

November / December 2008

You deserve the right finance for
your business - right in *every* respect!

INSIDE...

- Q&A with Henry Ejdelbaum
- Regional success stories: Property development, Expansion, Re-finance, Business purchase, DTI Small Firms Loan Guarantee Scheme

- Who's responsible in Norfolk & Suffolk?
- Send your comments to our editor
- Regional office contacts

Hens better off with £3.45 million

One of the major advantages of employing ASC's services is our old fashioned value of **meeting with the customer before proceeding with an application for finance**. We do this at no cost and with no obligation. It gives the proposed borrower an opportunity to fully explain their background as well as discuss the impact of the intended funding arrangements on their business. It also gives them a chance to review their current financial circumstances and have an **independent assessment of their situation**.

A recent client who visited our ASC office was Mr Mahmood. He was looking at a possible expansion of his business by purchasing a third industrial unit to house his meat, poultry and seafood wholesaling business. His original idea was to borrow 100% finance using the equity available in his other properties instead of putting down a deposit. However, upon analysis of his situation, **it became clear that the customer's existing bank had a cross guaranteed charge over every single property he owned**, including the family home. Mr Mahmood wasn't particularly happy with the situation and was open to suggestions as to how this could be resolved.

continued inside...

Q&A with ASC's Managing Director Henry Ejdelbaum



ASC Finance for Business has been arranging business finance for 40 years and Henry Ejdelbaum has successfully seen the company through two credit crises. Regularly sought out by business press for comment, here, he offers some advice about how to manage your finances in today's economy.

See inside for Henry's responses to:

- Q. **Can I still borrow money if my bank says no?**
- Q. **Can I still raise funds to do property development or investment?**
- Q. **I've just found out that the interest rate margin on my overdraft has increased. What should I do?**

Who's responsible?

ASC Norfolk & Suffolk

For two years, David Hall has been ASC Director for Norfolk & Suffolk, continuing an active presence in the region for 15 years. David is supported by assistant Verity Gray, both pictured below.

David was born and raised in Ipswich, working in town for Williams & Glynn's bank after leaving school. He moved away from Ipswich to pursue a career in banking, firstly with RBS Group, working up to branch manager and later running their small business portfolio in South Essex. He then joined Bank of Scotland Corporate in their High Growth Start-Up team covering East Anglia, and finally became an Associate Director managing a portfolio of large corporate clients.

David is very pleased to have returned to his Suffolk roots and has enjoyed re-establishing many professional acquaintances. His vast knowledge of commercial banking and finance coupled with his excellent relationships with lenders in the region enables him to broker highly competitive and appropriately structured deals for his clients. It also means that cases are managed closely and efficiently through to completion.

Away from work David enjoys playing golf and is a very keen fisherman. He is married with two teenage children.



ASC Director David Hall & Verity Gray
outside Saracens House

FSB Conference



FSB National Chairman John Wright, ASC Marketing
Manager Lara Frankel & ASC Director Paul Arnold

To be or not to be under the hammer

A "now or never" decision was made when a freehold property came up for sale adjacent to Peter Colakovic and Nigel Shooter's rented business premises. A much larger yet less expensive site to manage, it was trading as an established aquatics and garden centre with 50 parking spaces and potential to expand into landscaping.

On referral by their financial advisor, Peter and Nigel met with Sandra Harvey, ASC Director in South Yorkshire. On 1st July they instructed her to arrange a commercial mortgage to buy the garden centre. Further enquiries showed it was due for auction so to purchase the site before it went under the hammer, they had to put down a 10% deposit by 17th July and the balance by 14th August. **If the full amount was not paid in time, the 10% would be lost and a 5% penalty levied.**

Following receipt of the full accounts, an offer in principal was obtained on 17th July and the deposit paid by Nigel and Peter. With just 21 working days left to complete the deal and draw down funds, the race was on!

Sandra went into action, full steam ahead, ensuring all legal and financial documentation was completed in time. Come D-day, due to a mix up at the bank, a hard copy of the valuation report was still required by the lender (a high street bank). With the bank in Brighton and the valuer's office in Grimsby, Sandra carefully and skilfully negotiated the delivery of the report into safe hands at the bank's Grimsby branch, thus saving the day. **Always committed to seeing the deal through to completion,** another ASC deal was secured and no penalties due. A job well done!

Business Finance

continued from front page...

Hens better off with £3.45 million

We began negotiations with our lending institutions to establish the basis on which they would be prepared to provide him with funding.

