENTS ARE TRUE AT ONCE.

What this does to the numbers in the rest of this memo

Concentration moves no figure in Block 2 — the papers say what they say. It decides how much weight a buyer should put on them holding. This is the assumption underneath the **≈2.2-year** end of the payback range, and it is why the **≈4.2-year** end exists at all; the stress test below prices the loss of the largest customer in euros rather than leaving it as a worry.

FINDING: THE COMPETITION MAP IS WHY THE PAYBACK SCREEN IS A RANGE AND NOT A NUMBER.

> Ask the seller to introduce you to the largest customer before completion, and watch what happens to the answer. A relationship that survives an introduction is worth something; one that cannot be introduced is worth asking about. It is the one question here that costs you nothing but a phone call.

BLOCK 2 · ILLUSTRATIVE OWNER-BENEFIT RECAST FROM SELLER-PROVIDED FIGURES

What the papers actually say, once the adjustments are named

Every line below is an adjustment to the seller's declared result — the **SDE method** (seller's discretionary earnings) used in buy-side quality-of-earnings work, scaled to a small-business deal:

> **Owner's real annual cash flow = declared result ± owner-salary normalisation + one-off items + personal costs on the books − rent-to-contract correction − under-market wage correction.** Each adjustment is named and sourced to a specific document page in the real deliverable; here, only the structure and the line-item names are shown.

> This is not bookkeeping, accountancy, audit, assurance, tax certification, or verification of the seller's accounts. It is a buyer-side arithmetic recast of documents supplied, for discussion with qualified advisers.

Declared net profit (as filed) from the filed accounts / tax declaration, not an internal draft	€41,000
+ Owner's salary normalisation normalised to a market-rate manager wage	€7,000
+ One-off legal fee (non-recurring) a settled trademark dispute that won't repeat for a new owner	€2,800
+ Owner's personal costs on the books a vehicle used privately, expensed to the business	€3,600

– Rent to market-rate adjusted to the actual lease contract rate, not a favourable side deal	Not used — lease is at market
– Under-market wages tied to the seller staff paid below market who may leave, or renegotiate, once the seller does	Not used — both staff on the sector agreement
Owner's real annual cash flow **sum of the lines above = €54,400, rounded**	**SDE ≈ €54,000**

ILLUSTRATIVE SAMPLE • WORKED EXAMPLE FIGURES • NOT ADVICE • NOT A TEMPLATE

CASH-CONSISTENCY REVIEW

Does the declared number match the observable world?

1 · Tax-declared vs claimed revenue

Compares what the seller told the tax office (IVA declarations and the filed accounts) against what the seller is telling **you** the business earns. A material gap between the two is the single biggest tell in a small-business sale.

FINDING: DECLARED €196,000 AGAINST A CLAIMED €196,000 — NO GAP. THE SELLER IS QUOTING THE NUMBER HE FILED.

2 · Bank inflows vs declared takings

Twelve to twenty-four months of business bank statements, checked against the declared turnover for the same period — do the deposits support the number on the page, or fall short of it? Where they fall short, the question is whether the difference is timing or takings.

FINDING: BANK INFLOWS €193,400 AGAINST DECLARED €196,000 — €2,600 (≈1.3%) UNMATCHED, AND THE SALES LEDGER SHOWS DECEMBER INVOICES SETTLED IN JANUARY FOR THE SAME AMOUNT. TIMING, EVIDENCED, NOT A SHORTFALL.

3 · Capacity × hours × rate vs claimed revenue

The physical-capacity model, in the form this trade takes: **ceiling = billable machine hours × hourly rate × working days**, tested at a realistic 55—70% utilisation. This check is a plausibility pressure test with stated, attackable inputs — it is excluded from the earnings reconstruction above, which uses documents only. If the claimed revenue sits above the realistic band, the gap is stated in € and becomes a negotiation lever — the number must be documented, not asserted.

FINDING: DECLARED €196,000 SITS INSIDE THE €172,000—214,000 CAPACITY BAND — INTERNALLY CONSISTENT.

> Three checks agreeing is worth naming plainly: **this is what an invoice-led trade looks like when nobody is hiding anything.** Every sale here leaves a VAT invoice and a bank transfer, so there is little room between the three numbers for anything to hide in. The same three checks on a cash-led business routinely disagree — and when they do, the higher number was never declared, taxed, or provable, and cannot be relied on for a purchase decision.

