

**SMITH
COOPER**



Deal DISPATCH

ISSUE 20



**SMITH
COOPER**
Midlands Accountants

DEALS

A collection of our latest transactions

NEWS

Exciting Smith Cooper news and events

TOMBSTONES

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WELCOME TO ISSUE 20

WELCOME

“In this issue you’ll find details of a range of deals completed in late 2014 and early 2015, all of which we hope will help to keep you updated on our latest news.

The Mergers & Acquisitions market is good and here at Smith Cooper Corporate Finance, we certainly had a great year: we completed over 25 deals in 2014, very significantly topping the 2013 tally, a really pleasing indicator that corporate and public sentiment and confidence has improved. Better still, there has been no let up in activity in 2015 and we are optimistic that this will be another good year for our clients, the business community, and us.”



John Farnsworth, Corporate Finance Partner

OUR NEWS

We’re delighted to announce that a highly respected figure in the Birmingham Corporate Finance community will be joining our team as a Corporate Finance Partner based in our Birmingham office in the next few weeks.

We’ll share more details with you in our next edition of Deal Dispatch, but for now let us tell you about some of our most recent transactions.

IN THIS ISSUE

In this issue we take a look at a collection of our recent transactions, including the purchase of Life Coffee Cafe’s limited by the nation’s favourite coffee shop brand Costa Limited, advised on by our corporate finance team. We will also reflect on a successful year with a selection of our 25 deals of 2014 and some of our recent completions.

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WHITBREAD SMELLS THE COFFEE



Costa Limited, the operator of the nation's favourite coffee shop brand, has bought Life Coffee Cafes Limited ("LCC") in a multi-million pound deal advised on by Smith Cooper Corporate Finance.

Smith Cooper Corporate Finance advised LCC's shareholders, Simon Berry and Mark Upton, on the sale of LCC to Costa Limited, which is a subsidiary of Whitbread plc.

Unusually, LCC operates 16 large, profitable Costa stores at retail parks and roadside locations rather than in the usual High Street locations. These special locations are spread across the whole of Southern England from St. Austell to Dartford, and northwards as far as Wolverhampton. LCC was formed in 2005 and expanded quickly, now employing around 200 staff and recording sales approaching £10m.

Smith Cooper partner John Farnsworth described LCC as "a really

high quality operation with a capable and highly professional management team" and described the sellers as "very accomplished businessmen who have skillfully engineered rapid growth whilst maintaining very high quality standards".

Costa operates around 60% of UK stores itself, the remaining 40% being run by franchisees. This deal marks the first time Costa has acquired a sizeable franchise business, a decision it considers on a case by case basis. David Crump, a Director of Corporate Finance at Smith Cooper said "Costa's decision was undoubtedly influenced by LCC's strong locations on retail parks and its Drive-Thrus, both of which align with Costa's growth strategy".

LCC's owners have other property-related business interests and intend to concentrate their efforts on those. Speaking of the transaction, Simon Berry commented "Smith Cooper added great value to our sale process through their attention to detail in the Information Pack, the forensic co-

ordination of data and the management of the professional team".

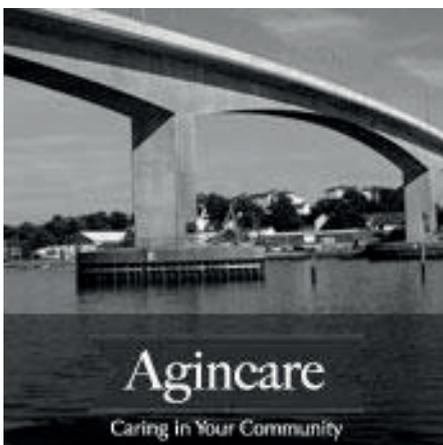
Joint owner Mark Upton added "Smith Cooper guided us through the sale process advising on every step of the way in a co-ordinated and professional manner, thinking "outside the box" in dealing with the many challenges that face vendors in the sale process. It's a journey for which you need confidence in the company advising you and I would recommend Smith Cooper to anyone selling a business".

