

# *The Northern Powerhouse Investment Fund*

**“The Debt Fund”  
£100k to £750k**

**Simon Berry 15/11/2019**



UHURU PEAK

STELLA POINT



POINT

BVO TREE CAMP



SHIRA 1



SHIRA 2



LAVA TOWER CAMP



BARRANCO CAMP



BARAFU CAMP



KIBO CAMP



TO START  
& FINISH

MARANGU  
GATE

KARANGA CAMP



FOLLOWALICE



**A loan is like your kids or a very old house.....**



**“A loan needs to be serviced by the surplus cash generated by the businesses primary activities, after meeting all its operating costs”**

**“This surplus cash needs to come from “trading income/profitability”.**

Let us talk briefly about grants and cash expected to be received from further fund raising rounds (equity).





MR. MICAWBER:

ANNUAL INCOME 20£  
ANNUAL EXPENDITURE 19£ 19S 6D  
RESULT HAPPINESS

ANNUAL INCOME 20£  
ANNUAL EXPENDITURE 20£ 0S 6D  
RESULT MISERY

FROM DAVID COPPERFIELD  
BY DICKENS

Charles Dickens' Famous Warning against Spending More  
Than One Makes

# You approach us for a loan

## Are you prepared?

- Historic financials
  - Latest current financials
- 
- Sales pipeline
  - Business Plan/Pitch Deck/IM
  - Financial Projections

## We undertake our due diligence



# Let us know everything we need to know at the outset





# Our USP's

## Our lending is all about cash flow

- We can use management accounts as evidence that trading performance has improved since the last Y/E.
- We are happy to look at “projection led” lending and what the company could afford to borrow if it achieved greater sales/increased EBITDA.
- If we believe that the management team will achieve the financial projections presented, we generally support.
- We take a different approach to security, especially the amount of unsupported PG's that we ask for.
- We can process a loan very quickly (subject to existing debenture holders!)

## Other lenders

- Other main stream lenders tend to focus on historic performance and want to wait until next years full accounts are available.
- Online and P2P funders, generally do not undertake the same level of DD on the company/management team that we do.
- Some online and P2P funders adopt a single approach to the level of PG's that that they require from all directors working in the business.



# What can be funded by the loan?

- Working capital/the debtor book
- Costs of new people till they are covering their own costs
- Stock
- Fitting out of new labs/Capex
- BD costs
- New production lines/New income areas\*
- Product development
- Most things as long as purpose legal!

# How are the loans structured?

- Based on how the cash flow forecast indicates should be the structure.
- Capital holiday may be appropriate at the outset (3/6/9 or 12 months).
- Monthly or quarterly payments.
- Final date for the final payment on any of our loans is Feb 2025.  
Therefore, around five year maximum at present.
- We can incorporate tranches if all the loan is not required at the outset I.E. £300k initially and another £200k within 6 months.

# What security is required?

- We do not have a “one fits all” approach to security. Every transaction is different.
- We do however always take a debenture.
- We do take unsupported PG’s on a case by case basis. We rarely take “joint & several PG’s”. More likely to be individual and frequently pro-rata to share stake.
- We recognise the stake and funds injected by directors working within the business
- Unless a broad management team, Key Man life policies can be required.



# What are the loans going to cost?

- All fixed rate (Not over Base Rate).
- Between 6-12% Fixed. Interest calculated daily and debited monthly.
- Rate based on combination of current company credit rating, latest financials and security.
- This year average interest rate circa 7.9 to 8.25%
- Arrangement Fee 1.5%

# Two of the companies we have assisted at Daresbury



# The FW Team in the room





# Thank you

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**Any questions not already  
answered?**





















