The objective of this case study is to illustrate a typical financial due diligence transaction

On appointment, we would agree with you a tailored transaction process designed for your individual situation

Typically we transact deals between £1-100 million for owner managed businesses, corporates and financial institutions. Although, we have completed larger and smaller deals

UK based we have completed deals for clients and with counter parties located in the EU, Asia & the Americas

We look forward to working with you. For further information please call your local partner, details below.

CASE STUDY: Financial Due Diligence

Produce World Limited, a fresh produce supplier to the retail and food service industries approached HW Corporate Finance to provide financial due diligence for their proposed acquisition of Marshalls Holdings Ltd, a group of companies that included a UK and Spanish business.

The Marshalls business had 3 packing sites across the two countries as well as a substantial growing business in the UK and Spain, and its own distribution fleet.

HW Corporate Finance worked with management to scope the engagement to cover key areas that Produce World were aware could be issues in the target and that HW Corporate Finance from its experience recognised would be important in an acquisition and for a potential funder. Key areas of focus included:

- Achievability of Marshall's forecasts;
- Analysis of historic P&L and cashflows;
- Calculation of working capital requirements;
- Commercial viability of key contracts;
- Quality of management; and
- Deal structure.

HW Corporate Finance conducted site visits, in the UK and Spain, analysed comprehensive financial and management information specifically requested for the engagement and interviewed senior management.

Key work streams included analysis of the underlying profitability of the target allowing for various factors including intra and inter year seasonality and the specific investigation of pricing implicit in certain significant long term contracts. This identified that profits were lower and riskier than had originally been presented.

HW Corporate Finance's analysis and advice led to an improvement in the terms for the buyer, including a restructuring of the deal to reflect the risks that had been detailed in the due diligence report. In addition, HW Corporate Finance also recommended to Produce World improvements in the systems and controls of the Marshalls business that were implemented post acquisition.

The final report was subsequently addressed to Barclays Bank Plc. This was used to support their extension of facilities that funded the transaction.

HW Corporate Finance have since delivered a strategic options review for the shareholders of Produce World Ltd and advised on the sale of its non-core fruit subsidiary, British and Brazilian, to AG Thames.

HW Corporate Finance has completed a number of other Financial Due Diligence engagements including:

- Due diligence for 5 bolt on acquisitions made by Sovereign Capital backed Kinetics Group Ltd;
- Due diligence and working capital report for Barclays and Investec on the refinancing of AiM listed Travelzest Plc;
- Due diligence for Barclays' funding of the development of The London Clinic;
- Due diligence for RBS & Airkix Limited on fund raising for expansion;
- Due diligence for RBS & management on the MBO of Wessex Fertility; and
- Due diligence for the acquisition of 2 companies by Compressor Products International Ltd.

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