

DEAL DISPATCH - ISSUE 43

OUR CORPORATE FINANCE DIVISION'S REGULAR DEAL ROUND-UP

A photograph of a modern building with a dark grey brick facade and several balconies with bright yellow railings. The building is set against a clear blue sky. The image is partially overlaid by a dark blue semi-transparent rectangle on the left side, which contains the text 'LOCAL KNOWLEDGE, GLOBAL EXPERTISE'.

LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

Market overview

I'm delighted to have joined PKF Smith Cooper, in our active corporate finance team, working with Darren and David to lead the team's growth across the Midlands.

After celebrating a successful first and second quarter and as we now enter Summer 2024, market sentiment is a mix of optimism and uncertainty, as the economy readies itself for changes under the Labour Party. Labour have remained quiet on the reform of CGT yet there are still signs of vibrant M&A activity. With Labour's pledge to deliver economic stability, boost growth to allow more housebuilding and infrastructure projects, encourage investment in technology, and embrace fintech as the future of financial services, we maintain a positive outlook in the long-term.

Our recently completed deals: T&R Flooring, Port-P and Affini Technology Group and a busy pipeline, are all evidence of recent improvements in the M&A market. So, whilst the market is

experiencing lengthening processes as buyers and funders proceed cautiously through their due diligence investigations, it is clear the market at the moment continues to go from strength to strength.

Across both the East and West Midlands, we are working on a number of deals across a range of sectors that really highlight our extensive expertise particularly in food and consumer, technology, automotive, education and business services. As we are going to print, our team has just completed a cross border deal in the building products space, but more about that one next time.

This third quarter of our financial year could be very interesting indeed. We look forward to seeing what is in store...



Claire Spencer,
Corporate Finance Partner

Deal summary



Sale of T&R Floor Covering Distributors to TradeChoice Carpet & Flooring

PKF advised the seller



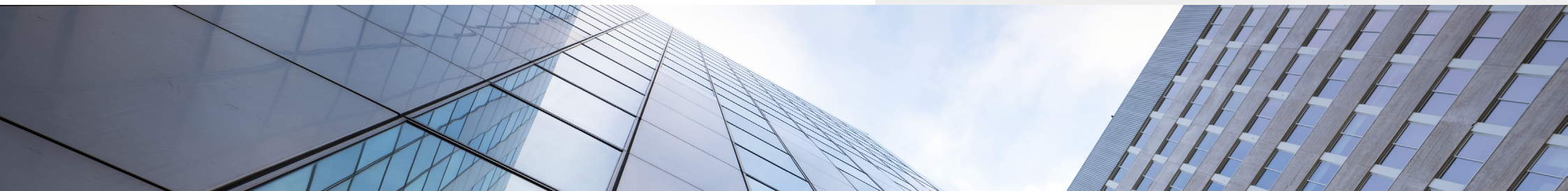
Sale of Port-P to an Employee Ownership Trust (EOT)

PKF advised the shareholders



Sale of Affini Technology Group Limited to Petards Group plc

PKF advised the seller





Sale of T&R Floor Covering Distributors Limited to TradeChoice Carpet & Flooring

Nottingham business T&R Floor Covering Distributors Limited, one of the UK's leading floor covering distributors, has been sold to TradeChoice Carpet & Flooring in a deal advised by PKF Smith Cooper.

T&R Floor Covering Distributors Limited was a family-run, independent business situated in the Midlands with over 35 years' experience in the carpet and flooring industry. The company prided itself on offering "all your flooring needs under one roof" and boasted a two-day turnaround (or faster by request) on delivery.

David Crump, Corporate Finance Director at PKF Smith Cooper, led the advisory team on the deal.

Malcolm Trott, shareholder and managing director, said "T&R Floor Covering Distributors Limited, a family run business since 1977, sought a successor who shared our unwavering dedication to superior customer service. TradeChoice emerged as the natural choice, renowned for their commitment to excellence."