We quickly agreed a facility with our lending principals that would **improve the overall cost of borrowing, remove the need for an overdraft and release the charge over the family home.**

Mr Mahmood readily agreed to this and we proceeded to finalise the transaction over the summer.

So instead of taking up a mortgage of £650,000, Mr Mahmood ended up with a new facility of £3,450,000 on much better terms than he had originally.

It just goes to show that meeting and assessing customers' requirements gives them an opportunity to establish whether their financial situation is as good as it can be.

Ash Poultry
www.ashpoultry.co.uk
T: 020 8309 8000



Mr Mahmood with ASC's Mike O'Brien

YOUR OPINION

If you would like to add any comments about ASC, our service, any content of this newsletter or the impact of the financial market on your business, please email the editor at lara.frankel@asc.co.uk

Q&A with Henry Ejdelbaum

Q. *Can I still borrow money if my bank says no?*

Many banks have very tight criteria on lending right now due to the credit crunch. If your bank says no, it doesn't mean that you can't still find the finance you require. There are a range of different lenders in the market, some who specialise in different projects or sectors. They will look at what the funding is for, your background and your affordability. At ASC we will be able to analyse your circumstance in line with raising the right funds and speak to appropriate lenders on our extensive panel that will be able to help.

Q. *Can I still raise funds to do property development or investment?*

There is still plenty of good finance out there for sensible applications. In fact as I was writing these notes I received a call from a major lender trying to establish a working relationship with us: lenders do prefer ASC clients. If you have a good opportunity to invest in property development, then you can look into raising the necessary funds. There are so many aspects to consider when looking for the right finance; type and length of loan as well as loan to value offered. The finance has to work for you and your project. As business and property finance depends on the borrowers' personal and business position, it is always worth speaking to a professional - we can offer you an initial assessment, re - search the whole market for you and present your case in the best light to a range of lenders.

Q. *I've just found out that the interest rate margin on my overdraft has increased. What should I do?*

First talk to your bank and try to establish what their reasons are - If this does not help, contact a professional. We would look at your overall finance structure and depending on your situation it may be worth arranging alternative finance. We would look at the options available in market and analyse for you what the most cost effective option is; our commitment is based on the fact that you deserve the right finance for your business, right in every respect.

The Right Finance

On par with DTI loans

Established for 3 years, T J Golf and Leisure Limited supply golf course accessories to clubs throughout UK and Ireland. They have developed a reputation for excellent service and

products, some of which are branded with their name.



ASC Director, John Taylor

Despite the weather their business has grown dramatically. To continue their expansion they had to develop a website; introduce an improved computer system; and commit themselves to a larger T J Golf branded range of products. The costs involved were relatively small; the problem was that the banks

need security before they lend. Owners Tony Newman and Jackie Plato had already used their home as collateral for funding to get the business established.

The banks were showing no interest in helping and T J Golf felt it was suffering because of the credit crunch. Then Tony saw ASC advertised by the Federation of Small Businesses, to whom they are exclusive service providers, and approached John Taylor, ASC's Director in Birmingham.

John listened and agreed to analyse the deal and look for a lender. He suggested to his proposed lenders that this was a possible case where the DTI Small Firms Loan Guarantee Scheme could be used. John was right on the money and thanks to him and his team, T J Golf and Leisure Limited completed on the loan they wanted, and in fact received a little more than originally requested. They are now busy preparing for the new season.

ASC has 40 years experience of dealing with difficult proposals. It's always worth finding out what's possible for you.

T J Golf and Leisure
sales@tjgolfandleisure.co.uk
T: 0121 459 6792

A whopping 22 loans into just 1

With the proceeds of one pub sale, John and Janet Mills bought another 2 years ago, The Split Willow in Llanfairfechan near Conway in North Wales. They had to invest heavily to bring it up to the required standard and **decided to take up various inexpensive funding opportunities available at the time.** This ranged from 0% credit card introductory deals to low interest loans.

Time, however, caught up with them and with debts of **£160,000 spread across 22 different loans** and credit cards they approached James Dick of ASC Finance for Business in Chester. They needed to reduce the cost of servicing the debts and raise further finance to complete work on their car park and access drive.

The first two years accounts were understandably poor due to the initial set up costs and low initial turnover. However, business had improved over the last year and was set to increase more with the completed refurbishment. ASC commissioned a business appraisal and valuation to provide a financial projection. This

would assure lenders that sufficient income was being generated to meet the repayments for the new £190,000 requested debt. Of lenders approached on ASC's panel three offers were obtained. John and Jane chose the one which best met their objectives - **a staggering saving of £2,800 per month and £1,400 cash-back from the lender** to help fund valuation and legal costs.



