

We were approached to source finance by a successful retailer who had a chain of convenience stores. On visiting his retail outlets we were overwhelmed by their presentation; they were clean, tidy, fresh, well stocked, well presented and with exceptionally friendly staff.



A great alternative to additional finance!



From a 'front of house' perspective, there seemed very little we could assist with and the owner obviously had retail in his DNA.

Unfortunately having a strong skill set in an area doesn't make one an expert in all, as many of us know when growing a business, it requires multiple disciplines and skill sets.

Equally whilst running successful businesses, sometimes we look for ways to mitigate costs, with taxation planning being a significant element for most business owners.

Our client had taken his accountants advice and some time ago introduced an EBT scheme (Employee Benefit Trust). This was the same scheme Rangers Football Club adopted, where the supreme court agreed with the HMRC that it was not lawful.

"Gains & costs" from the disguised employee remuneration tax avoidance scheme were to be repaid by Rangers, now known as 'The Big Tax Case':

[Read More: The Big Tax Case](#)

Our client hadn't received the £70m+ bill that Rangers faced, but it was equally as significant to our retailer.

On our first meeting, attended by a Business Board Director and one of our accounting contacts, we were appraised of the current situation and talked through all the liabilities and assets. The businesses were hugely profitable but with the large liability from HMRC, we seemingly had a mountain to climb.

During our meeting we drilled down on the business successes and failures. On full appreciation of the situation it was indeed finance that was required, but not through another loan adding to the liability. We needed to slightly re-tweak the business; by getting a cash injection however not through further finance but by analysing the assets and eventually deciding to sell one of the outlets.

This was not an easy decision, as after running through our financial model, it proved to be our client's first shop. However, by selling it enabled him to move his business forward. The next stage was to sell the business (although retail isn't our forte, we prefer B2B businesses where we have strong experience and good success record).

After marketing and looking at our options we chose our buyer, qualified them and ensured the finances were in place to complete in a timely manner. Whilst concurrently marketing the business we had agreed a way in which to operate the business going forward and created a development opportunity for one of our partners.

Firstly, the company management was formalised with regular board meetings with a sustainable (but challenging) growth path and clear vision for the group. The development opportunity was highlighted by the owner and we introduced a development company who we knew would help, but most importantly look after our client's interests.

The business is now back on track and the owners have started to get their own lives back, the immense stress has been removed and we have adopted a clear debt reduction plan in line with LTV's, all whilst maintaining a pipeline and growth plan for new store acquisition

More finance often isn't the answer, but it can take an 'outside pair of eyes' to see the way forward, as a business owner you can be too close to the coalface!

If you would like to talk to us about your own finance strategy or a business sale, email us at: info@thebusinessboard.co.uk or call our office on 0118 338 1818.