

MARCH MForum NEWS



Bath - Swindon

Dear MForum Members,

Welcome to the **March** edition of MForum News **2011**.

This month we will be meeting on Thursday 17th March at The Spot Bar in Swindon, for drinks and networking, sponsored by Close Invoice Finance.

Next month, Monahans will be sponsoring a wine tasting evening, to be held at Great Western Wine in Bath. If you would like to book a place, please complete the attached booking form and return ASAP as numbers for this event will be limited. (only 2 people per organisation)

And finally, we are looking for a sponsor for our June event in Bath, please let me know if you are interested.

Kind regards,

Clare Way

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2011 Networking Events

| Date | Event | Sponsor | Venue | Time |
|------------|-------------------|-----------------------|--------------------|--------|
| 17th March | Networking Drinks | Close Invoice Finance | Spot, Swindon | 6.00pm |
| 21st April | Wine Tasting | Monahans | Great Western Wine | 6.00pm |
| 19th May | Networking Drinks | HSBC | The Spot, Swindon | 6.00pm |

To view back copies of the MForum newsletter, click on this link:
<http://www.monahans.co.uk/web/services-corpfinance-mforum.asp>

Finance? Time to think in 3D!

There might be widespread debate throughout the business community as to the extent to which the banks are open for business, but one thing everyone seems agreed on is that the lending environment has changed beyond recognition in the last couple of years, writes David Thomson.

Following the credit crunch, in 2009, many facilities were granted only on a three-year basis. With these due to reach maturity soon, companies will find that the comparably favourable terms on which they negotiated facilities just a few years ago no longer exist.

While the Bank of England's base rate has been at a record low of 0.5 per cent since March 2010, bank lending rates have been edging steadily upwards. Faced with weakened demand, tightening credit policies and a need themselves to re-capitalise, banks are increasing arrangement fees thereby making it more expensive for businesses to renew their existing facilities.

Over-dependence on bank loans

Squeezed also by the recent VAT rise and continuing economic hardship, company bosses and financial directors ought therefore to be thinking more carefully and creatively than ever about how they raise finance and sensibly manage the day-to-day running of their business.

Yet the reality is, that despite the soaring costs and a more careful approach to bank lending, the overdraft remains the primary source of funding for small and medium-sized businesses. There is widespread ignorance in the marketplace as to alternative, viable sources of finance.

For instance, our most recent quarterly Business Barometer – a survey designed to gauge SME owner sentiment on a range of financial issues – reveals that 45 per cent of companies polled across the UK have never heard of invoice finance.

David Thomson, CEO of SME finance specialist Close Invoice Finance, talks about how the days of running a business on a loan and an overdraft are gone. It's time financially, he says, to think in 3D.

Education process required on funding options

Where invoice finance was once perceived as a temporary measure to overcome common obstacles such as customer late payment and issues with cash flow, the tougher lending conditions experienced both here and overseas are challenging this view.

Indeed the invoice finance industry is now worth £191 billion* (client sales), helping in the last year alone nearly 46,000 businesses throughout the UK and Ireland improve their cash flow and fund their business.

But clearly more needs to be done. The fact that almost half of businesses polled in our survey weren't even aware of its existence is quite alarming, particularly when you consider that in a report published last year by the Department for Business Innovation and Skills¹, invoice finance was identified as playing a "crucial role in securing access to working capital" in a new business landscape.

How can it fulfill such a role if a significant proportion of small and medium-sized business owners aren't aware of the product in the first place?

Diversification of corporate funding is key

Most SMEs are two-dimensional borrowers, but just as you would diversify a portfolio of investments it's equally important that SMEs use a variety of funding sources in order to protect their business and optimise growth opportunities.

Many large businesses raise funds from debt and equity issuance in the capital markets, as well as by borrowing from banks. These sources of funding however don't tend to work well for smaller firms because, for the relatively small amounts of funds they

need, it is not economic to incur the costs of obtaining the credit rating usually required to raise debt in capital markets.

