



M&A Overview 2020

22

Total number of deals

£100m+

Total value of deals

2nd
most active
advisory firm

Ranked by Experian as the 2nd most active Corporate Finance advisory firm in the North East during the first 9 months of 2020 in the MarketIQ M&A League Tables.

Shortlisted for
4
Insider
Dealmakers
awards

- Deal of the Year (transaction size over £10m)
- Dealmaker of the Year (Steve Plaskitt)
- Emerging Dealmaker of the Year (Lee Humble)
- Corporate Finance Advisory Firm of the Year

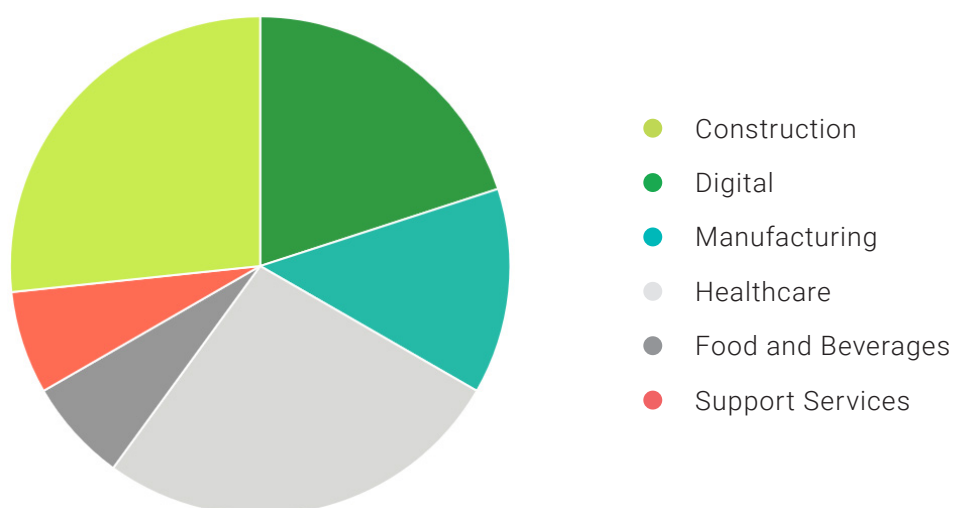
Completed deals* in 2020

Deal	Deal type	Date complete
HTL Group	Disposal	February 2020
Atlas Cloud	Fundraising	February 2020
Orchard Information Systems	Disposal	March 2020
Next Level Mezzanines	Acquisition	March 2020
Ash Construction	Acquisition	March 2020
Whocanfixmycar	Fundraising	March 2020
Odd Box Delivery	Fundraising	March 2020
Acculabs Limited	Fundraising	June 2020
Ground Heat Installations	Disposal	June 2020
Mill Masters International Limited	MBO	September 2020
Black and Banton Occupational & Physical Health	Disposal	November 2020
Elmtronics	Fundraising	November 2020
IT-IS International	Disposal	November 2020
Northumbrian Roads Limited	Disposal	December 2020
Acculabs Limited	Fundraising	December 2020

*Disclosed deals only

Sector Analysis

The Construction, Healthcare and Software/Digital sectors have proven to be resilient.



Review of 2020

2020 was a year unlike any other in living memory. The impact of the Covid-19 pandemic spreading across the world, and its impact upon UK businesses and the M&A activity, has been massive. During this difficult time, some businesses in the UK have struggled to survive and tens of thousands of jobs have been lost.

Yet within the world of SMEs in the North there have been some success stories, with great examples of new investment, new business models and M&A transactions. This brochure outlines how MHA Tait Walker Corporate Finance have helped businesses and corporate deals throughout 2020.

The year started well with our teams advising on two of the largest corporate transactions in the North East in the year, and both were companies sold to US buyers:

- Cramlington based Hire Torque Limited was sold to Enerpac Tool Group from Milwaukee; and
- Social Housing software provider Orchard Information Systems Limited was sold to MRI Software from Cleveland, Ohio.

The sale of Orchard completed on 13 March, two days after global markets started to crash and the last business day before the UK PM Boris Johnson introduced reduced social contact and the lockdown.

