



CASE STUDIES

TRANS  CAPITAL
ASSOCIATES

TRANS CAPITAL ASSOCIATES HAS EXPERIENCE IN A WIDE VARIETY OF SECTORS AND COMPANY SITUATIONS.

Working closely with our clients, we ensure we find the right answers for their specific needs, whether it is an alternative funding solution, providing strategic advice in the face of significant business challenges, or more fundamental pragmatic management solutions, where required.

Our extensive network of business finance contacts means that we can introduce your business to a variety of types of investment, from traditional bank lending

to finding alternative sources of funding, such as invoice finance facilities, trade finance, equity investors, corporate finance options (i.e. M&A), and High Net Worth individuals.

We can step in to advise on a solution for a specific issue. We can also take a longer-term approach that allows us to understand the wider issues facing your company and devise overall business management solutions for improving the profitability and sustainability of your business.

The following case studies of our work offer you a clearer understanding of how we can help.

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CASE STUDY 1



RECRUITMENT SECTOR COMPANY FACING A CRISIS DUE TO NEW GOVERNMENT REGULATIONS.

In this case we were acting for the lender to a distressed business. Their client was a well-known manpower business within the transport sector. At the time of our introduction, the lender was advancing some £2m on a confidential Invoice Discounting facility.

Turnover had fallen from a peak of £28m to just over £10m within a 12 month period due to changes in Government policy. This had exhausted the Company of working capital, which led to significant creditor pressure, in particular from HMRC to whom they owed in excess of £1m.

We quickly introduced two potential investors in the business, one corporate and one High Net Worth individual, both of whom were keen to progress even after a Winding Up Petition had been issued by HMRC. The HNW individual won the day and completed the deal shortly thereafter, paying out our client in full.

The Company went into Administration. Afterwards, the existing shareholders successfully bid to buy the business and assets from the Administrator.

The Result

- Our client was paid in full, when at one stage that looked unlikely due to liquidated damages claims if the business had ceased trading.
- The previous owner of the Company was able to acquire 100% of the new business.
- The High Net Worth individual was very happy with his continued funding of working capital for the business.

Why Trans Capital?

This case study illustrates the very particular ethos by which Trans Capital works – namely that we strive to be a knowledgeable and impartial advisor to business, seeking to provide solutions which preserve and create value. Here, we were able to deliver the best outcome for all parties involved: sourcing new business funding, where others were unable to do so, in a timely manner; we were able to ensure the Invoice Discounting provider saw their account paid, when they had feared at one time that this debt was irretrievable; and we were able to assist the business owner such that he held onto full value and ownership of the new business.



OIL AND GAS SECTOR BUSINESS WITH CONCERNS ABOUT FUTURE LIQUIDITY.

We were introduced by the existing lender to the directors of this owner-managed business after a survey raised concerns over future liquidity.

Following two meetings over the next two days, we were engaged by the Directors to help provide a solution to their increasingly pressing situation.

The directors had led an MBO from their large American parent some 9 months previously. The MBO team had been forced to carry forward an inter-company loan of some £1.5m, which was in addition to a very full purchase price. Whilst they had successfully negotiated deferred terms on a significant portion of the loan and the consideration, the on-going repayments were sufficiently large to have the effect of starving the Company of working capital. This was having an adverse effect on both profitability and, inevitably, cashflow.

We quickly introduced a potential investor from the sector who struck up an instant rapport with the team. They agreed a deal and completed in 4 weeks.

The Result

- The initial MBO team (our clients) have a significant share in the restructured business, and a significant amount of the administrative burden has been taken away by the new investors. As a consequence the business is going from strength to strength.
- The new investors are very happy with their stake in the business and the way the team have responded to their involvement.
- The providers of the original facilities were paid out in full, including fees, and were sufficiently happy with the new structure that they are now providing facilities to the restructured business.

Why Trans Capital?

This case plays very much to Trans Capital's strengths; we gained a quick and thorough understanding of the strategic and financial challenges overwhelming the Directors. We identified a new investor who we were confident could work collaboratively with the managerial team to ease the immediate pain, and move forward to a position of business growth. With the original debts resolved in full, we were instrumental in restoring the confidence of the existing lender so that they provided a new funding to the business.

IMPORTER/DISTRIBUTOR WITH IMMEDIATE CASH FLOW ISSUES AND LONGER TERM DEVELOPMENT CONCERNS.

