


turnaround finance



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t-ban turnaround business angel network

how t-ban works

In the past there has been no effective way of bringing together pro-active investors and distressed businesses but t-ban offers a proven solution which is much more than matching investee and investor. By gaining the trust of all parties involved and ensuring that the investment process is both structured and transparent, McTear Williams & Wood's experienced business rescue and investment specialists can breathe life into an otherwise terminal situation.

t-ban brings a fresh pro-active management approach, introducing working capital and proven business expertise that allows a business to recover. Nearly always investors participate in the management of the company, restructuring the business through new finance, enhancing the management team and re-engineering business practices. A successful t-ban involvement will enable the business to go on to greater success with the investor as a significant shareholder, participating in that success, a win-win situation for all involved.

Turnaround Business Angels are experienced investors who have strong managerial or professional backgrounds, often having been involved in troubleshooting or turnaround situations and have an appetite to invest in financially distressed situations. Their experience of managing change, clarifying objectives and of setting and realising goals is of immeasurable value.

investment for business

t-ban represents a new opportunity for bringing pro-active investors into businesses facing financial difficulties and setting them off on a fresh track. The network is managed by experienced business rescue and investment specialists and operates across East Anglia. t-ban is able to move quickly, often in a matter of days or weeks. Situations where t-ban has already been successful vary widely, but typically the network has assisted companies with a turnover between £500,000 and £20 million with investments ranging up to £500,000.

case study 1

Opportunity Limited is a manufacturing company which suffered heavy initial losses due to higher than planned set up costs and slow sales growth. These losses were financed by directors' loans and a bank overdraft guaranteed by the directors. However, the bank declined to extend this overdraft and the lack of working capital meant that new orders, which could have brought the business into profit, had to be turned down.

Having exhausted their personal resources and much of their initial confidence, the directors contacted t-ban on the advice of their auditors. Working with a t-ban specialist the directors produced a revised forecast showing an equity requirement of £90,000 to take the business through to profitability. They contacted three possible investors from t-ban's portfolio and received two investment proposals. The one selected involved the bank extending the overdraft facility and the t-ban investor joining the board as a part-time finance director with provisions for his shareholding to be bought out at a predetermined percentage of profits in the event that a business sale was not made within five years. Opportunity Limited achieved its revised forecast one year later.

case study 2

The directors of a wholesale business tried to raise equity funding to refinance and restructure their company which had racked up substantial trading losses and needed to downsize. Some potential investors came forward but the backlog of creditors was too great. The company went into administration but those same investors backed the directors to buy the business and assets. Scaled down to a profitable core the business is now highly successful.

accessing t-ban

To access t-ban simply contact us and we will assess your situation, help you present it as best you can and introduce you to potential investors.

Contact us free on 0800 085 5070 or visit www.mw-w.com



improved banking facilities

how we can help improve banking facilities

Good banking relationships are key to most successful businesses but in difficult times dealing with the local bank manager can become strained, sometimes leading to account responsibilities being transferred to a bank's specialist unit. Matters often come to a head when a request for additional lending is declined, additional security or personal guarantees are requested or an investigating accountant is appointed. In these circumstances a rapid review of funding options is essential.

In addition to two ex-bankers with extensive turnaround experience within our team who can give a clear steer as to how to approach lenders, we also maintain close links with all the banks locally and at head office level. We have a good working relationship with other funders including asset based lenders, factors, providers of stock and trade finance, and commercial and personal finance brokers.

This allows us to assess funding options and quickly identify potential new banking partners. We can assist clients with putting together a proposition with financial forecasting, sensitivity analysis and constructive input on business plans. Due to the close relationships we have built up with local banks we can often hold the situation together until new funds are put in place.

money in the bank

When the chips are down extending bank facilities or obtaining increased credit can prove challenging. No matter how strong your relationship appears to be, banks have their own policies, goals and objectives which may not match your own. McTear Williams & Wood has its own experienced banking specialists who have been successful in helping clients negotiate facilities with banks and where appropriate can arrange a 'managed exit' from an existing bank. Frequently this has also involved bringing in specialist lenders such as invoice discounters.

case study

A retailer was under pressure from the bank and creditors with little chance of raising funds with no up to date financial information. The company was in arrears with HMRC, which was threatening to distrain on assets. The capital repayment holiday on extensive bank loans had expired and the overdraft balance was regularly exceeding the limit marked. The bank had transferred the case to their specialist recovery team and they introduced us to assist the director as there was no evidence of viability and an apparent lack of cash generation to repay the loans.

