

APRIL MFORUM NEWS



Bath - Swindon

Dear MForum Members,

Welcome to the **April** edition of MForum News 2009.

Our next networking meeting will be held on the **16th April 2009** from 6.00pm at The Spot in Swindon and is kindly being sponsored by **Thring Townsend Lee & Pembertons**. We hope you can make it.

As always, if you have any articles that you would like to be included in next month's newsletter, please email them to me at the address below.

Kind regards,

clare way

Monahans

T: 01225 785580

E: clarew2@monahans.co.uk

Dates for Your Diary



Date	Event	Sponsor	Venue	Time
16th April	Networking Meeting	Thring Townsend L&P	The Spot, Swindon	18.00
21st May	Networking Meeting	Withy King	The Slug & Lettuce, Bath	18.00
18th June	Networking Meeting	Natwest / RBS	The Spot, Swindon	18.00
16th July	Networking Meeting	Thring Townsend L&P	The Slug & Lettuce, Bath	18.00



Click on this link to view back copies of the MForum Newsletters: <http://www.monahans.co.uk/web/services-corpfinance-mforum.asp>

The legal support and guidance was first rate; they took the time to fully understand the parameters of the sale and the specifics of the sector, and gave strong, commercially-minded advice.

Simon Wilcox, Managing Director of Wessex Grain Limited

Thring Townsend Lee & Pembertons

A word to the Money Wise

The corporate and financial services teams at law firm Thring Townsend Lee & Pembertons acted for Money Wise IFA Limited on its purchase of Cambridge-based IFA practice Lee & Co. The firm helped structure the deal, which completed on 31st March 2009 and involved a pre-completion reorganisation, the issue of shares as consideration and an earn-out.

Jonathan Poole, who led the transaction for the firm, commented: "We are delighted to have been able to help Money Wise complete this important strategic acquisition, particularly given the current market conditions. I expect to see much more consolidation in the IFA sector, not least because of the anticipated introduction in 2012 of higher minimum qualification requirements."

Malcolm Coury, MD of Bath-based Money Wise, said: "We were delighted to be represented by such an experienced M&A legal team and their attention to detail was particularly reassuring. With the deal dragging on longer than we had expected, Thring stuck with us every step of the way and helped to maintain the continuity throughout. A heart felt thank you Thring Townsend solicitors."

Farming, fashion and firearms

Mike Tomlin and Jonathan Poole acted for Wessex Grain Limited in the sale of its 50% shareholding in Farmergy Limited, an agri-business company specialising in facilitating the finance and construction of on-farm biogas plants.

The Company Commercial team in Swindon are not normally associated with glamour but, in the last month, the team have completed a number of commercial agreements including an endorsement by Kylie Minogue of a fashion-based television programme, some magazine and Internet-based reader competitions involving a number of premium brand fragrances, and a number of endorsement agreements involving well known make-up and manicure artists for a global cosmetics house.

On a completely different note, Jonathan Payne, John Davies and Kate Westbrook - who has been newly promoted to Partner - are currently advising a manufacturer of military equipment on its contractual and regulatory arrangements with a number of foreign government ministries. This is good example of the team's specialism in military and Ministry of Defence procurement arrangements.

Bath Building Society are delighted to announce that they have recently been named as the winner of the “Best No Notice Business account” at the Business Moneyfacts 2009 Awards, for their Business Direct account. With rates for deposits of £1 upwards currently at 0.80% above Bank base rate, the account is available for all types of businesses, charities, clubs and solicitor client accounts. Please contact Mark Wiltshaw on 01225 475712 for details.



Close Invoice Finance

ONE IN TEN SMES TURN TO FAMILY AND FRIENDS FOR FUNDING AS BANK CREDIT DRIES UP

Confidence in ability to access bank lending drops from 73% to 6%

Over 540,000* SMEs across the UK are turning to family and friends for cash rather than the banks - six times as many as when polled in early 2008 - according to research from Close Invoice Finance, part of the FTSE 250 merchant banking group Close Brothers Group plc.

The survey of over 500 SME owners indicates they are having to rely on family and friends as bank funding dries up. Less than 6% of SMEs said they were confident their bank would extend them credit into 2009 compared to 73% of those polled last year.

David Thomson, Chief Executive Officer of Close Invoice Finance said: “The relationship between banks and SMEs has collapsed with severe repercussions for the sector as a whole. With banks now closing their doors to SMEs, owners are relying on friends and family for financial support, placing immense pressure on these most precious relationships.”

He continued: “As the recession takes hold, the adage ‘Cash is king’ has never been so true. SMEs need to be far more creative in how they source working capital and deadly serious about tackling late payment.”