We were introduced by a broker to the owner of this business which supplies the Craft industry. He had bought the business with a partner three years previously. Following a disagreement between the shareholders, our client bought out his previous partner six months prior to our introduction. The additional cash requirement needed to complete this transaction had significantly stretched the resources of our client and the Company.

The existing bank funder (Invoice Discounting) had, in effect, given notice and was pushing them to urgently find new facilities. We were quickly able to get two Invoice Discounting offers on the table, one of which offered a significant 'over payment' for the first six months. This facility was put in place within two weeks and the Bank paid out in full.

Whilst this reduced the immediate pressure, the trading and liquidity problems continued.

We agreed with our client a strategy to take the business forward, the main thrust of which was to bring in a new investor. We arranged a meeting to discuss opportunities with a large competitor of the company who had been

known to the director for 25 years. This meeting led to two further meetings over the next week, during which time they agreed to participate in a restructuring and acquisition of the company. We worked with our client to complete the deal within a 5 week period.

The Result

- Both the bank and the new funding partner paid out in full, meaning there was no need to claim on the personal guarantee of our client.
- The acquirer is very happy with their investment which has resulted in more than £1m in additional turnover.
- Our client is very happy with the overall outcome.

Why Trans Capital?

This case study again demonstrates Trans Capital Associates' ability to quickly identify practical strategic solutions for a business owner under significant pressure. We were able to exploit our extensive network of contacts to identify both lenders and investors, who were ready to commit to financial backing for the business in question, and ease the burden upon the owner. The business was then able to concentrate on restructuring and returning to growth.

TESTIMONIALS

"We were experiencing some difficulties with respect to the financial management of the business and we engaged the services of Trans Capital in a board level advisory capacity.

Over the following few months they quickly analysed the shortcomings of the business in terms of our financial management strategy and made some recommendations for both the short term and long term which we implemented. Those changes in my opinion rescued the business from a potential position of crisis and we are now a financially secure enterprise with a much more focused financial management strategy.

John Thompson helped us through a very difficult period and at all times showed professionalism, compassion and sensitivity to the business and the owners, whilst at the same time ensuring that we made the tough decisions necessary for the future of the business."

Bob Strefford, Managing Director – Quest Energy Resources Ltd

"We worked closely with John Thompson from Trans Capital Associates on this transaction and found him to be thoroughly professional in all our dealings with him. He had been instructed by the previous owners of the business and worked tirelessly to protect and enhance their position whilst at the same time safeguarding the interests of other stakeholders. I would be happy to recommend John Thompson and Trans Capital Associates."

Neil Bennett, Managing Director – Leonard Curtis, London

"I was introduced to John Thompson of Trans Capital Associates at a very stressful period of time, particularly business wise. After several meetings with him, a course of action was decided on. John was very supportive throughout the whole process and furthermore, due to his patient negotiating skills, a very satisfactory personal outcome was achieved. John is a quiet but highly effective negotiator and I can thoroughly and whole heartedly recommend him."

David Goodrich

TESTIMONIALS

“I have known and worked with John Thompson for many years and have always found him to be a highly effective business professional in whatever task he undertakes.

Amongst his many services to our company he has successfully managed a number of difficult client situations to the satisfaction of all concerned; he has sourced, and managed to completion, a number of key strategic acquisitions; he has developed new relationships with Government bodies; been at the forefront of a number of new product and service developments and has consistently provided sound strategic advice.

He has played a key role in the significant growth of our company over the past five years and I would be happy to recommend him.”

Edward Rimmer, CEO – Bibby Financial Services UK & Ireland

“We were introduced to Trans Capital Associates when we found ourselves in a difficult position with our finance provider after incurring a significant bad debt from our largest customer.

Following an initial meeting, John worked quickly and efficiently to deal with the issue; first, by speaking with our existing funder to alleviate the immediate pressure, and then by identifying and putting in place a replacement facility. In fact three different funders were brought to the table, giving us various options within a very short period. John kept in regular contact with our existing funders throughout, making the transition smooth and relatively straightforward.

John was very understanding of our situation and, from our first meeting, it was clear that he would be able to find a solution to our finance needs. John is extremely knowledgeable and was able to explain our options and what the timing might be for each of these. Trans Capital’s charges were very reasonable and it wasn’t until our third meeting that we discussed fees! I would be very happy to recommend John Thompson and Trans Capital Associates.”

Phil Hart, Managing Director