ARITHMETIC PAYBACK SCREEN

Against the €120,000 asking price, the documented cash flow pays a buyer back somewhere between two and four and a half years – before financing, tax, capex, working capital, and owner risk. Which end you land on is not a matter of opinion; it is set by two questions with documented answers.

LOW

≈2.2 years

On the reconstructed earnings alone (SDE ≈€54,000), with you running the workshop and the rent unchanged.

BASE

≈2.3 years

The same earnings less the statutory +20% rent uplift on transfer (LAU Art. 32, ≈€2,760/year). That uplift is not at the landlord's discretion, so this is the floor a buyer should plan against.

HIGH

≈4.2 years

If you must hire a workshop manager rather than run it yourself (SDE ≈€28,000). Losing the largest customer on top of the base case lands at ≈3.7 years.

This is a payback screen, not a valuation and not a price; only you and your advisers set the price. Three figures rather than one, because a single number reads as a promise while resting on assumptions you are entitled to reject — each of the three is arithmetic on the seller's own documents reconstructed above, and each states the assumption it rests on. **How the payback screen is computed:** reconstructed owner's cash flow (Block 2 total) set against the asking price to answer one narrow buyer-side question — **how many years of documented cash flow does it take to get your money back, and is that pacing tolerable to you?** No discount rate, no multiples, no goodwill maths. It is arithmetic on the seller's own documents and your own constraints.

STRESS TEST

Documented case: SDE ≈€54,000 (Block 2 reconstruction, above) against the €120,000 asking price. Each scenario below is a € impact against that documented case, and each one moves the payback screen along the range shown above. Clean papers do not make these scenarios less likely — they make them measurable.

Largest customer leaves — 22% of invoiced revenue, no written supply contract	REVENUE ≈€152,900 · SDE ≈€33,000
Rent uplift — statutory +20% traspaso rent uplift on transfer (LAU Art. 32)	−€2,760/YEAR
Owner-operator requirement — buyer must hire a workshop manager rather than run it themselves	−€26,000 → SDE ≈€28,000

NEGOTIATION PLAN

When there is no gap to attack, the levers change shape

On the deal in the first sample, every lever was a discrepancy: explain this gap, evidence that claim. Here the papers agree, so there is nothing of that kind to raise — and a buyer who therefore raises nothing has misread the report. **What the documents cannot reach is still there**, and it is what the levers below are made of. Names are real; amounts are redacted in this section because they only exist once real documents produce them.

1 Make any deposit conditional on the Art. 175.2 tax certificate, requested with the seller's written consent, plus TGSS social-security clearance — **consistent accounts do not reach inheritable tax debt**, and requested after the sale the certificate has no effect.

2 Ask for the top-five customer list with the terms each one orders on, in writing. 48% of invoiced revenue sits behind purchase orders and nothing else.

3 Factor in the statutory +20% traspaso rent uplift (≈€2,760/year) — it is not optional at the landlord's discretion.

4 Ask for the machine service records and the remaining useful life of the two production machines. The recast above adds back no capital expenditure, so a replacement falling due in year one is a cost this screen does not carry.

5 Get written confirmation that both employees transfer on their current terms, and what each is owed in accrued holiday at completion.

Buyer-side escalation trigger: do not proceed without adviser review if the seller refuses written consent for the Art. 175.2 certificate, or if the largest customer's standing cannot be evidenced in any document.

VERDICT — RE-ISSUED ON THE FULLER EVIDENCE

The Screen's provisional verdict is re-issued here now that real documents are in hand. Documents can move the verdict either way — confirm a conditional path forward, or downgrade it. Sample risk label: **Resolve-first** — the supplied documents are internally consistent and support the asking basis, and the two items that stand between this buyer and a signature are not in the papers at all: the Art. 175.2 / TGSS clearance, and the concentration of revenue on one undocumented customer relationship.

Walk | Only-If | **Resolve-first** | No public-record blocker

YOUR NEXT MOVES — THE ORDER THAT PROTECTS YOUR MONEY

1 **Resolve the tax-clearance position with your lawyer before any figure is agreed.** The Art. 175.2 certificate and the TGSS clearance are the items that decide whether there is a deal to negotiate at all. They are unaffected by how clean the accounts are, and requested after the sale they have no effect.

