

To: - The Directors of Fitness and Fun Plc
From: - Simon Griffin
Date: - 10/10/01
Reference: - Site for Fitness and Fun Plc's new Health Club

In my opinion the best possible site in the Reigate/ Redhill area for the proposed health club would be a green field site on the edge of Redhill. The main reasons for my choice are:

- There is a lot of space to expand.
- There is enough land for a car park.
- Lots of people live and work in the surrounding area.
- The site is near to Redhill's train and bus stations.
- The site is situated on a main road so it has easy access.

There is however one disadvantage. Until I actually fully research this site I do not know whether it is a protected area or not, but I highly doubt it. If it turns out the site is protected planning permission will not be granted.

Your business is a public limited company so the methods of finance you can use to set up and maintain your health club are as follows:

➤ Capital Expenditure

Internal sources

- *A rights issue* – Go back to your shareholders to raise more capital.
- *Retained profits* to expand or buy the new equipment.
- *Selling assets* – You could sell off assets such as subsidiary companies to raise money.
- *Sale and lease-back* – You may sell one of your main buildings to a financial institution such as a pension fund and then lease it back from them. You will have to pay rent but you have raised a large amount of capital from the sale of the property.

External sources

- *Hire Purchase*
- *Leasing*
- *Contract Hire*
- *Financial Institutions* – May provide mortgage loans for buying land and buildings.
- *Venture Capitalists* – They can help you build up your company but in return may want a seat on your Board of Directors, shares in your company or interest on their investment.
- *The European Union, Central or Local Government* – They have schemes that provide loans or grants to help businesses.
- *Foreign Bank Loans* – If your company trades in any foreign countries you could get a loan from there if interest rates are lower.
- *Unsecured Bank Loans* – As a public limited company you will not be seen as such a risk because of the value of your business. As a result you will not be asked to put up security when taking out a loan.
- *Debentures*

➤ Revenue Expenditure

- *Overdraft*
- *Trade Credit*
- *Factoring*

In conclusion I strongly suggest you agree on the option of obtaining the Greenfield site on the edge of Redhill.