The central premise of invoice finance is that it allows companies to raise cash quickly and easily against their sales ledger, affording businesses a greater degree of flexibility and control over their cash flow.

Despite the deterioration of the credit profile of many businesses, the fundamentals of factoring and invoice discounting haven’t changed. Close Invoice Finance is interested in the integrity of debt not the company balance sheet or rate of growth and therefore approach businesses in a very different way to traditional lenders who are focused on more obvious indicators of business success. Invoice finance can represent a lifeline to companies that have seen other forms of trade finance dry up.

Research findings are based on a survey of 505 UK SMEs commissioned by Close Invoice Finance and indexed against the findings of the first Small Business Finance Barometer completed in March 2008.

Background on statistical information:

* Figure extrapolated from the BERR 2008 statistics that calculates 4.7million SMEs in total in the UK. Figures on the number of SMEs in the UK provided by Department for Business Enterprise & Regulatory Reform <http://stats.berr.gov.uk/ed/sme/>.

Mogers Solicitors Strengthen their Commercial Department

The Commercial Department of Mogers has significantly strengthened its offering with the news that Frank Collins joins the Company Commercial Team as lead Partner. Frank, who has for a number of years been providing company commercial advice to his clients (many of which are property related) will now concentrate his time on company commercial work.

Frank, the incoming president of the Bath Chamber of Commerce, views his new position as one which he is relishing. "2009 undoubtedly presents businesses with very challenging trading conditions. There are lots of opportunities out there however, and those businesses who adapt to the changed trading environment will thrive and prosper. Business in the Bath area is well placed to do just that" he says.

Frank has approximately twenty years experience in advising companies on commercial matters. Examples of recent company commercial advice he has provided to clients includes the setting up of Group structures, reorganisation of Companies within a Group for the purposes of sales, retirements or shareholder exits, the sale, purchase and financing of businesses together with shareholder agreements and partnership agreements.

The key to any commercial transaction running smoothly and on time is communication. Frank believes that as the Mogers' commercial teams are located in the same office and within the same department, all clients will receive a very high level of service support on every transaction. Clients will also benefit from skills and experience gained at a number of regional heavy weight commercial law firms but without the sometimes excessive rates. Frank will be assisted in his work by the Employment team (headed by Tim Gofton ex Wragge & Co) and the Commercial Property team (headed by Ian Davies ex Beachcrofts).

Partner Steven Treharne also joins the Commercial Department to oversee its overall running and concentrate on commercial development and agricultural land transactions.

If you would like to speak to Frank, Steve, Tim or Ian about any matter, please do call them at any time on 01225 750000.



Wiltshire's leading Chartered Accountancy practice, Monahans have appointed Steve Elliott as director of the Insolvency Department.

Steve is a qualified accountant and insolvency practitioner with 18 years' experience in this specialist field. He has much call on his considerable experience in these testing times. Monahans' partner, Paul McConnell, who heads the insolvency team, commented: "This promotion reflects Steve's high level of expertise in corporate and personal

insolvency procedures and his skill in finding the correct solution from the many now available to troubled businesses".

Withy King has acted in the sale of a Swindon-based furniture retailer to an international company for an undisclosed sum, safeguarding its position in the UK and helping it realise its ambitious expansion plans. Sofas UK, which has its headquarters in Cheney Manor, Swindon has been bought by the Kasen International Holdings, a leading upholstered furniture and leather products manufacturer based in China.

Sofas UK trades as Easyliving Furniture and employs around 180 people at 22 stores across Southern England.

Withy King Solicitors' corporate services team based in Old Town, Swindon, worked closely with Sofas UK in the negotiation of the deal. The team have also been advising them on company law and banking issues, trade mark issues and a range of employment matters.

Withy King's commercial property lawyers have also been instrumental in helping the company negotiate leases and secure new Easyliving Furniture stores at Cribbs Causeway in Bristol, Gallagher Retail Park in Cheltenham, Designer Outlet in Swindon, Purley Way in Croydon and Cardiff Gate.

Alex Pyatt, head of the corporate team at Withy King in Swindon, said: "Sofas UK is bucking the trend set by other furniture retailers, many of whom are struggling and, in the case of Land of Leather, have gone into administration. It is satisfying to see that some companies are making the most of difficult times, and that they are continuing to see the benefit of working with professional advisers to overcome any challenges and help realise their plans for the future."

Notwithstanding the sale to a new owner, Withy King will be continuing as the company's legal advisers.



Dental Practice Doubles In Size Through Targeted Acquisition Strategy, funded by RBS

Howard Marshall Dentistry, a leading firm of regional dental practices, has formally announced the acquisition of the west-country based dental practices, Dr. Michael Frain Ltd. The deal was supported with an acquisition finance facility of £3.1 million provided by The Royal Bank of Scotland ("RBS").

