



CASE STUDY - SEP 2017

TAX FINANCE

An expanding business had used its cash reserves to finance growth and expansion.

A new contract had been delayed with the company now having to pay previous year tax. This coincided with the contract delay which meant pressure on cash flow had increased.

The underlying business was very positive.



FINANCE OF TAX £35K

This case was a classic example of a good underlying business where a number of factors had transpired to work against the company. The previous financial year had shown a notable increase in turnover but negligible net profit due to financing the expansion. Being a film production company contracts were often arranged some time before they

The client order book was good and the future of the business very positive. The challenge was that tax now needed to be paid and coincided with a new contract being delayed, The net impact was that the company needed to raise finance now, at a time when they were least able to justify borrowing.

As is common with this kind of scenario, the high street banks are not keen and the second tier unsecured lenders want profitable current trading to be able to lend. This was a classic case of the proposal making sense but not fitting with most lender criteria.

We used a relationship with a specialist lender to explain the deal fully. We used VAT returns to demonstrate that the current year management accounts were accurate and show that previous income forecasts had been accurate.

This approach enabled us to satisfy the lender and obtain an approval to lend for this purpose.

WHO WE ARE

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