2 **Take this memo to your accountant, not to the seller.** The recast and the payback screen are arithmetic on documents you supplied — your accountant is the one who can test them against the filed returns and the bank's own certified statements. Consistency is the thing most worth verifying independently, precisely because it is reassuring.

3 **Price the concentration, don't ignore it.** The stress test puts the loss of the largest customer at roughly €21,000 of annual cash flow. That is a number to raise at the table, and it is drawn from the seller's own sales ledger, so it can be evidenced in the room.

4 **Only after the confirm-list clears:** discuss a deposit — **conditional and refundable, in writing, through your lawyer.** Do not place a non-refundable deposit on the basis of this report. Clean documents are a reason to continue, not a reason to hurry.

WHAT UNLOCKED WHAT

The document map

One evidence base per order: the set below is what was received and listed in the evidence-base confirmation before the clock started — the memo analyses exactly this, and nothing sent later. Late documents support an upgrade or a re-issue order, never the running engagement.

DOCUMENT	SECTIONS IT UNLOCKED
Filed accounts / tax declarations (2—3 years)	Declared result baseline • owner salary & one-off adjustments • tax-declared vs claimed revenue check
Business bank statements (12—24 months)	Bank inflows vs declared takings check • cash-consistency verdict
Sales ledger / invoicing export	Capacity × hours × rate check • customer-concentration cross-test • the timing explanation for the 1.3% difference
Lease contract	Rent-to-market adjustment • rent-uplift stress scenario • negotiation-plan holdback
Staff list & payroll (12—24 months)	Under-market wage adjustment • key-person stress scenario • staff-transition lever
Licences as held	Activity licence status • licence re-grant stress scenario
AP / AR aging (if available)	Working-capital adjustment • affordability cross (where buyer numbers are shared)

What stays your call — neither of us can see this from a desk

Real documents narrow the picture, but they don't remove these. I name them so they're never mistaken for "checked and clear" — and so you know exactly what to put in front of your lawyer, and in what order. On a deal where the papers agree, this list is the whole of the remaining risk, which is why it is longer than the negotiation plan.

- ◯ **Who really owns and controls the business**
  → your lawyer requests a beneficial-ownership check before you sign anything
- ◯ **Court cases not yet decided**
  → your lawyer requests a litigation certificate directly from the court
- ◯ **The seller's past directorships**
  → your lawyer runs a director search on the named owner
- ◯ **Private credit and bank liabilities**
  → demand a CIRBE credit-liability report, which only the seller can authorise
- ◯ **Document authenticity** — reviewed for internal consistency (formats, sequences, cross-totals, tax-filing sync), **not** authenticated with the issuing bank, AEAT or TGSS
  → your accountant requests the bank's own certified statements and the filed returns direct from the tax office
- ◯ **Whether the customer relationships transfer with the business**
  → ask for an introduction before completion; a purchase order is not a contract and does not follow the sale

A re-issued verdict means "consistent with the documents I was given" — it is not a certificate that the business is safe to buy, and it is not an audit. Consistency across three independent records (invoicing vs bank inflows vs quarterly tax filings) is strong evidence because forging one is easy and forging all three in sync across quarters is tax fraud in writing — but it is evidence, not proof.

EVIDENCE APPENDIX — SOURCE CATEGORIES

SOURCE CATEGORY	WHAT IT'S USED FOR	RETRIEVAL DATE — A LIVE REPORT CARRIES THE DATE EACH SOURCE WAS READ; THIS SPECIMEN LISTS SOURCE CATEGORIES, SO THE COLUMN IS EMPTY
Company registry (BORME / equivalent)	Registered owner & entity; insolvency filing check	—
Filed accounts / tax declarations	Declared-result baseline for Block 2 reconstruction	—
Business bank statements	Cash-consistency cross-check	—
Sales ledger / invoicing export	Capacity-model cross-check · customer concentration	—
Lease contract	Rent adjustment & stress scenario	—
Municipal licence register	Activity licence status	—
Public map listings	Comparable-workshop sweep (proxy only)	—

Retrieval dates are shown as placeholders here because they only exist once a real engagement is open — in the delivered memo, every row is dated and traceable to the document page it came from.

Provenance Diligence

Deal Screen and Reality Check memos personally reviewed & signed by the founder • no commission on the deal

Verdict key • Walk • Only-If • Resolve-first • No public-record blocker