Howard Marshall Dentistry was formed in 1993 by partners Dr Andrew Halmer and Dr Keith Garber. The firm currently operates five practices across Kent and Essex and the latest acquisition is part of a targeted growth strategy, which sees its footprint extend into the West Country.

Speaking of the acquisition, Dr Andrew Halmer of Howard Marshall Dentistry said "This acquisition not only doubles the size of our business with one transaction but it also signals our move to broaden the range of dental services we provide. We are pleased to be extending our business into the West Country and are looking forward to working with our partners within the Primary Care Trusts to further expand our NHS services. RBS' support enabled us to acquire an existing successful practice that fitted well with our business model."

The deal was led at RBS by Commercial Manager, Stas Szemiako and Steve Harper from the bank's Structured Debt Solutions (SDS) Team. Stas Szemiako commented "I am delighted that we have been able to support Howard Marshall Dentistry with its targeted growth strategy. Our understanding of the business allowed us to establish at the outset that the acquisition was a good fit and make an early introduction to my colleagues. With our knowledge of the customer's needs at local level and the expertise of my specialist colleagues, we were able to determine a bespoke debt structure to underpin the deal."

Lawyers, Wollastons, and accountants, Long & Co, advised on the deal and specialist sector advice was provided by Opus Health Capital, with Ross & Craig Solicitors acting on behalf of Howard Marshall Dentistry.

Today's economic environment is undoubtedly challenging, but with the best possible professional guidance and funding solutions in place, strong firms can continue to grow and prosper. Lloyds TSB is one of the few banks that has been able to continue lending to small businesses through these more difficult times. Our lending to SMEs here in the Avon region grew by almost 13 per cent last year, compared to 2007. At Lloyds TSB Commercial, we're also ensuring that we play a role in customers' strategies for overcoming the downturn and help businesses plan their long term ambitions. Swindon boasts a strong bedrock of ambitious and entrepreneurial firms with the potential to expand and, like all lenders, our funding criteria remains focused on understanding the business, its market and its strategy. Lloyds TSB has also made clear its commitment to providing funding to small businesses through the Enterprise Finance Guarantee scheme. We were one of the first banks to use the scheme and have been recognised by the Government as one of the most active banks in helping small firms get access to the new funding. We are committed to the EFG and to the various schemes designed to increase the range of funding options for small businesses, during these particularly tough times. It is the case, however, that we have been able to meet most requests for lending without having to resort to the scheme. Lloyds TSB Commercial has put together the following top 10 tips to help local businesses to respond to an uncertain market:

Choose who you do business with – when you deal with new businesses, think carefully about your new customer's track record before offering credit, or ask for payment up front.

Don't put all your eggs in one basket – spread your risk and don't become too dependent on one customer.

Keep your customers satisfied – with fierce competition between businesses, good customer service is more important than ever. Make sure you keep closely in touch with your existing customers contacts. Speak to them and ask how you can help.

Monitor your cashflow – raise invoices promptly, chase any outstanding payments immediately and keep a safety margin in your account or facilities.

Review your finance options – there are many sources of finance available. Make sure you have the right mix - consider both asset and equity based finance.

Cover your risks – wherever possible consider fixing your rates or funding to make it easier to predict future costs. Identify risks to your business – and review ways to minimise or remove.

Review your investment plans – while it is important to invest for the future be very clear on the benefits of your investment plans.

Involve your staff – it is vital that employees are aware of any changes you make to your business. As part of the company, they will want to help and this will help motivate them during uncertain times.

Be prepared and plan ahead – good forward planning, including contingency testing, will help safeguard a business's performance during an economic slowdown.

Keep your professional advisors involved - keep in close contact with your bank, accountant and solicitor. They are important sources of support and guidance for your business in both good and more difficult times.

For more information or to discuss your banking requirements, please contact: **Samantha McGrath 07793 669 793.**



After some brief signs that there may be a lift in the gloom with two recent high profile deals completed, the Monahans Corporate Finance Team (MCF) are still experiencing very challenging times. A recent example is Project Atlantic. This is a disposal instruction for a very profitable, cash flow positive business manufacturing conveyor systems for postal sorting offices across Europe and Scandinavia. Having identified a purchaser in the USA, the negotiations proceeded, solicitors were instructed and the deal was finally agreed. DD was sorted, funding was available and contracts were agreed with Completion planned for the following Monday. Out of the blue, the Purchaser just pulled out citing "...not the right time.." as the reason! Peter Lugg, MCF Partner, commented "In these difficult times, we just have to knuckle down and get on with it. This is a great business and there will be another buyer. Jenny (McArdle MCF Researcher) will just have to find me another prospect to approach!!