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# Financial Due Diligence

Price Bailey Strategic Corporate Finance

Financial due diligence has long been a core focus of Price Bailey’s Strategic Corporate Finance (SCF) Team, with the benefit of a wider top 30 accounting practice supporting us from a tax and accounting perspective enabling an efficient and collaborative process for our diligence clients.

Price Bailey’s due diligence offering is characterised by a flexible, relationship focused, partner-led and pro-active approach to delivery. We prefer to have a site visit to see the Target business in action and get that key face to face interaction with management. Our service is especially valued by our clients, who trust Price Bailey to deliver when it really matters.

This approach has seen Price Bailey deliver a record numbers of diligence assignments since FY21 for acquisitive corporates, investors and lenders, whilst maintaining our focus on what matters to us most; our clients.



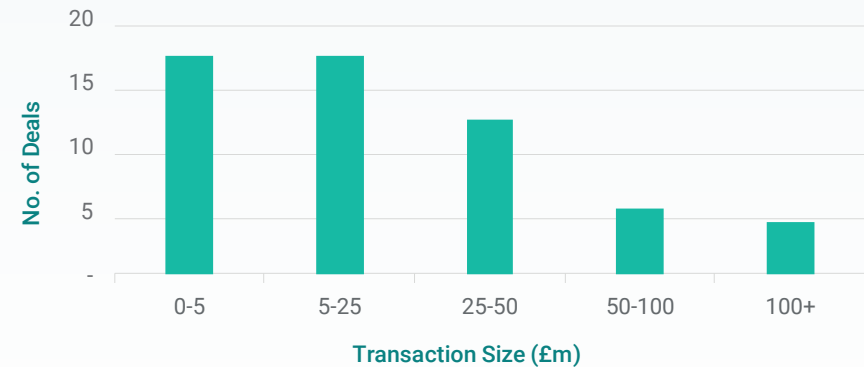
**Sectors include:**

- Property
- Professional Services
- Software & Tech
- Retail & Beauty
- Manufacturing
- Healthcare
- Leisure
- Facilities Management
- Food & beverage
- Ag Tech

**DD completed on UK targets for clients in:**



**Consideration of transactions we have worked on since April 2021**



## Our Team

The Price Bailey Strategic Corporate Finance Team is one of the region's largest corporate finance teams at 20 people strong, led by 4 experienced and diversely focused partners.

Although a multi-channel service provider, Price Bailey has an SCF Team with an extensive background working on due diligence assignments.

Both our size and breadth of experience across the team enables us to report to desired timescales and deliver on scope.

Our strong and growing track record as a preferred due diligence provider is a key reason for getting to know us better.

## Unrivalled Experience for a regional firm



**Sector:**  
Industrial

**Role:**  
Financial Due Diligence support provided to Kartell UK in their acquisitions of Vogue UK, Summerbridge Holdings and Humber Doors Limited.



**Sector:**  
Consumer

**Role:**  
Financial due diligence support to Sandbox London & Co LLP, an investor in education focused businesses, in their acquisition of ToucanBox.



**Sector:**  
Healthcare

**Role:**  
Provided Financial Due Diligence services in respect of growth capital investment by Foresight Group into Hexarad Group Limited, a high growth UK teleradiology company.



**Sector:**  
Food & Beverage

**Role:**  
Provided Financial Due Diligence services in respect of investment into Big Drop Brewing Co by Panoramic Growth Equity.



**Sector:**  
Education

**Role:**  
Provided due diligence and advised PSI International Holdings Limited on the acquisition of Propel International LLC, an award-winning global talent assessment and development consultancy.



**Sector:**  
Manufacturing

**Role:**  
Provided Financial and tax due diligence on Stately Albion (a large manufacturer of park homes for holiday and residential use) for the acquisition by Royale Life.





**Sector:**  
Financial Services

**Role:**  
Financial and tax due diligence services provided in respect of the lending to support an acquisition of a complimentary sales and lettings agency by a local estate agent.



**Sector:**  
Legal Services

**Role:**  
Provided FDD services in relation to Trust Tees Limited's merger with Wortley Byers LLP.



**Sector:**  
Education

**Role:**  
Provided DD support on a UK based legal education target, on behalf of a US-based legal education provider that is backed by a US-based Private Equity fund.



**Sector:**  
Hospitality

**Role:**  
Provided financial due diligence services in advance of YFM's proposed investment into Tonkotsu Limited, a London based chain of group of Japanese ramen restaurants.



**Sector:**  
HVAC

**Role:**  
Provided tax and due diligence support of the acquisition of Betts Holdings Limited t/a Gasway Services.



**Sector:**  
Industrial

**Role:**  
Financial and taxation due diligence services for the purchase of a tissue paper manufacturing company for £7.5m.



**Sector:**  
Manufacturing

**Role:**  
Financial due diligence support on Boulder Food Group's \$multi-million investment in Recipe Products Limited t/a Curlsmith, a fast growing haircare brand.



**Sector:**  
Insurance

**Role:**  
Provided FDD in respect of the proposed acquisition of Gibbs Denley Insurance Services Ltd by One Broker Limited.



**Sector:**  
Manufacturing

**Role:**  
Provided FDD and TDD on Safeguard Glazing to support Foresight's funding of a shareholder buyout.



**Sector:**  
Transportation

**Role:**  
Financial and Tax due diligence to support the funding of the acquisition of a storage facility by Nene Transport (Lincs) Limited.



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**Price Bailey have always been professional and flexible in their approach when supporting the Bank with numerous clients' funding arrangements.**

Always willing to invest time upfront, they have offered additional support to the client to ensure a suitable design of scope and a smooth process. The output has been succinct and insightful, and well received by Credit Committee.

**Matt Bowers**

Commercial Relationship  
Manager - HSBC

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## Banks

- At Price Bailey we offer to produce either a **full detailed report** or a more concise **“Red Flag” exception report** depending on your requirements, and our **flexible scope** of work guarantees we only address the key areas required, ensuring clear, concise and opinion-led conclusions
- From the outset, we are willing to offer our time and services for you and your customers at no cost, pre-engagement, to help understand the proposed deal and to help shape the scope of the review needed by Credit Committee.
  - » By this we mean we are eager to spend time with the lenders, investors and management teams. We like to **get involved early on** in the discussions in order to identify key risk areas and learn about the commercial aspects of the target/investment company.
  - » **Contact with the management team** and finance director early on in our assignments is crucial to understanding the business under review. Our discussions with the management team allow us to understand what is deliverable, and what is not, from the information that is available.
  - » By understanding the key aspects of the business, we can work with you to identify those elements that need to be considered, allowing us to design a fuller scope that can articulate this fully. This helps to ensure the banks' Credit Committees are fully satisfied, **thus optimising the likelihood of a successful transaction.**

## Professional Investors

- The full spectrum of corporate finance services we offer clients presents many opportunities for Private Equity or VCT investment. We regularly work with investee company clients seeking growth/buy-out capital investment, or considering exit options, where the support of PE investment may be required. We, therefore, understand the challenges often faced by investee/ exiting businesses, as we advise clients on both sides of such arrangements.
- Our pre-funding diligence reports are succinct, clear and **easy to understand**, as well as highlighting the key issues that are critical to the success of a transaction.
- We provide flexibility and work collaboratively with you. Whilst we recognise that you will have invested a lot of time in getting to know the target business already at the point you begin speaking to us, we are always willing to provide input into the design of the scope of review based on our experience, to add to that proposed by Investment Committee, to help optimise the likelihood of a successful investment.
- We often **work closely with the providers of other DD work streams**, adopting a joined up approach, for instance, when determining sensitivities to apply to forecasts as well as drawing attention to other legal and commercial issues.
- We work on a pro-active basis to allow our clients to receive **real time progress updates and live feedback on any key findings**. Our significant transaction support experience enables us to highlight key material issues as they are identified and helps to maintain momentum on a deal.
- We also believe it is important to demonstrate flexibility regarding our fee structures – allowing us to offer partially conditional fee structures, where appropriate.

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I would like to thank Stephen and his team for their flexible approach and for the support they provided throughout the deal.

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**Stephan Gueorguiev**  
Foresight Group

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Panoramic were pleased to engage Price Bailey, in our investment in Big Drop, who had both a local presence and the industry knowledge to provide excellent advice during the process.

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**David Atkinson**  
Panoramic Growth Equity

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**We would like to thank Stephen  
and the team for their support**

in making this transaction a success and for being able  
to adapt to our needs as the deal developed.

**David Holland**  
Downing LLP

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**We thoroughly enjoyed working  
with Price Bailey on this project.**

The due diligence report, which focussed on Quality  
of Earnings and Working Capital, was terrific, being  
insightful while giving a different perspective on a  
number of the key areas of focus. Thank you, Price  
Bailey, for your support and great service helping us to  
complete this investment.

**Ben Fenton**  
Boulder Food Group Partners

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**Our established relationship with Price Bailey has been helpful in supporting us to continually improve the level of service we offer to our tenants and customers.**

Price Bailey has consistently gone above and beyond in providing us with the necessary advice and assistance to achieve positive outcomes for our strategic goals, including the successful completion of three acquisitions.

**Andrew Yuill**

Strategic Asset Management  
Director for Flagship Group

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## Corporates

- In recent years, we have developed experience within the following sectors:
  - » Property, Software & Tech, Professional Services, Manufacturing, Leisure, Food & Beverage, Retail & Beauty & Healthcare
- We take a **granular approach** to understanding the target business, **supported by research and insights** to inform a detailed understanding of the key challenges and risks when supporting you in the design of an appropriate scope of due diligence review.
  - » Furthermore, by understanding your rationale for the proposed transaction, and the planned benefits of any integration, we can help highlight appropriate areas for review as well as **identify any risks within the sector or target business and help to mitigate against these.**
- We understand that for many Corporates this may be your first time acquiring a business. Therefore, we believe it is important to be there for you at each step of the process and **to build up a strong and supportive relationship.** This allows us to provide you with insights, guidance and advice whenever needed.
- In addition to the due diligence, **we can also offer lead advisory support to help project manage a transaction through to completion.** This may include tax planning and structuring advice, providing detailed input into the legal contracts, devising an appropriate completion mechanism, scrutinising the definitions of cash, debt and working capital, and support in any subsequent negotiations based on findings from due diligence.
- For more acquisitive corporate clients, **we offer a variety of acquisition search services, supporting you in pro-actively seeking out opportunities.** Often, off-market approaches yield better results for buyers as the Target business has not typically been prepared for sale and can avoid competition in any bidding process.
- Talk to us to learn more about how we can support you with your in-organic growth plans: [pricebailey.co.uk/services/corporate-finance/mergers-acquisitions](https://pricebailey.co.uk/services/corporate-finance/mergers-acquisitions)



## Experts at FDD

- Breadth of experience spanning sectors and transaction types
- Producing reports with clear, concise, and opinion led conclusions
- Track record of successful delivery on challenging timescales
- Key impacts on transaction terms set out practically in our findings
- Dedicated Research and Insights service line focussed on validating assumptions underpinning forecasts and models
- Significant repeat custom proves our approach provides value for money and quality output
- Transactions have been aborted on the basis of our reporting, showing the importance of a thorough FDD process
- Direct access to partner team in delivering key findings of our work.

## Our reports typically focus on the following areas:

- ✔ Revenue and cost analysis, underlying quality of earnings and profitability
- ✔ Valuation drivers and completion mechanisms
- ✔ Deeper analysis of the profit and loss account, balance sheet and working capital issues
- ✔ Advice on the completeness of the information, management capability and due diligence data-set with feedback on missing items/weaknesses/ audit findings
- ✔ An assessment of the valuation methodology used
- ✔ Recommendations and potential transaction issues
- ✔ Conclusions that deliver on the brief, including collaboration with other DD work stream providers.

# International cross border transactions

## We have been involved in a range of international due diligence assignments

- We supported US-based PSI International with its acquisition of UK-based Cubiks Group as well as the acquisition of Propel International, based in Dubai
- We also assisted Barbri International, a PE-backed US entity with its acquisition of Altior
- We advised Rabo Ventures and V-Bio Ventures, Dutch VCT entities, in their £5.4m investment in Ubiquitek
- More recently, we have supported a Ukrainian-owned entity with due diligence on a proposed acquisition of a UK-based telecommunications business and a Polish listed firm with due diligence on a language translation services business.



**Sector:**

Education

**Role:**

Provided due diligence and advised PSI International Holdings Limited on the acquisition of Propel International LLC, an award-winning global talent assessment and development consultancy.

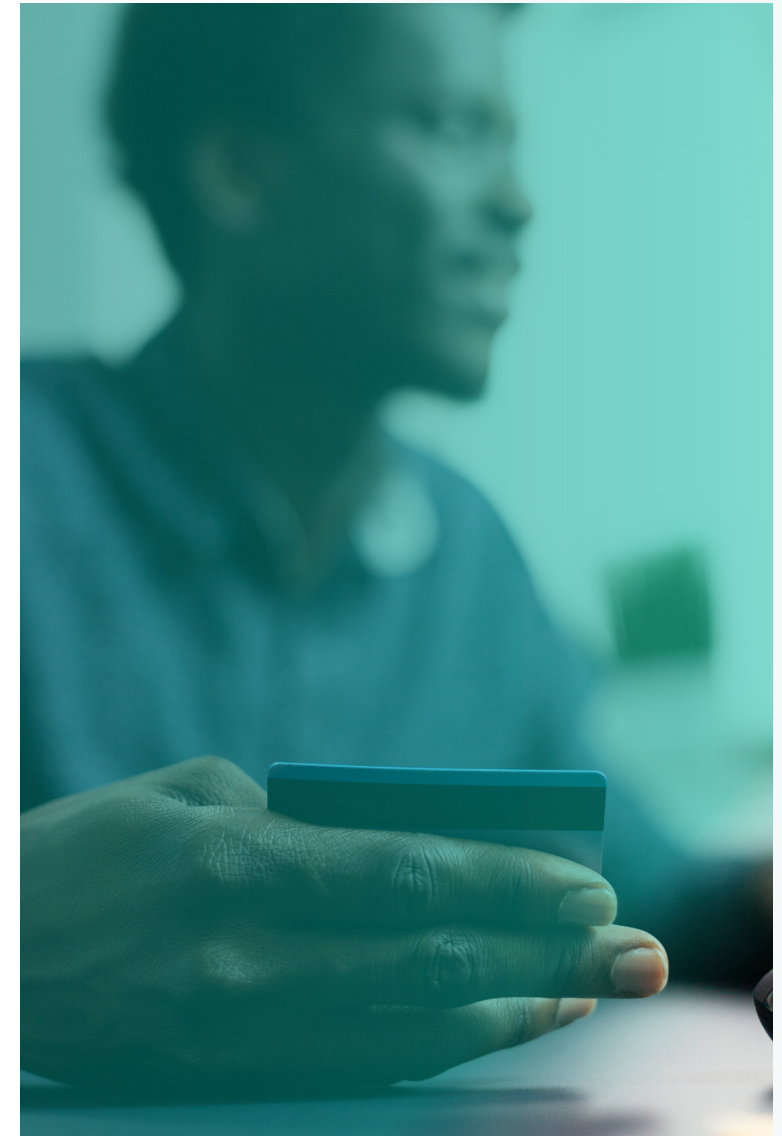


**Sector:**

Bio tech

**Role:**

Provided due diligence services in advance of Rabo Ventures and V-Bio Ventures proposed investment into Ubiquitek Ltd, an early stage agricultural technology business.



# Vendor Due Diligence

A robust process can be enhanced by Vendor Due Diligence



## Vendor Due Diligence Options

We can provide independent challenge to the financial information being provided to bidders.

### Key benefits for you include:

- » Data is robust, having already been scrutinised
- » Opportunity to mitigate risk areas
- » Greater control over the release of commercially sensitive information
- » Bidders provided with more information earlier in the process leading to better informed bids prior to granting exclusivity
- » Shortens exclusivity period accelerating the sale timetable
- » Reduces the risk of price-chipping
- » Easier to manage the burden on the finance team's time



## Vendor Assistance

- » We work with vendors to produce a data book together with commentary that can be supplied to potential bidders, ensuring consistency of information supplied. We provide robust challenge as if we were undertaking buy side due diligence to understand the key risk areas, help vendors identify mitigating actions and oversee communication of this to interested parties.
- » Instead of producing a formal report on the business, we work with vendors to produce historical and forecast financials that have been tested and that will stand up to third party review.



## Vendor Due Diligence

- » If appropriate, we can prepare a Vendor Due Diligence report for purchasers on the business. As part of our review we identify potential areas that may have an impact on the commercial terms of the deal. Pre-empting these areas will enable vendors to put mitigating strategies in place and prepare for the questions that bidders may ask. We will also meet with bidders to answer any queries.
- » Our Vendor Due Diligence reports provide an independent view on the business and will ultimately include a duty of care to the buyer.