This does not mean bank loans and overdrafts are the only solution for SMEs. I would encourage businesses to think financially in 3D and consider a blend of options including invoice finance, asset finance and leasing in addition to traditional borrowing. Overdraft and loans can be inflexible and unavailable in many cases while asset-based lending allows the business to utilise the value of its underlying assets and invoices rather than just leveraging its historic financial performance.

Informed decision-making

The overriding challenge is to ensure that, as the economy picks up and as demand increases, the supply of finance supports rather than constrains the recovery.

Banks, professional advisers, government agencies, and the media all have their role to play in ensuring SMEs - who make up 99 per cent of all private sector enterprises - have all the information necessary to make informed financial decisions.

As we move further into the fragile recovery, businesses should expect to see a sea change in their banking relationships, to consider the all-in costs and reliability of funding suppliers, and seek to diversify their sources of funding. That should give them the best possible chance of enjoying "the gain after the pain" of recession.

* Statistics from the Asset Based Finance Association

**Financing a Private Sector Recovery, published in July 2010 by the Department for Business Innovation and Skills



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David Thomson is chief executive officer of leading UK independent invoice finance provider, Close Invoice Finance and chairman of the Close Invoice Finance GmbH.

Since taking the helm at Close Invoice Finance in 2002, he has overseen a period of expansion, re-positioning the business as a product and service leader within the factoring and invoice discounting sector. He has been at the forefront of moving Close Invoice Finance forward



Close Invoice Finance

Part of Close Brothers Group plc

with innovative and technologically advanced products. Their IDEal product remains unrivalled and has won numerous awards since it was launched back in 2006. The most prestigious being the Business Moneyfacts "Best Factoring and Invoice Discounting Provider" – an accolade Close have won for the last five years.

Currently leading a move to integrate Close's invoice and asset finance offerings, David plays a key role in the development of the Group's broader banking ambitions.



Alex Pyatt and the team at Withy King acted for Equilibrium Wealth Management in relation to its acquisition of Abbey Meads Financial Limited. The combined businesses are operating from Equilibrium's existing premises in Marlborough. Withy King also acted for the shareholders of Equilibrium in relation to the sale of their shares to Perspective Financial Group, completion of which took place shortly after the acquisition of Abbey Meads.

Equilibrium has seven registered IFAs and sixteen staff members in total and specialises in the provision of wealth management advice to both individual clients and companies covering retirement planning, investment and tax planning, as well as employee benefits.

Tony Apps, director of Equilibrium Wealth Management Ltd, says: "We certainly see our move beneath the Perspective umbrella as a fantastic opportunity to deliver not just financial stability to the firm but to also ensure we have the best support available as we move towards RDR-readiness."

Sally Jones, director of Equilibrium commented: "Purchasing Abbey Meads just a few days before selling our company was probably the most challenging thing we've ever done! We do not regret for one moment asking Alex Pyatt and his colleagues at Withy King to handle both these highly complicated transactions on our behalf. They were, of course, intrinsically linked to each other and required a huge amount of skill to execute correctly and within the tight timescales we were working towards. We now feel confident in the knowledge that the enormous level of professionalism and attention to detail shown throughout the process has ensured there are no loose ends and both transactions are water-tight. Withy King's corporate team kept our best interests at heart at all times and kept us fully updated with his progress."

www.withyking.co.uk



Osborne Clarke advises on Valldata MBO

Osborne Clarke has advised management and vendors on the Management Buyout of Wiltshire based Charity Sector outsourcing specialist Valldata. ISIS provided £6.5m funding for the MBO.

Valldata is a partner for charities that helps them manage and deliver fund-raising campaigns and it provides outsourced services to over 50 of the largest UK charities including assisting the Disaster Emergency Committee alongside BT in handling high volume emergency campaigns. Following the MBO, Osborne Clarke has been appointed as the company's legal adviser.