Costa is the UK's leading coffee shop brand, and the fastest growing. There are over 1,800 stores and 3,600 Costa Express machines in the UK.

Smith Cooper Corporate Finance is the UK market leader in advising on significant sized food and drink franchise transactions, having a track record of over 40 assignments in this sector.

RECENT TRANSACTIONS

DEALS



Smith Cooper recently advised the shareholders of Nottinghamshire based domiciliary care provider, PriorityHomecareLimited, on the sale of the company to Agincare UK Limited.

Priority Homecare is a long established quality provider of domiciliary care in the Nottingham area and proved an attractive acquisition for Agincare which, up to that point, had no Nottingham base.

Agincare, headquartered in Dorset, is a leading UK provider of a wide range of care services for the elderly, young and those with learning disabilities. Smith Cooper advised on all aspects of the sale including the deal structure and tax planning.



In a late 2014 deal advised by Smith Cooper, Independence acquired the intellectual property of Lightsleeper – a designer and manufacturer of an innovative sleeping aid for sufferers of insomnia.

This proven product was already on the market but Independence intends to utilise its greater market reach to significantly accelerate its distribution. Nottinghamshire based Independence is a leading privately owned company supplying innovative medical products to improve the quality of patients' lives; they are best known for stoma care accessories.

We can help with:

Sales

Acquisitions

MBO's

MBI's

Fundraising

Succession Planning

Financial Modelling

Business Planning

Valuations

DRIVE-THRU DEAL

Kram Restaurants Limited (“Kram”), which operates four Drive-Thru KFC outlets in the Bristol area, has been sold to the Herbel Group in a multimillion pound deal project-managed by Smith Cooper Corporate Finance.



This transaction represents the culmination of the Sellers’ plan to dispose of the restaurants operated by Kram over a five year period. Implementation of this plan commenced five years ago with Smith Cooper advising on the disposal of the trade and assets of five of Kram’s nine stores to Herbel, and the negotiation of a put and call option to sell the shares in Kram around five years later.

The recent transaction sees Kram’s principal owners, Mark and Hazel Hodding, retire from the KFC business that they have been involved with for nearly 25 years. Mark’s initial role in the business was as Regional Marketing

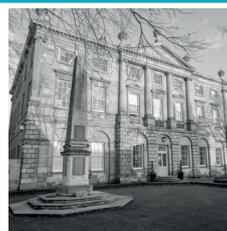
Director for Europe/Africa and the Middle East, he then took on various senior positions in Development and Franchising within the KFC (GB) business before finally spending the last 10 years as a franchisee. Mark was highly respected by fellow franchisees but also worked closely with the franchisor as a member of the Advertising and Development Boards, positions he has now resigned from.

Commenting on the transaction, Mark Hodding said “when the time came to finally exit a business that we love and that has been a part of daily life for all bar 25 years we wanted top class, experienced advisors to ensure all went smoothly and that our business went to a good home. Smith Cooper fitted the requirement and the level of service and professionalism they provided together with their knowledge of the sector were crucial in ensuring the deal completed on time and to the satisfaction of both parties. We would have no hesitation in recommending them to others.”

The food sector, especially food retail/franchising, is a particular specialism of Smith Cooper and this deal adds to a tally of over 40 assignments in

the sector. Partner, John Farnsworth, described Kram as “operating extremely efficient, highly profitable outlets of the most desirable Drive-Thru variety”, and the Sellers as “exceptional clients to work with.”

KFC is just one of the brands owned by Yum! Inc., a global organisation which also owns and operates the Pizza Hut Delivery and Taco Bell operations. There are over 800 KFC restaurants in the UK, run by the franchisor or by franchisees.



We have a number of workshops planned in Derby, Nottingham and Birmingham over the next few months. Subjects covered include Preparing for Sale, Growth by Acquisition, the Management Buy-Out and Valuation.