In liaison with the director and his accountant we put together a proposition with fully integrated budget and cash flow forecasts. We assisted the director in presenting the case to the bank whilst keeping HMRC on side. Sufficient new monies were quickly raised through a confidential invoice discounting facility to repay the outstanding PAYE and provide time for the bank and the director to consider the way forward. Further new monies were extended by an EFG loan and short term cash flow was eased by the bank placing part of the debt on an interest only long term loan with a bullet repayment.

With performance now regularly monitored through the provision of monthly management information the company has a promising future with sufficient head room in its banking facilities going forward.

accessing help with banking facilities

To access help with banking facilities simply contact us and we will assess your situation, help you present it as best you can and introduce you to potential new banking partners.

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bridge funding

how bridge funding works

We have access to a fund of up to £5 million which is available to lend against assets either through taking security or transferring ownership, sometimes subject to an agreement to buy the assets back within a set period.

This is lending of last resort so it is not cheap. Unless the funding is only required for a matter of days expect to pay at least 20% of the funds raised even when the asset cover is strong. But we have seen this used to produce returns of 100% plus and given that the funding almost certainly would not otherwise be available, the relatively high cost can be justified easily.

Each funding requirement will vary but there must be sufficient assets that can be realised to cover the bridging finance. Assets can include property, book debtors or plant and machinery assets; if any of these are already pledged to secured creditors that has to be taken into account.

Decisions can usually be made within 2 or 3 days and the funds can then be made available within 48 hours. Deals in which we have been involved range from £70,000 to £900,000.

money in a hurry

Asset backed bridge funding can quickly inject much needed cash into businesses facing financial difficulties. The funds may be used in conjunction with an insolvency process or as a stand alone measure for a maximum of 6 months, in order to bridge the funding required to get the business from where it is to where it needs to be. Situations where bridge funding has been successful include the provision of working capital to complete profitable contracts, repaying a secured lender to avoid Administrators being appointed or repaying finance leases prior to an insolvency appointment to preserve equity in plant, machinery and vehicles.

case study

Earth Works Limited incurred large losses on a rogue contract but had historically been profitable and had a strong order book going forward. The losses had been financed by bank and directors' loans both subject to debentures.

The bank wanted its lending repaid and the directors had no further cash to invest. There were substantial external creditors and the company had to go into a formal insolvency procedure, in this case administration.

The company had plant and machinery valued at £270,000 on finance leases with settlement figures totalling £190,000, so had apparent equity of £80,000. However, under the terms of the finance agreements, on administration the finance companies could recover the equipment and retain the equity for themselves. This would have reduced the recovery to the directors under their debenture as well as causing the business to cease trading, which in turn would have resulted in lower work in progress and debtor realisations.

We arranged bridging finance of £180,000 to enable the finance leases to be settled in full prior to being appointed Administrators. The finance was made available for 6 months at a cost of just under £20,000 and overall the directors recovered an additional £200,000 under their debenture from the equity in the equipment, additional work in progress and debtor realisations.

to access bridge funding

Simply contact us; we will assess your situation and introduce you to the fund manager.

Contact us free on 0800 085 5070 or visit www.mw-w.com

the leading business rescue and insolvency
specialists in the South East

1010 Camboume Business Park
Cambridge
CB23 6DP
01223 903020

26 Bedford Square
London
EC1B 3HP
0203 405 5450

4th Floor Victoria House Victoria Road
Chelmsford CM1 1JR
01245 678003

Midsummer Court
314 Mid Summer Boulevard
Central Milton Keynes MK9 2UB
01908 440072

2 West Stockwell Street
Colchester
CO1 1HQ
01206 934950

Townshend House
Crown Road
Norwich NR1 3DT
01603 877540

19 Silent Street
Ipswich
IP1 1TF
01473 218191

Stuart House - East Wing
St Johns Street
Peterborough PE1 5DD
01733 797533

Contact us free on 0800 085 5070 or visit www.mw-w.com