Malcolm Trott commented:

"Navigating the intricate process of selling our business was unfamiliar territory but, with the invaluable guidance of David Crump and the PKF Smith Cooper team, we successfully sealed the deal. Their expertise was pivotal – without them, this transition wouldn't have been possible."

T&R Floor Covering Distributors Limited was sold to TradeChoice, with the deal furthering the latter's growth plans within the Midlands and providing more efficient transport and storage options for the wider company.

David Crump said: "We are delighted to have been able to support the shareholders of T&R Floor Covering Distributors Limited in concluding the deal. As a fellow major distributor in the UK carpet and flooring industry, TradeChoice was a great synergistic fit and the ideal candidate for acquiring the company. We wish the shareholders all the best in their future endeavours."



Sale of Port-P Limited to an employee ownership trust

A controlling stake in the holding company of a Birmingham based IT solutions provider has been sold to an employee ownership trust, in a deal led by the transactional tax team at PKF Smith Cooper. The completion marks the team's second EOT transaction within the technology sector in the past three months.

Birmingham based business Port-P Limited was co-founded by Mark Paget in 1994, with Aaron Harte joining shortly afterwards. The two men worked successfully together to create the leading provider of both cloud based and 'on prem' IT solutions that exists today, boasting an array of household name clients located across the length of the UK.

The PKF team was led by Tax Partner Adam Rollason, who provided tax structuring advice on the deal and sell-side tax support to the selling shareholders.

Mark Paget commented: "In the year in which we celebrate our 30th birthday, it seems fitting to take the first step in the next stage of our journey. The business has been built on the foundations of our incredible team, and it feels amazing to recognise and reward them all in transitioning towards full employee ownership."

"The specialist support and guidance provided by the team at PKF Smith Cooper was invaluable in getting the transaction completed within our desired timeframe, and we thank them for all of their efforts over the last four months."

A controlling stake in the holding company of Port-P Limited (Wopple) was sold to an employee ownership trust, as the directors begin the transition to full employee ownership.

Adam Rollason said: "I am delighted to have been able to help Mark and Aaron achieve their collective vision for the future of the company. I have no doubt that the business will continue to flourish under the new ownership structure, and I am excited to follow their journey.

Whilst employee ownership will not work for every business, it is clearly becoming more prevalent in the tech sector. This is the second EOT transaction which we have completed in three months (with Griffiths Waite the first), and we are continuing to meet similar businesses that are considering employee ownership as a genuine succession planning option."



Sale of Affini Technology Group Limited to Petards Group plc

Affini Technology Group Limited (“ATGL”) and its wholly owned subsidiary Affini Technology Limited (“Affini”) have been sold to Petards Group plc (“Petards”), as Petards furthers its growth plans within the technology sector and the UK’s rail, defence and traffic industries.

PKF Smith Cooper Corporate Finance provided sell-side advice on the deal, with support from our transactional tax team.

Affini is a leading UK communications solutions provider, providing comprehensive services within the transport, construction, blue light and energy defence sectors. The company’s services cover strategy, service management, maintenance and design, encompassing voice, video and data communication solutions, telematics, telemetry and tracking of assets and people.

Founded in 1974, Affini was originally the radio division of the organisation behind British Airways, which was carved out to become a distinct business. The firm has many longstanding customer relationships, including blue chip clients, spanning 10+ years. In 2019, a change in strategic direction led Affini to target new markets with high barriers to entry where more specialist skills were required, which resulted in the company entering new sectors such as blue light, construction, nuclear and defence.

A partner-led advisory team from PKF Smith Cooper Corporate Finance consisting of Darren Hodson, Tom Joy and Josh Gurton provided sell-side advice to the Affini stakeholders. Adam Rollason (Tax Advisory

Partner) and Harry Cook also delivered transactional tax support.

