



## Business Finance case study >>

We received a referral from a Lawyer, whose client needed finance for an acquisition of one of its competitors. As acquisitions go, this was a relatively small transaction, which made it difficult to fund as lenders view them as inherently risky. However, we secured the required £250,000 finance and saved the company over £25,000 in the process.

### About the Client

Both companies operate in the fire safety sector and the acquisition was an important opportunity because of the likely synergies involved. There was little overlap in the customer base, which offered attractive growth prospects going forward.

### The Challenges

The directors were keen to press ahead in case other potential buyers appeared and pushed up the price to unrealistic levels. They already had an offer in place from a crowd funder but felt the terms were expensive. They were also nervous of being let down at the last minute and so wanted to find out what other financing options there were.

### The Solution

Their lawyer pointed them in our direction and we agreed to do some initial work for them to test the appetite of other lenders and to establish realistically how much they could borrow and what the terms would be. This proved a useful exercise since it helped them to manage the vendor's expectations and ultimately to achieve an agreement with him. This gave us the time we needed to arrange the required finance through normal bank channels, on very attractive terms.

## Trafalgar Fire DETECTION & PREVENTION

### Outcome

- \* In recognition of the work we did on preparing a detailed credit paper, the bank did not charge an arrangement fee and waived other fees.
- \* The interest rate was much lower than the rate offered by the crowd funder, saving over £13,000.
- \* We persuaded the bank to allow the client to use their own lawyer instead of one of the bank's panel firms, which saved around £10,000 in additional legal fees.
- \* The directors did not have to contribute any cash to the purchase because the bank accepted our argument that an existing directors' loan was sufficient evidence of their personal stake.
- \* The bank agreed a longer loan term than expected (five years).
- \* There were no early repayment fees or exit fees.
- \* The loan agreement contained no onerous loan covenants, which reduced the client's risk of default.





## Conclusion

This case demonstrates the importance considering what other options might be available to fund a transaction. It also demonstrates the value that relevant expertise can bring to a borrower – in this case substantial cost savings with no requirement for a cash injection from the directors.

Additionally, by making the referral to IBC the lawyer added real value to his relationship with the client and was able to stay involved in the transaction throughout.

## About IBC

Everyone at IBC has extensive ‘inside knowledge’ and practical experience, acquired over many years spent working in commercial banks at all levels – as front line lenders, credit managers, recoveries managers, and in leadership roles. This means we understand how banks work and how they think; we know the right people and we speak their language, making us a valuable resource for business borrowers.

We have been trading since April 2000 and are proudly independent – no conflicts of interest or divided loyalties. We are also authorised and regulated by the Financial Conduct Authority for the provision of credit related services, including debt adjusting and debt counselling.

If you think you or your clients could benefit from our services then contact us in confidence  
**Email: [enquiries@independentbankers.co.uk](mailto:enquiries@independentbankers.co.uk)**

**“ In addition to the financial and procedural benefits outlined in the case study, we can honestly say that without IBC, this acquisition would either not have happened, or would have been fraught with unforeseen pitfalls. We were guided and on occasion pressed into taking decisions that proved to be successful. On a personal level, it was clear that IBC cared, not only about the deal, but about us as individuals. This was amazingly helpful as we progressed through reversals and hurdles that would otherwise have pushed our stress to unacceptable levels. Professional at all times IBC often went more than the extra mile and was the catalyst that made this deal happen. ”**

**John De Groot  
Trafalgar Fire, Detection & Prevention**