Janet & John Mills with ASC Director James Dick at the Split Willow

Completion of the deal was hampered because the top car park had previously been a petrol station forecourt with fuel tanks buried beneath it - over 30 years ago! Local fire station archives were rooted through to produce evidence to support that the tanks had been decommissioned correctly.

A condition of offer required solicitors to repay the existing debts directly to the providers. As many of these were internet based **the lender was persuaded that it was illogical let alone expensive.** The funds were released directly to the Mills who understandably wanted to clear their old debts immediately to benefit from the savings with their improved package.

On a recent visit James Dick witnessed the improvements made to the property. Business was increasing in line with the projections and John and Janet have built up a large local following.

Split Willow
Llanfairfechan near Conway
N Wales
T: 01248 680 647

Property Finance

Expansion made easy

When the opportunity arose for Dave and Liz Bennett to own a pub as they'd always dreamt, they contacted their accountant Richard Ward at Whittle & Co. As they had no business accounts, their clearing bank couldn't help with funding, so Richard advised them to see ASC Director Stephen Colley in Essex.

On meeting the Bennetts, Stephen evaluated that without accounts and because the pub's freehold price included business goodwill, **a valuation was necessary to provide current and projected trading numbers.**

The Bennetts instructed ASC to obtain the funds adding that they also wanted to sell their current home and move the family to the pub - this would require additional finance.



**Dave & Liz Bennet with
ASC Director Steve Colley**

Stephen secured a loan with a 25 year term at bank rate +2% and 3 years interest only. This would give the Bennetts **time to expand the business before having to make capital payments.** By offering a second charge on their house, a proviso was included to let them repay part of the loan from it's sale, without penalty. Dave and Liz were delighted with the

results and are now well established landlords of the Royal Fusilier in Great Bentley, Essex. Dave commented *"This was our first experience of buying a business and it can be daunting. Fortunately, we had the right professionals on hand and with their proactive stance on the case we realised our dream - I thank Richard and Stephen for enabling that to happen."*

Richard commented *"I met Stephen after a mutual client was arranging a complex refinance. I was impressed with his management of the deal and with ASC's independence as brokers – they have great success at placing deals and negotiating very good terms and conditions. Their advantage is great understanding and knowledge from 40 years of working through many business cycles. I look forward to working with ASC again to bring benefit to my clients".*

**Royal Fusilier
Great Bentley, Essex
T: 01206 250001**

History in the making

With planning permission to build two 3 bedroom cottages in a section of their garden Stephen and Helen Williams' spoke to two banks who couldn't help. Recommended by Graham Fellows at The Mortgage Advice Centre, they pleaded with Geoff Parkes, ASC Director in Shropshire and Herefordshire.

Geoff recalls, *"In the last 3 years, local planning authorities have been more sympathetic to garden developments and we have helped raise funds for many such projects. It's often very profitable because **once the title is separated from the main residence, essentially we have an unencumbered plot with planning for which we can raise 100% finance.**"*

The Williams' proposition was also strengthened by their location in Shropshire's historic village of Coalbrookdale. The actual end value of the site was circa £600,000 against the Williams' original estimate of £200,000. The clients were also experienced developers and property owners with an extensive buy-to-let portfolio.

They couldn't understand why lenders wouldn't take them seriously when they were essentially looking for less than 40% finance. Fortunately with Geoff's experience, he could access a suitable lender very quickly, who offered a preferable 'interest

roll-over' finance structure. This **enables a draw-down of funds during development, without the burden of repayments.**

Geoff revisited the site in June and unsurprisingly Stephen and Helen had already sold the first cottage to re-pay the loan. The sale of the second will be profit for their hard work. Stephen commented *"We are really pleased with the development, it's been a great team effort and ASC were able to solve the funding headache. We are now thinking about our next project and when it comes to the 'mortgage maze' we will definitely come back to Geoff to secure the right deal."*



Stephen & Helen Williams at the cottages in Coalbrookdale

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* Other UK Areas include Bedfordshire, Buckinghamshire, Dorset, East Yorkshire, Hampshire, Manchester, Newcastle, Northern Ireland, North Yorkshire, Scotland and South Wales

Contact your local office directly for any business finance enquiries

If your region is not listed, call 020 7616 6620



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