The advisory team also helped our client source a suitable buyer for the company. Petards is a UK based technology firm, specialising in rail and traffic solutions in smart cities, wireless communication solutions that serve the UK’s critical infrastructure and technologies within the defence industry. The Board of the Group viewed Affini as a “clear fit with the Group’s strategy” and saw the acquisition as representing “a further step in building the Group’s target markets” that would give Petards new capabilities and services to enhance its product portfolio.

“We are pleased to have helped the stakeholders at Affini find a buyer with a synergistic fit in a significant deal for the UK technology sector. This is PKF Smith Cooper’s third deal within the sector since October and we look forward to supporting more technology businesses with their M&A needs during the coming year.” Darren Hodson, Corporate Finance Partner.

Ian Carr, CEO of Affini, commented: “We are looking forward to joining the Petards Group which shares our passion for delivering innovative technology, expertise and exceptional customer service. I am proud that in recent years we have expanded into new markets, added new technologies, and secured prestigious projects across the bus, rail, energy, construction, and defence sectors. With Petards operating across many similar and complementary markets, I believe this represents a significant strategic milestone for the business and will enhance its ability to take advantage of the growth opportunities in its target markets.”



PKF strengthens its leading Corporate Finance team with a new Corporate Finance Partner in the East Midlands

We have welcomed a new Corporate Finance Partner, Claire Spencer, as we continue to grow our advisory and transaction service offerings.

Claire has 25 years' experience in mid-market transactions as well as significant expertise in private equity and cross-border deals. Her experience spans a number of sectors, including business services, industrial, food, consumer and technology.

Claire's most recent deals notably include advising private equity investor RJD Partners on their exit from Midlands-based engineering, surveying and monitoring services provider Survey Solutions, as well as assisting in the sale of school transport provider Kura to global transit-tech company Zeelo.

Before joining PKF, Claire was a co-founding Partner for an independent corporate finance boutique. Prior to that, she spent 14 years at a global accounting firm, helping owners and businesses achieve their M&A objectives.

Having completed over 100 deals worth £2bn+ last year, PKF Corporate Finance combines specialist market knowledge with extensive dealmaking experience to help business owners and

entrepreneurs achieve deal success. Our team has capabilities to complete deals ranging from £1m to £250m, but primarily focuses on the mid-market (£5m-£50m).

Claire commented: "I am thrilled to be embarking on this next step in my career at PKF Smith Cooper. The firm has a strong market presence, international capabilities, and can offer my clients a wider range of services such as integrated M&A, wealth management and tax planning. I am looking forward to helping shape and action the firm's ambitious growth strategy over the coming years and continuing to invest in growing the team in the East Midlands."

Darren Hodson, Partner and Head of Corporate Finance at PKF Smith Cooper, commented: "We are delighted to be welcoming Claire to our growing corporate finance team. With her wide-ranging experience, strong regional knowledge and sector specialisms, she will have a fundamental role in strengthening PKF Corporate Finance's presence in both the Midlands and the UK, in addition to increasing team capacity in the face of a robust pipeline for 2024."

Contact our experts

As part of one of the Midlands' leading firms of multi-disciplinary accountants and business advisors, we mainly operate across key geographies in Derby, Nottingham and Birmingham, but UK-wide in our specialisms.

Highly-skilled and formally recognised, our specialist teams work alongside clients to gain a deep understanding of their business and objectives to deliver world class solutions meeting those objectives.

If you'd like further information regarding the contents of this document, or you'd like to find out more about how we can help you and your business, please get in touch with our team or visit us online.



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PKF UK & Ireland	117 deals completed in 2023	7th Most active financial adviser in the UK in 2023	62 corporate finance professionals
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insider	DEALMAKERS	WINNER MIDLANDS
AWARDS 2022		SME ADVISORY TEAM OF THE YEAR

insider	DEALMAKERS	WINNER EAST MIDLANDS
AWARDS 2021		DEAL OF THE YEAR UNDER £10M

insider	DEALMAKERS
AWARDS 2024	
SHORTLISTED	