The initial period of lockdown meant that many existing deals stalled as companies focused on their cash flow and survival. Where we had already completed due diligence, for example Mercia Asset Management's investment into Atlas Cloud, deals were able to be finalised.

During the first lockdown period we helped secure funding for companies and raised awareness of the Governments CBILS loan funding and furlough scheme support. During the year we:

- Helped several SME companies with their CBILS funding, raising millions of pounds from high street and alternative sources through our nationwide brokerage contacts and platform;
- Assisted a large number of clients with their furlough calculations;
- Contributed to the battle against Covid – advising SMEs ranging from providers of testing services to ventilator parts manufacturers; and
- Helped SMEs in sectors from construction, manufacturing and engineering, hospitality and leisure and retail.

Before UK businesses were fully reopened in July, there was early evidence that the M&A market was returning and we advised on:

- The sale of Wigan based renewable energy experts Ground Heat Installations Limited to RSK; and
- The CBILS investment by FW Capital in to Acculabs Diagnostics Limited.

All the deals above were in resilient industries: healthcare, IT business services and renewable energy/infrastructure.

Since that time, we have continued to be very active within the North East M&A community:

- We completed the Management Buy Out of Newton Aycliffe based Mill Masters International;
- We assisted with three equity investments made into growing North East based SMEs;
- We advised on the sale of occupational health business Black & Banton Occupational Health Limited to Marlowe plc;
- We advised many SME business owners on strategic planning and on the valuations of their shareholdings as they seek to complete deals in 2021 and beyond; and
- We advised on the sale of Northumbrian Roads Limited to La Farge Holcim Group

Steve Plaskitt
Head of Corporate Finance
MHA Tait Walker

What do we do?

Dedicated to making our clients more successful, our multi-award winning MHA Tait Walker Corporate Finance Team offer a full range of advisory services from buying and selling companies, strategic planning and raising finance. We work closely with our other departments, particularly our specialist Transactions Tax Team, to provide a full service offering.

Our experienced team provides strategic advice on a full range of financial and corporate transactions for SMEs, family businesses and international groups. We have advised on over 400 deals and have a Corporate Finance Team of seven dedicated qualified accountant professionals, together with five Transactions Tax Specialists. As part of [MHA Corporate Finance](#) and [Baker Tilly International](#), we have access to support, funders, buyers, contacts and expertise worldwide.

MHA is a UK wide association of respected, progressive and independent accountants and business advisers with over 50 offices nationwide, all sharing common values and goals. MHA is an independent member of Baker Tilly International, one of the world's leading networks of independently owned and managed Assurance Advisory & Specialised Consulting firms united by a commitment to provide exceptional client service.

Management Information and Data Analytics

We work very closely with our Data Analytics team, led by Graham Dotchin, to identify and analyse granular data to support corporate transactions.

Funding Brokerage Platform

During 2020 we re-developed our website to include a finance brokerage platform led by Lee Humble. The platform allows business owners across the UK to access alternative sources of capital and debt.

Meet the Corporate Finance Team

Our award-winning Corporate Finance team has over 70 years of combined experience. The depth of knowledge of international deals, of the debt and equity funding markets and of buyers and sellers throughout the UK is excellent. The team work proactively to produce a thorough service to assist you with a successful completion of your transaction.



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Meet the Transactions Tax Team

The team have, between them, over 80 years of experience in providing tax advice to buyers, sellers and fundraisers. The tax landscape is ever shifting and there are substantial changes anticipated on the horizon. This depth of knowledge within our team is a valuable resource to our clients when guiding them through a transaction. Our aim is to work collaboratively with all parties involved to maximise value to our client and to ensure a smooth and efficient process.



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Acquiring a tech business can be more complex than buying a traditional business, so working closely together with proven advisors at MHA Tait Walker has made the process much easier than it might have been. Their technical ability to navigate through the standard negotiation in particular, helped to progress the transaction terms we wanted. Steve Plaskitt was outstanding.

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Pat Clarke, Orchard Information Systems CEO

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This was a significant transaction for the shareholders of HTL Group and one we could not have completed without the advice and support of our long-standing advisers, Square One Law and MHA Tait Walker. Their advice and support have been invaluable in expertly guiding us through what is for the shareholders an unfamiliar process.

