

A journal of a corporate lawyer

Phrases like 'Bolt On' 'Acquisitions' 'Takeovers' were a thing of the past until recent times. In the last twelve months, more clients have decided to expand their business through acquisitions of other businesses rather than organically. In our view, the reason for this is probably down to the increased availability of credit and the fact that entrepreneurs do not want to miss out on opportunities to expand their businesses as we come out of the recession.

Notwithstanding banks are being encouraged to lend and credit is now becoming more available, robust cash flows, business plans as well as skilled management teams are required by any funder before they will approve credit for a transaction. Funders have been subject to a lot of criticism in recent times for their relaxed approach to lending and they are now taking a more circumspect view of their lending process. As a result, the funders now require broader security for transactional lending which inevitably involves personal guarantees together with security on both the vendor company and the target company.

With a view to obtaining credit sanction, entrepreneurs need to ensure that the opportunity being pursued will achieve, if not exceed, their expectations for success. The one sure way for this to happen is to make sure a good professional team is engaged which is capable of guiding the buyer through the transactional journey and in particular, an accountant and legal team to provide sound, commercial advice around the legal and commercial risks. Being a corporate law firm, we have found that it is not just quality legal advice an entrepreneur needs, it is guidance around the commercial impact decisions on the structure and intricacies of the transaction will have on the overall success of the venture.

At Hawkins Hatton, being a niche corporate practice, we are better placed to advise on the needs of entrepreneurs and help them through the process of agreeing the basic structure of the deal as documented in the heads of terms, the legal due diligence which helps identify the risks around a deal and the sale and purchase agreement in which those risks will be addressed. The sale and purchase agreement sets out the legal framework for how the sale will be concluded and provides for warranties as well as indemnities which allocates risk between the buyer and seller in the transaction. Our firm's ethos is to ensure that we have explained in a clear and precise way all the key steps of the transactional journey including the risks that may occur during the journey and after it has completed, so that the entrepreneur is at all times supported by a true legal partner.

Before you embark on your journey, we at Hawkins Hatton would be happy to discuss the help and support we can offer you in respect of the venture.