

Latest case study

Provider of beauty treatments

Sector
Retail

Location
Buckinghamshire

£52K Finance provided - Lender 1

£39K Finance provided - Lender 2

Type of loan
Asset Finance
Secured on fixtures and fittings

£91K **Personal Guarantee Amount**
60% Insurer Contribution; max claim £54,600

Overview to Business

High street sun-bed business which was opened by the four founding Directors. To support the business, the four Directors pledged personal guarantees in support of the start-up finance which was used to purchase equipment and to fit out the premises.

Reason for Business Failure:

The business was at a very early stage of its lifecycle and coincided with the arrival of a scorching hot Summer. In real terms, the business didn't have an existing client bank and so it was incurring staff overheads and had relatively little income to support its cashflow requirements.

The business attempted to increase its revenues through a leaflet drop (distributed through the town centre) and to incentivise multiple booking discounts.

The reality was that there was insufficient funds to run the business and whilst it was a collective of partners only two of them were actively involved.

Despite positive customer reviews and valuable support provided by Purbeck Insurance Services the business unfortunately entered an insolvency procedure.

The Purbeck Insurance Support Desk were at hand to help the Directors through this difficult period and assisted in securing a reduced settlement with the two finance providers in respect of the Personal Guarantee obligations.

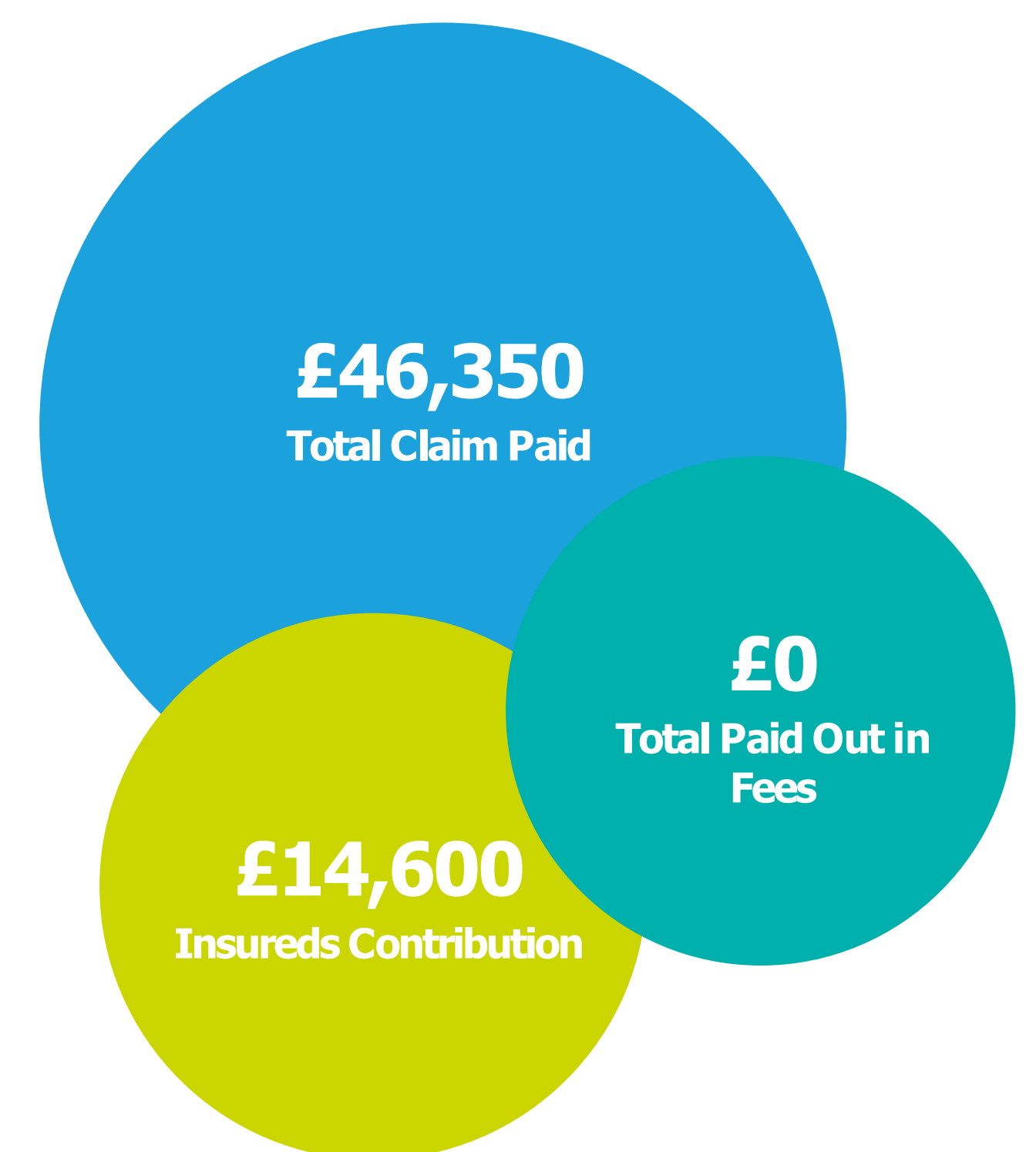
Conclusions:

This case study demonstrates how things can quickly go wrong, not only for start-ups but for all businesses across different lifecycle stages.

Fortunately, the Directors had opted to insure their personal positions by way of Personal Guarantee Insurance and meant they were able to utilise Purbeck's Support Desk and almost £50,000 was paid out under the terms of the policy.

Final Settlements:

Lender 1 agreed at **£37,000**
Lender 2 agreed at **£23,950**



Support provided by Purbeck Insurance:

- > Pre-insolvency business advice.
- > Introduced for possible refinance of existing facilities and repayment holidays.
- > Marketing advice and suggestions to help drive revenues and reduce cash flow burden.
- > Introduced the client to a Panel Member firm for early intervention and to limit escalation of costs.
- > Personal Guarantee negotiator instructed to help reduce outstanding obligations under the Personal Guarantee