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Paul Storey, HTL Group Managing Director

International deals

Over the years, we have advised on several high-profile international transactions. We specialise in the sale of privately owned companies to trade buyers both in the UK and overseas and ensure that our clients get the best deal for their business whilst maximising shareholder wealth.

Case studies

Orchard Information Systems Limited

In December 2019, we helped to advise on a key strategic international acquisition for Orchard Information Systems Ltd, a leading provider of software solutions to the UK housing sector, alongside Muckle LLP.

Our Corporate Finance and Transactions Tax team, led by Partners Steve Plaskitt, Alastair Wilson and Graham Dotchin, provided expert financial and tax advice on the acquisition including due diligence and project managing the deal to completion.

Three months later, we completed the disposal of Orchard to USA based MRI Software.

It was an extremely tight timescale. After meeting in Cleveland, Ohio, in December 2019 we completed the acquisition of Internetalia in Ireland the following week, populated a data room, received their offer, signed Heads of Terms on 21 February 2020, and completed the deal on 13 March 2020.

The deal may not have happened beyond this timescale due to turbulence in the markets and the commencement of the UK lockdown. The deal showed the importance of being able to adhere to a tight timescale.

HTL Group

We advised the shareholders of North East manufacturer HTL Group in the sale of the company to Enerpac Tool Group, a premier US-based industrial tools and services company listed on the NYSE, alongside Square One Law.

We provided expert advice through our Corporate Finance and Transactions Tax teams led by Michael Smith, Andrew Moorby and Graham Dotchin.

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We were carefully guided through the acquisition process which by nature is highly complex. Both MHA Tait Walker and Muckle LLP provided an extremely professional service and have consistently promoted our best interests.

We have benefited from a variety of specialist expertise, overseen by Steve Plaskitt's diligent and personalised project management. The tax analysis was invaluable, and the ultimate outcome is one we are very happy with.

David Black, Black and Banton Managing Director

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Many thanks to MHA Tait Walker for taking us through this acquisition. We would recommend them to any SME in the same position as ourselves. The team worked relentlessly to ensure that the whole process of acquisition ran smoothly and that we achieved the best outcome possible.

David & Jackie Thompson, Ground Heat Installations Limited

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The take-over process was made smooth and the legal and financial aspects were carried out in such a professional manner by both Muckle LLP and MHA Tait Walker that we had confidence that we were doing the right thing for the company to move forward.

Sean Lynch, Northumbrian Roads Owner

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Selling a business

Having the right plan in place is crucial when it comes to selling a business, and it is never too early to start planning.

Whether it's for family succession or an exit plan, you want to ensure potential buyers recognise the full value of your business and that the sale process is as efficient as possible to maximise your value. Our Corporate Finance and Transactions Tax teams can work with you in building your strategy for exit and through the exit process itself.

Case studies

Black and Banton Occupational and Physical Health Limited

Our Corporate Finance and Transactions Tax teams, led by Steve Plaskitt, alongside legal experts from Muckle LLP, helped Black and Banton to join forces with Marlowe PLC, the UK leader in specialist occupational health provision.

After an approach from one potential trade buyer floundered, Steve Plaskitt introduced David Black to Marlowe PLC and helped negotiate and conclude the deal.

Following March lockdown, Black and Banton has been busy providing its usual wide range of services as well as assisting with the Covid-19 crisis by providing customers with vital antigen and antibody testing. Graham Brown, Oliver Williams and Claire Smailes assisted in this deal.

Ground Heat Installations Limited

We helped the owners of Wigan based Ground Heat Installations Limited, a specialist in the design of energy efficient heating systems, on the sale to RSK Group.

RSK Group is the UK's leading integrated environmental, engineering, and technical services consultancy. The vendors were advised by Steve Plaskitt and Graham Brown from our Corporate Finance team, who worked closely alongside our transactions tax team. Our team had previously teamed up alongside RSK Group following on from the sale of Geocore Site Investigations Limited in August 2019.

Northumbrian Roads Limited

Our Corporate Finance team and Legal experts from Muckle LLP helped Northumbrian Roads to join forces with Aggregate Industries, one of the UK leaders in road building, and part of LafargeHolcim, the global leader in building materials.

