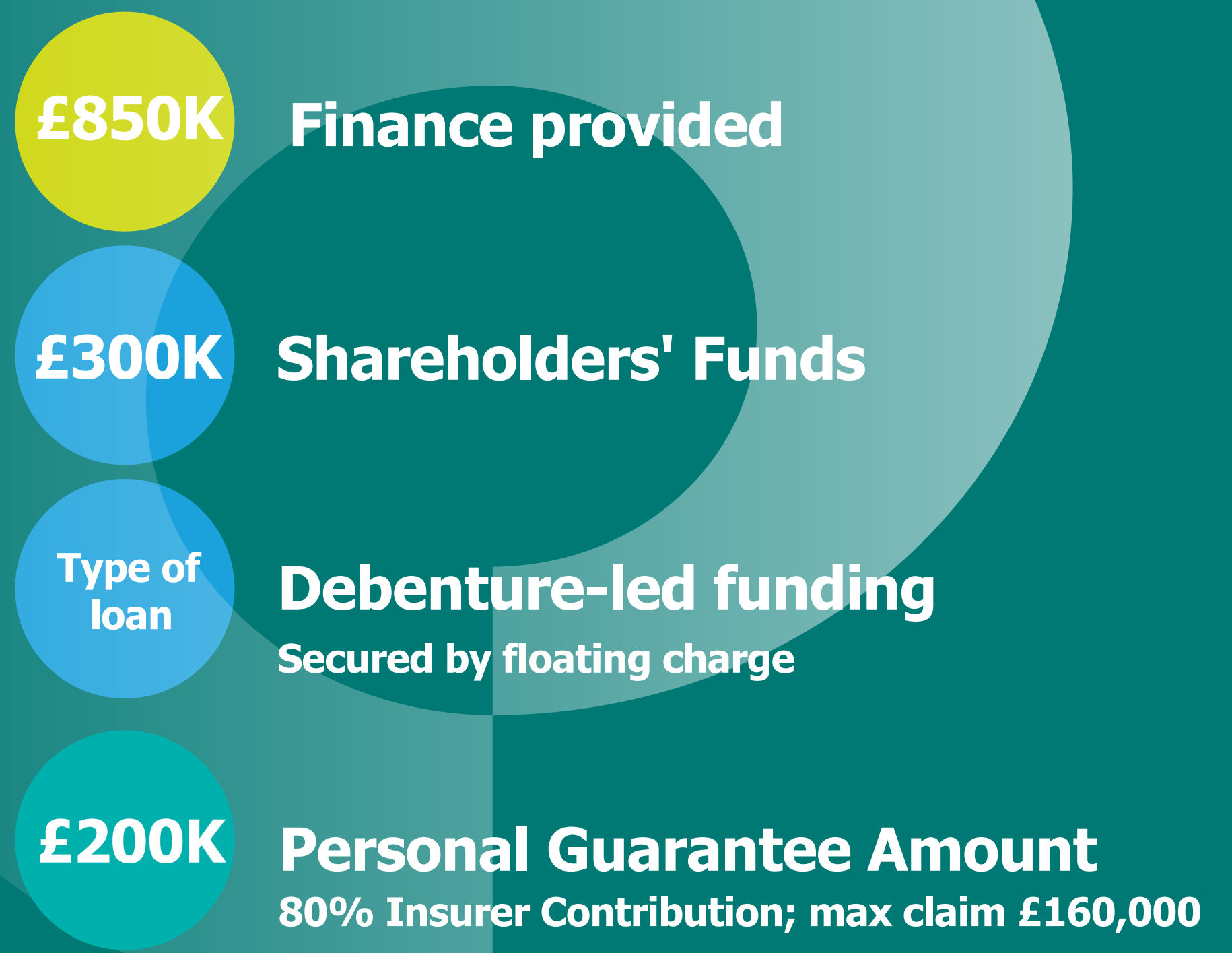


Latest case study

Provider of winter sports holidays

Sector
Tourism

Location
South East



Overview to Business

The business has traded since the mid-90s and provided catered winter sports holidays in Europe. The business was acquired by the new management team following the retirement of the former owners. The business was acquired via leveraged finance, utilising the £850,000 loan from the alternative finance provider and £275,000 of own funds introduced.

Reason for Business Failure:

Shortly after acquisition, the business experienced trading difficulties and increased overhead costs as a result of Brexit and increased competition which drove prices down.

Expected increases in revenue did not manifest and the business had material working capital concerns as a result of the cyclical nature of the underlying business model which was compounded as a result of the revenue stagnation.

It was decided that following the acquisition in December, the business was placed into Administration in the following May by the appointed insolvency practitioners on the basis it was technically insolvent and could not meet its creditor obligations.