Alisdair Livingstone, head of Osborne Clarke's Bristol corporate team, said, "It's good to see some Private Equity activity in the local market after what has been a pretty quiet 12 months. The funding will allow the management team to continue to build on Valldata's successes over the past 30 years."

The Osborne Clarke team was led by corporate partner, Alisdair Livingstone and included, Alison Meaken, Jeremy Cavendish and Conrad Davies.

www.osborneclarke.com

The corporate team at Thrings are delighted to have completed a number of transactions over the last few weeks, including:

- The acquisition of Gaby's Fashion Limited on behalf of the internationally renowned apparel manufacturer, Dewhurst Dent PLC. Known the world over for the manufacture and design of high quality gloves and accessories, this acquisition underlines the company's continued growth ambition and strategic planning. John Davies led the transaction with Simon Hore assisting
- The acquisition of the lighting equipment hire business of Finline Lighting by its current management team. Mike Tomlin led the acquisition
- The acquisition of two precision engineering companies in the aerospace sector, as part of the acquiring company's ongoing growth plan in this sector. Jonathan Wyld led the transaction assisted by Mike Tomlin
- The acquisition of the Oldfield Park branch of Brian Vousden Opticians Limited by Bath Opticians Limited as part of a complex restructuring and redemption of loan notes. Jonathan Wyld led the transaction, with Mike Tomlin assisting
- Advising National Westminster Bank Plc in respect of its financing the acquisition by the e2train group of Intraventure Limited. Mike Tomlin led the transaction

www.ttuk.com

CHARLES LUCAS & MARSHALL solicitors

New Head of Corporate Services

Paul Trincas has been appointed head of corporate services at lawyers, Charles Lucas & Marshall. Paul has been with the firm for 29 years and a partner for 20 years. A specialist in commercial litigation, he is a leading expert on motoring law disputes, commercial and contractual law and dispute resolution. His appointment brings a wealth of experience to the firm's corporate services team, adding to the wide range of employment and corporate law services already available.

"We can now, under one umbrella, provide a broader range of legal services to our clients, tailor made to the needs of individuals, small and family businesses, partnerships and large commercial companies," says Paul. "Our aim is to provide for their entire needs, whether of a contentious or non-contentious nature."

www.clmlaw.co.uk



Booking Form

If you would like to attend the wine tasting evening on Thursday 21st April, sponsored by Monahans, please complete your details below and return to:

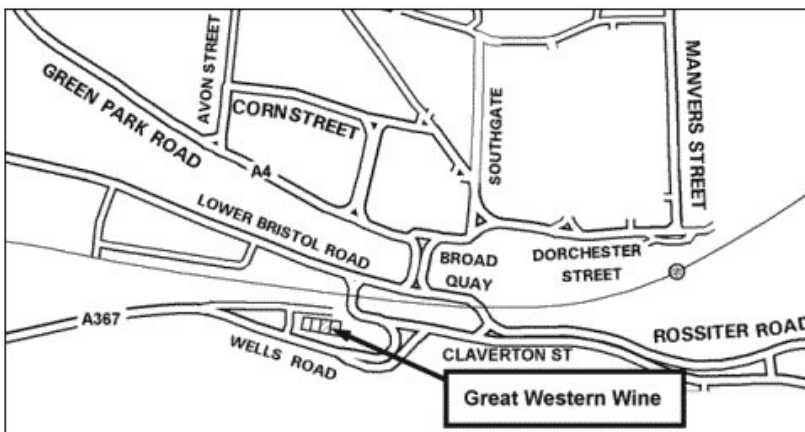
Clare Way
Monahans
Clarks Mill
Stallard Street
Trowbridge
Wiltshire
BA14 8HH

Or email: clarew2@monahans.co.uk



Date: Thursday 21st April 2011

Venue: Great Western Wine, Wells Road, Bath. BA2 3AP



Please note that numbers are limited therefore we can only accept a maximum of two bookings per organisation, and places will be reserved on a first come, first served basis.

Name:

Company Name:

Email address:

Telephone Number: