



ACCESS TO FINANCE, FOOD AND DRINK SECTOR

5 March 2020

An introduction to RSM

6th largest
network of
independent
firms



INTERNATIONAL

- 43,000 people
- 120 countries
- 800 offices
- Combined income of \$5.1bn

UK

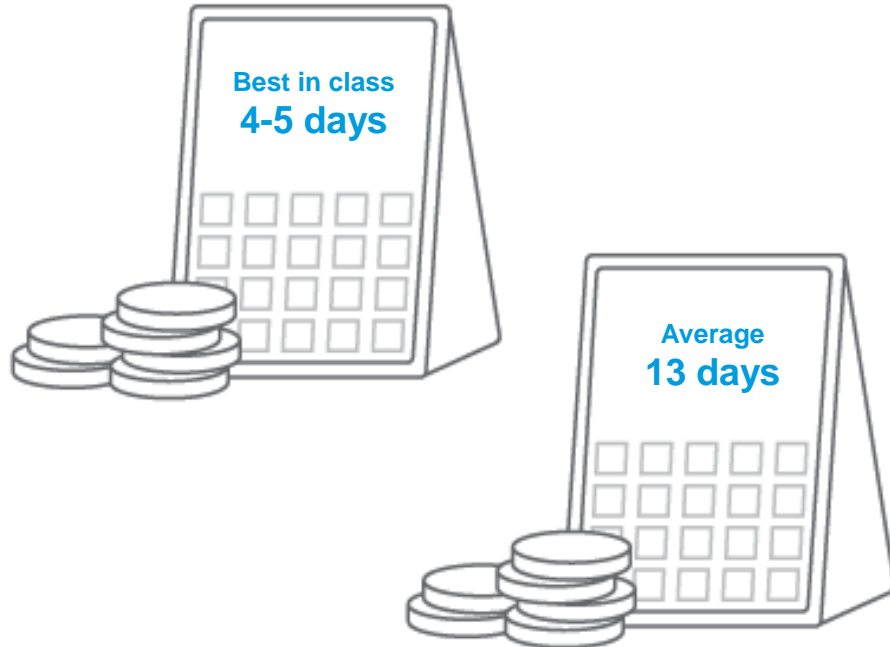
- 3,450 people
- 360 partners
- 34 locations
- More than £330m fee income

FOOD AND DRINK

- 100 people
- Focusing on food and drink sector
- Affiliated with the FDF

Making your working capital a source of finance

How long do you hold your stock?



“Compared to best in class, average F&D businesses are holding onto excess stock worth over £2m

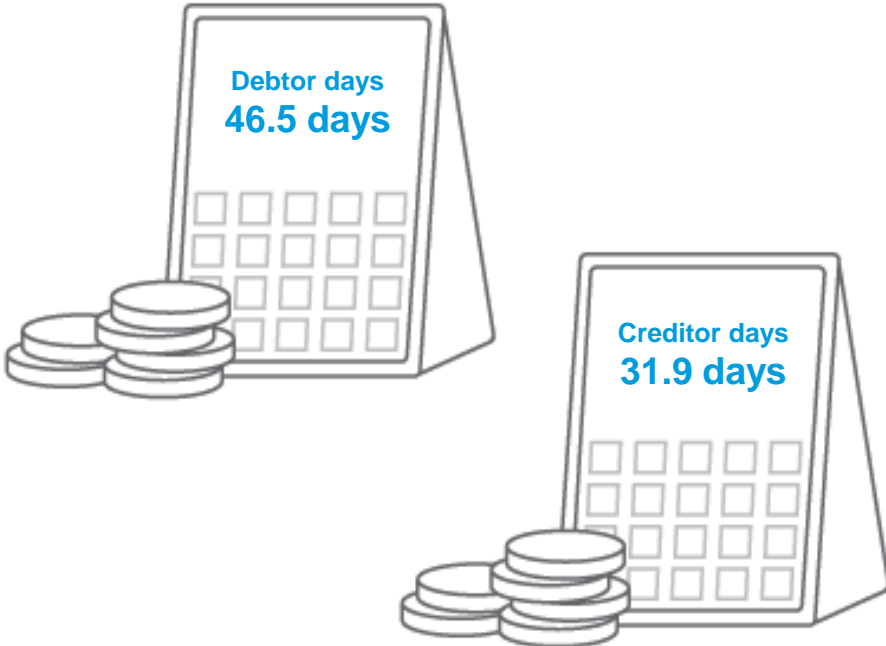
What can you do?

- Look at your order quantities and lead times.
- Don't ignore the ageing stock in the corner.



Making your working capital a source of finance

How quickly do you get paid?



“On average there is £300,000 in cash tied up in working capital management for every food and drink business.”

What can you do?

- Look at your contractual terms.
- Resolve disputes as soon as you can.



Take advantage of the tax relief available

Are you making food or drink that:

- meets new consumer tastes



- is fit for new international markets



- is environmentally friendly or sustainable



- is free from certain ingredients or long lasting



- is being produced using new technologies



“The innovation taking place in the food and drink industry is a perfect environment for R&D activity.”

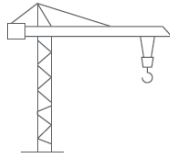
What can you do?

- Work with an R&D specialist.
- Review your R&D activities as soon as the financial year ends.
- Consider innovations made to your processes as well as products.

Take advantage of the tax relief available

Capital allowances claims can be made if you are:

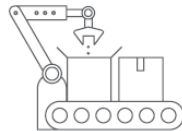
- buying or building a property worth more than £1m



- extending, refurbishing or fitting out a property with costs more than £500k



- historic installations in your property of plant and machinery that you own



“Capital allowances claims continue to rise with increased allergen regulations, gluten free foods and the gin market having seen large-value claims.”

What can you do?

- Buy your plant and machinery at the end of your accounting period.
- Consider capital allowances as early as possible in a property transaction.

Improve your credit score to boost lender confidence

What are credit scores like among food and drink businesses?

Average credit score across the industry:

85.12



Average score increased from 81.10 since 2015.



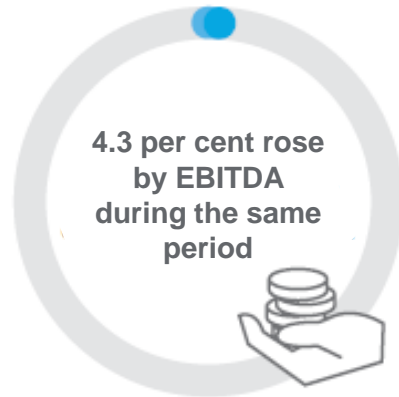
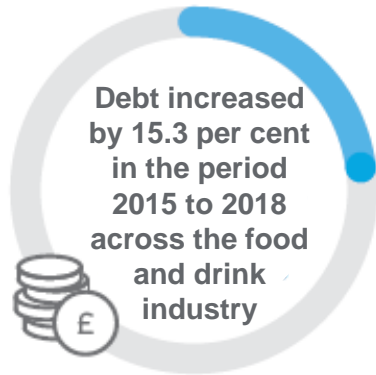
“Approaching 10 per cent of middle market food and drink businesses have a score that indicates a moderate or high risk of corporate failure.”

What can you do?

- File accounts on time.
- Consider filing a profit and loss account even if it's not formally required.
- Look for opportunities to convert debt to equity if you have net liabilities.

Consider all of your debt finance options

What are borrowing levels like across the food and drink sector?



“Debt is on the increase within the food and drink industry, with businesses looking for cost-efficient funding for new projects.”

What can you do?

- Review all the potential debt markets and products before you borrow.
- Look at asset-based lending where there's a large trade debtor book.
- Consider debt funds, as well as banks where cash flows are strong and leverage is sought.

Apply for capital grant support for eligible projects

Basic eligibility criteria for capital grant projects:

- the project is in a region where government can offer additional financial support



- your project has not started before the decision to award a grant



- involves capital expenditure on things like property, plant or machinery



- involves the creation or safeguarding of jobs



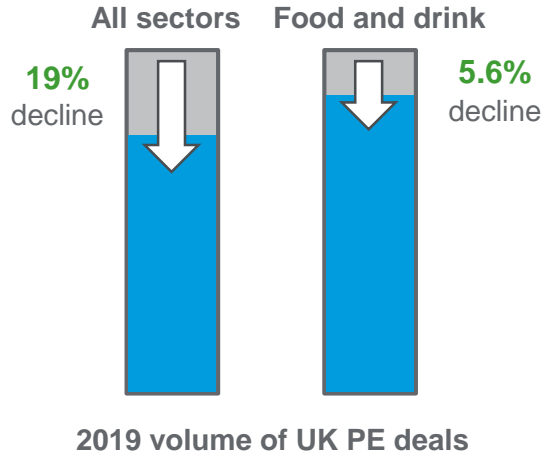
“Access to the UK’s capital grant regime differs depending on where you’re based.”

What can you do?

- Before you start a project, consider whether a grant might be available.
- Speak to your business advisor and LEP contact at the earliest opportunity.

Scan the private equity market

What is private equity backing like across the food and drink sector?

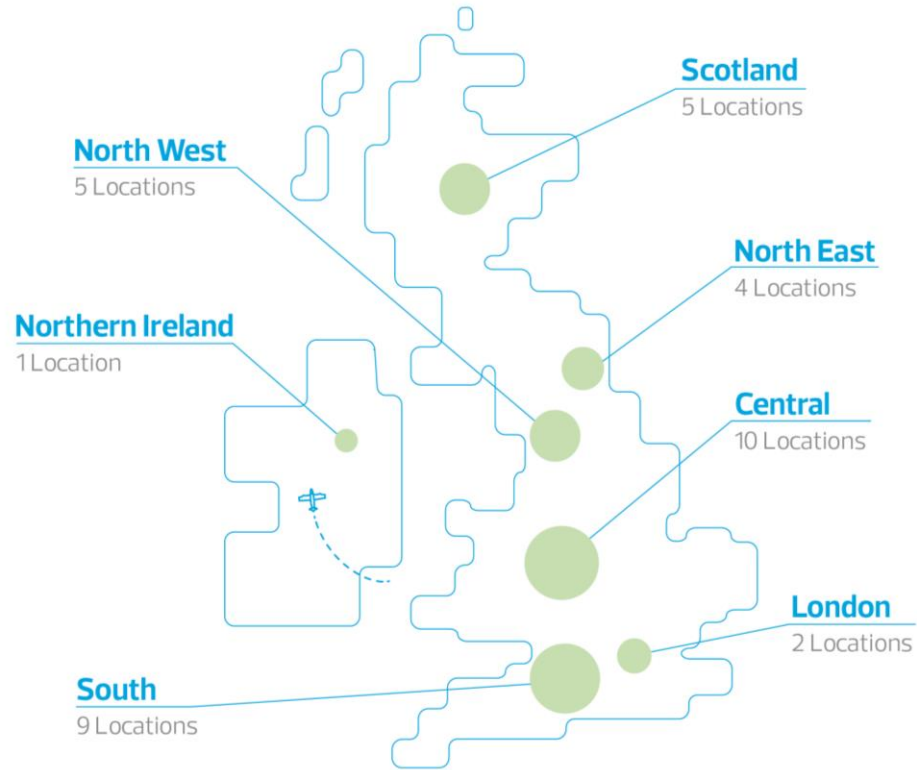


“Investing in companies that have a positive influence on the environment, society and corporate governance – is becoming more prominent.”

What can you do?

- Talk to an adviser early.
- Value the personal aspect of the investment relationship as much as the financial terms on offer.
- Engage an adviser who understands the PE community and will structure the right deal.

WHERE ARE WE?



Contact details



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If you have any queries about the content of this presentation, do not hesitate to get in touch.