Conclusions:

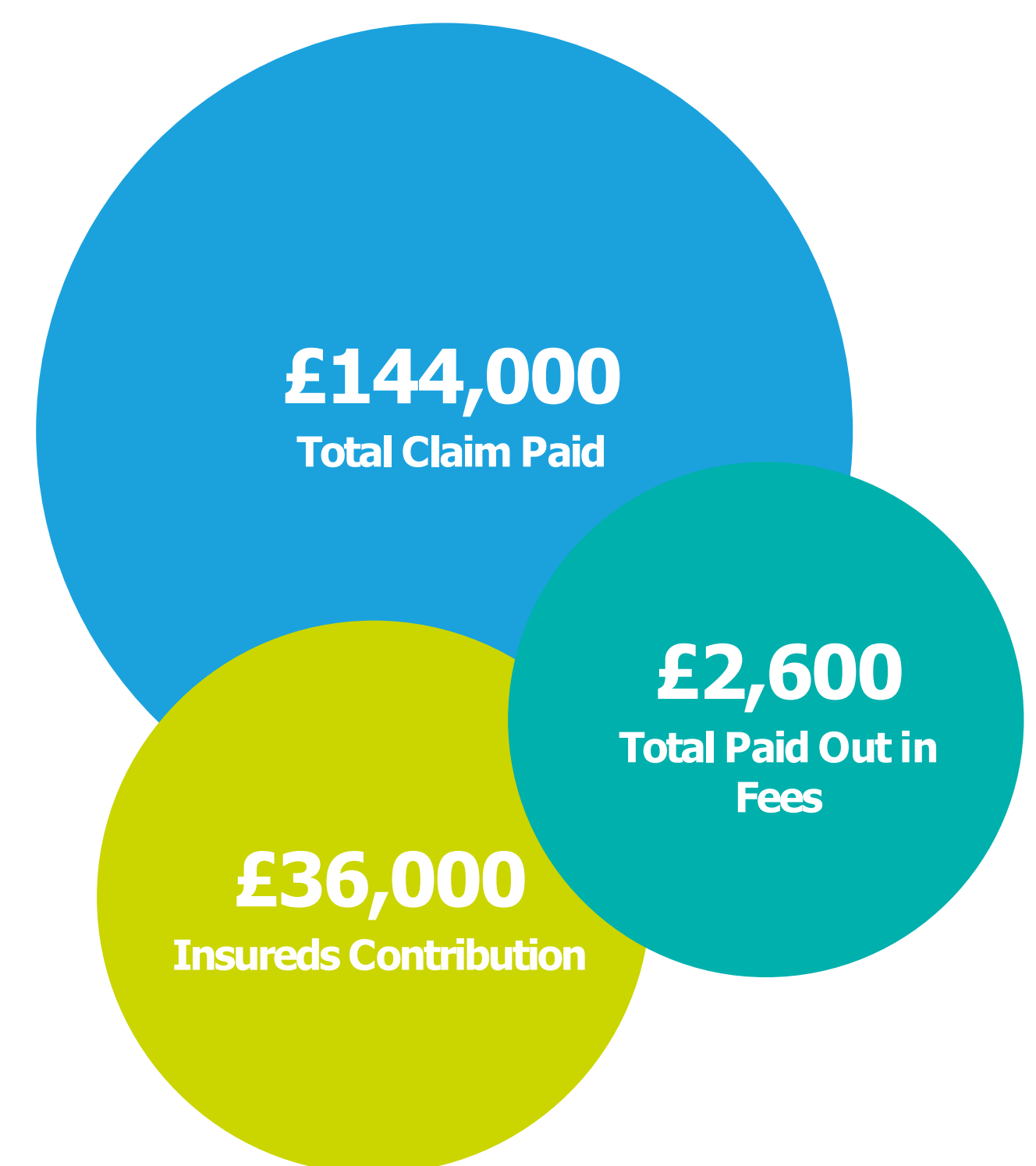
The business acquisition did not go to plan by the new purchaser.

Unfortunately, the cyclical nature of the operating model and funding requirements meant the business was no longer viable and expected increase in revenues did not come to fruition.

Personal Guarantee Insurance was used to support the acquisition and the Purbeck Support Desk stood by the Director to help reduce the final settlements under the Personal Guarantee. The Director was able to make a substantial claim under the policy, protecting their position estate.

Final Settlements:

Final settlement agreed at **£180,000**



Support provided by Purbeck Insurance:

- > Pre-insolvency business advice.
- > Introduced for possible refinance of existing facilities and repayment holidays.
- > 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