The acquisition was part of the buyers' strategy and allowed the company to strengthen its position as it sought to gain market share in the major infrastructure schemes.

We supported Northumbrian Roads in the deal that ensured the business will continue to grow under their new ownership. Steve Plaskitt, our Corporate Finance Partner, led the disposal team and Adrienne Paterson provided the taxation advice to the sellers in readiness for the sale.

Buying a business

An acquisition can be one of the most effective ways to grow your business. Many of our clients come to us because they are keen to acquire, but don't have the time or resources to research or manage the process whilst trying to run their business.

Our specialist teams can help you throughout the entire process, from identifying potential targets, assisting with fundraising, performing due diligence to working with legal advisors to complete the deal.

Case studies

P&K Construction Group

Following its successful MBO in 2018, we helped P&K Construction Group, acquire the business and assets of Leeds-based Next Level Mezzanines Ltd and Surrey-based Ash Construction Ltd.

The deals have enabled P&K to bring additional small works fabrications facilities in house to provide a 'one-stop-shop' for clients.

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We are experiencing a really exciting period in the growth of P&K which is only boosted by these new acquisitions which enable us to service our current customers more comprehensively as well as venture into new markets.

Simon Pelley, P&K Construction Group Managing Director

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Management Buy Outs (MBOs)

Our team is very experienced at advising on all types of management buy outs. Structuring and finding the funding is crucial in these types of deals.

Our Corporate Finance and Transactions Tax Teams work closely to build the structure and project manage the process to ensure that the MBO completes to everyone's satisfaction.

Case study

Mill Masters International

Our team, led by Michael Smith, and The Endeavour Partnership led by Nigel Williams, were on hand to guide management team Chris Harford and Peter Chappell through the buyout process, while the company's bank NatWest provided the facilities to enable the buy out to proceed.



We learned a lot during the buy-out process; Michael and Nigel were excellent, and their experience and technical ability was invaluable to us in getting the deal done. The team at NatWest helped put the funding package together and were always on hand throughout to make sure the deal happened.



Peter Chappell, Mill Masters Manager



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We're delighted to have secured the NPIF & CBILS funding and are hugely grateful to MHA Tait Walker and FW Capital for providing their expert support. This injection of capital offsets any Covid-19 induced cashflow concerns and will allow us to continue our growth in 2020 and beyond.

Chris Gordon, Acculabs Diagnostic UK Chief Executive

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We're delighted to have secured the CBILS funding and are hugely grateful to Lee Humble, Paul Shields and colleagues for providing their expert support.

Philip Bell, ART Health Solutions Ltd COO

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Raising finance

Raising finance can be a challenge for any business at any point in their life cycle, but particularly when they are seeking to expand, refinance or release value. We work with management teams and private shareholders looking to raise private equity and debt finance to find the most appropriate funding solution.

There are many options including tax efficient venture capital schemes such as Enterprise Investment Schemes (EIS) and Investors Relief, and the input of our Transactions Tax team is crucial if a business is looking to secure tax reliefs for its investors. Our teams have also worked on a number of projects involving raising finance from private investors and crowd funding.

Case studies

Acculabs Diagnostics UK Ltd

Our team, led by Steve Plaskitt, helped Tees Valley-based Acculabs Diagnostics UK Ltd to secure a £325,000 CBILS backed loan from NPIF – FW Capital Debt Finance, managed by FW Capital and part of the Northern Powerhouse Investment Fund.

The loan was used to acquire equipment and working capital, as well as helping the business to continue to grow.

Further funding was received in December 2020 to meet escalated demand for Covid-19 testing.



ART Health Solutions Ltd

We helped ART Health Solutions Ltd to secure a £200,000 loan extended via NatWest under the Coronavirus Business Interruption Loan Scheme (CBILS). The loan was used to assist the company in trading through Covid-19 and provide a platform for future growth.



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MHA Tait Walker provided an extremely professional service and have consistently provided excellent insight in a professional and timely manner.

Jan Oosthuizen, Mercia Asset Management

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The team were quick to deploy given the tight deadlines required by us and turned around a detailed report focused on the very specific scope outlined, prior to our final Investment Committee. It was clear the team were highly inquisitive from the outset and worked hard to understand a very complex integrated financial model with multiple revenue streams and many more revenue drivers. I was kept updated throughout the work and the end result was a high quality report with a sensible summary of key points and recommendations for future monitoring of the investment.