## Tax Due Diligence

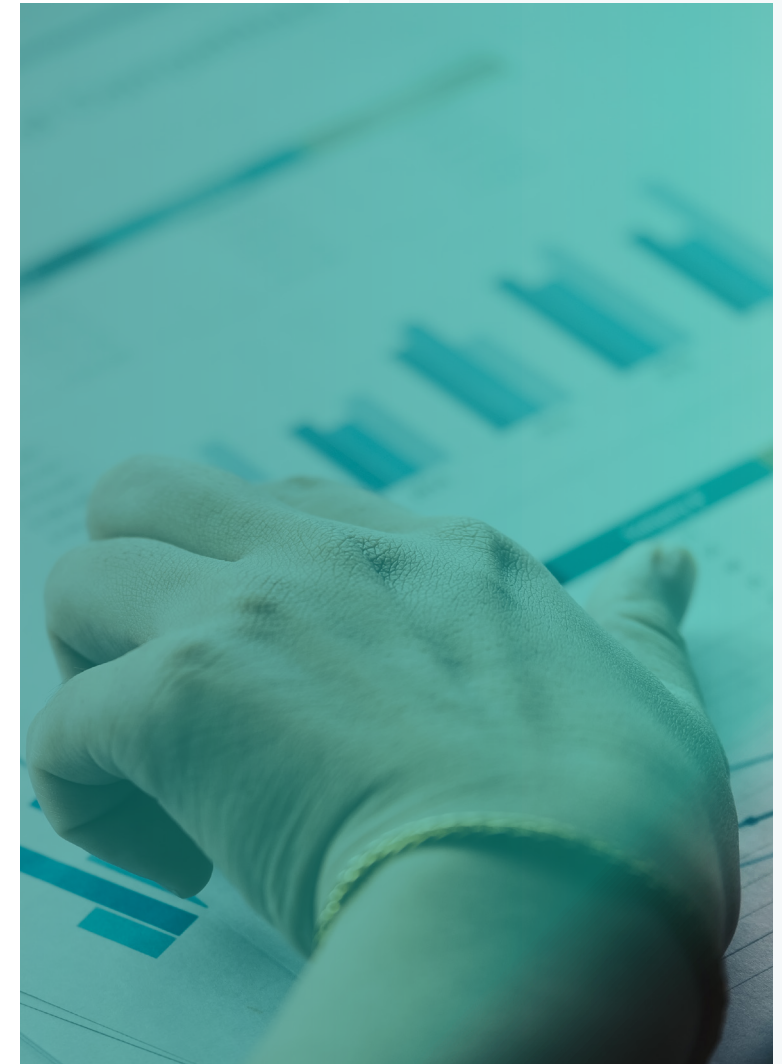
Involving our tax specialists at an early stage of any transaction will enable you to go into negotiations with a clear idea of all the risks

Tax is a major focus of every M&A transaction. On the buy-side, the aim of the purchaser is to limit exposure to tax risks arising from both the transaction, and within the Target company itself. The primary aim of tax due diligence is to assess the tax compliance history of the Target, and identify and quantify any known or potential tax exposures.

Price Bailey offers an integrated and coordinated approach to financial and tax diligence, with a large and experienced tax team working closely with the corporate finance team. This approach enables an efficient process for our clients, joined up real-time updates on findings and limits the number of diligence providers for the Target company to deal with.

### What Price Bailey can provide:

- » Input into the SPA to ensure protection against historical non-compliance with tax regulations including CJRS, VAT, Corporation tax, IR35, group charges, SDLT and ATED
- » Identifying opportunities to maximise tax efficiencies and processes post-transaction
- » An efficient and joined-up financial and tax due diligence process
- » A review of company reorganisations, demergers or other material transactions from a tax perspective
- » A review of share schemes and share-based payments from a tax perspective, which are often complex and high-risk
- » An additional review of the proposed transaction structure, with suggestions of possible changes to ensure it is done in the most efficient manner to suit your commercial requirements



## Foresight

FOR A SMARTER FUTURE

**Sector:**  
Electrical

**Role:**  
Provided due diligence on an exception reporting basis in advance of Foresight's investment into McIntyre Electrical Limited, an electrical and fire installation, monitoring and service business.



**Sector:**  
Industrial

**Role:**  
Financial due diligence support provided to Kartell UK in their acquisition of Marleton Cross Limited, a leading manufacturer of shower trays.



**Sector:**  
Leisure

**Role:**  
Provided Financial and tax due diligence on Capel Court Holiday Park to support HSBC's funding of its acquisition by Lee Park Estates Limited.



## Project Solar

**Sector:**  
Waste & Renewables

**Role:**  
Provided Financial due diligence support in relation to investment (over €200m) in renewable energy facilities across Europe.



**Sector:**  
Manufacturing

**Role:**  
Provided Financial and tax due diligence on Pathfinder (a large manufacturer of park homes for holiday and residential use) for the acquisition by Royale Life



**Sector:**  
Manufacturing

**Role:**  
Provided Financial due diligence on Primal Pantry, a healthy snack bar producer to support NVM's £3m investment.



# Key Contacts



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