Please contact us for details.

ASPIN STRENGTHENS ITS OFFERING

“It is a great pleasure to announce our latest acquisition which is a major milestone in our development, providing an excellent opportunity for Aspin Group to deploy our expertise and expand our presence in the market. We are really looking forward to integrating the two companies and delivering greater value to our customers through an even broader portfolio of services.”



In a deal project managed by Smith Cooper, Aspin Group have recently completed the acquisition of bridge inspection and testing specialists Rogers Structural Investigations Limited (RSI), experts in structural assessment, strengthening and rehabilitation design (in particular for highway and rail structures).

Aspin Group are Solution Providers at the forefront of innovation and technology. From incorporation, Aspin have continually designed, developed and brought new products to market, and have diversified into new

markets. Aspin has grown rapidly, both organically and through strategic acquisitions, to a turnover in excess of £35m.

Aspin provide a complete service for clients from site investigation, consulting and design to development and build. All projects are delivered and installed by its teams using its own specialist plant and equipment. Aspin now have seven offices strategically placed across the UK, supported by its managed logistics function.

SUCCESSION PLANNING

We sometimes find that business owners appear to be too busy with detail to properly plan for succession, often regarding it as a preference rather than a necessity.

We've always regarded it as essential to a smooth transition of control, at a time of the owner's choosing, and in ensuring minimum upset and disruption to customers and staff; in short, a prerequisite to maintaining the optimum value of a business.

To assist Shareholders in considering this complex issue Smith Cooper have recently issued a guide entitled "Succession Planning".

Succession Planning sometimes results in a decision to sell. Smith Cooper have considerable experience in guiding business owners in their preparations for sale. The core objectives are to maximise the attractiveness of the company to a buyer, thereby achieving the best

price, and to minimise the difficulties and pitfalls that often arise in the buyer's diligence progresses.

If you are considering an exit in the next five years then please contact us for an initial discussion or to register on one of our regular workshops on the topic; we can definitely add value to this critical process.

[DOWNLOAD OUR FREE WHITEPAPER HERE](#)

QUITE A YEAR!

TOMBSTONES

A small selection of our 25 deals of 2014 and some of our recent completions appear below:

<p>Life Coffee Cafes</p> <p>Sale of shares of LCC to Whitbread plc</p> <hr/> <p>Whitbread plc</p> <p>Smith Cooper Corporate Finance Advisers to the Vendors</p>	<p>Kram Restaurants</p> <p>Sale of shares of Kram Restaurants to Herbel Restaurants</p> <hr/> <p>Herbel Restaurants</p> <p>Smith Cooper Corporate Finance Advisers to the Vendors</p>	<p>Independence Products</p> <p>Acquisition of Lightsleeper by Independent Products</p> <hr/> <p>Lightsleeper</p> <p>Smith Cooper Corporate Finance Advisers to the Acquiror</p>	<p>Mel Morris</p> <p>Acquisition of shares in Derby County Football Club</p> <hr/> <p>Derby County F.C</p> <p>Smith Cooper Corporate Finance Advisers to the Vendors</p>
<p>DGC Manufacturing</p> <p>Management buy-out</p> <hr/> <p>SRM Industries</p> <p>Smith Cooper Corporate Finance Advisers to Management</p>	<p>MPS Care Group</p> <p>Acquisition of 8 homes and refinancing</p> <hr/> <p>Quercus Healthcare</p> <p>Smith Cooper Corporate Finance Advisers to the Acquiror</p>	<p>Ergo Computing</p> <p>Sale of shares of Ergo to VIP Group</p> <hr/> <p>Whitbread plc</p> <p>Smith Cooper Corporate Finance Advisers to the Vendors</p>	<p>Mr Tyre Auto Services Centres</p> <p>Acquisition of NSTB Group by Mr Tyre</p> <hr/> <p>NSTB Group</p> <p>Smith Cooper Corporate Finance Advisers to the Acquiror</p>

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