James Allsop, Mercia Asset Management

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Investment Advisory Services

Whether you are a trade buyer or a funder, we can assist with your financial due diligence requirements.

We are very experienced and have worked with international plcs, UK based trade buyers, all the major UK banks, and many leading local and national private equity funders. We offer a big four accountancy firm quality of service alongside our vast experience of UK SMEs and family businesses.

Case studies

Elmtronics

We advised Mercia Asset Management ahead of their equity investment into Electric Vehicle Charging firm Elmtronics, which saw the firm secure a £1.5m investment.

Whocanfixmycar.com

We supported Mercia Asset Management ahead of their growth capital investment into whocanfixmycar.com, as part of a syndicated capital raise which included multiple funders.

Atlas Cloud

We advised Northern Venture Capital with its investment into Atlas Cloud, a Newcastle-based IT managed services solutions provider, The investment was used to further develop the range of services, support growth plans and create new jobs. This deal was shortlisted in the Insider North East Dealmaker Awards 2020 in the Private Equity/Venture Capital Deal of the Year category.



A low-angle photograph looking up at a large tree with sunlight streaming through its branches, creating a dramatic, golden glow and lens flare effects. The sun is positioned near the center of the frame, with rays of light radiating outwards. The leaves are dark green, and the overall atmosphere is warm and natural.

Our experts are on hand to help

At MHA Tait Walker, in addition to Corporate Finance and Transactions Tax, we offer a wide range of other services.

Taxation and Payroll

Our taxation team, based in the North East, consists of over 40 experienced individuals and we can provide a broad range of proactive tax compliance and advisory services for businesses and individuals. Our specialisms include Corporate Tax, VAT and Indirect Tax, Employment Tax, Payroll and Private Client.

Wealth Management

We have over seventy years' experience in providing our clients with the highest quality wealth management services and we are fully equipped to support you.

Our Team

Whether you're an individual, business owner or trustee, one of our professional wealth management experts will work with you to create a tailored strategy that works for you, providing advice in key areas including:

- Business Protection
- Investments
- Retirement Planning
- Associated Tax Issues
- Estate and Protection Planning
- Pensions including workplace schemes

What we do

Our job is to guide you through all financial options and tailor solutions to help you make the right choices to build and preserve your wealth. Taking the initiative when we need to, we will always be future focused, especially with the ever-changing landscapes of regulations and tax.

Data Insight

Our specialist teamwork with businesses to analyse their data help them to understand it better, and then use technology and expertise to help that data to drive strategy and create real business insight. That insight helps our clients with short term projects and long-term strategic business decisions.

Business Services

Our Business Services specialists have over 75 years' experience working with businesses from a range of sectors. We work closely with our clients to obtain a full understanding of their financial position and provide tailored solutions. These include accounting services, bookkeeping, year end financial statements & monthly management accounts, and audit & assurance.

Looking forward to 2021

There is genuine and realistic hope that the UK can return to a new normal in the second half of the year, though at the time of writing there are two large uncertainties: the ongoing pandemic and the impact of the Brexit UK/EU trade deal.

At the time of writing, we are in another national lockdown, but with the planned roll out of vaccines imminent, this position should improve in Q1 of 2021. However, the outlook for many businesses in retail and hospitality looks difficult.

Similarly, with the impact of the Brexit UK/EU trade deal still to play out, and with recent surveys showing only minimal growth expected from North East Exporters, confidence of many business owners is low.

However, this may not necessarily interrupt the M&A market. The threat of substantial changes in legislation will drive M&A activity. Expected changes in taxation, and particularly to Capital Gains Tax, are driving some business owners to seek an exit, whilst the changes in Crown Preference Rules may make finding traditional bank funding more problematic. Both should mean that there is strong demand for experienced corporate finance and transaction taxation advisers. We expect to see management buy outs, private equity deals and sales to overseas buyers to still be a feature of the market.

Finally, on behalf of all at MHA Tait Walker I would like to thank our clients, introducers and all with whom we have worked alongside for their support during 2020 and would like to wish all in the North East a healthy and prosperous 2021.

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