



Alternative sources of lending
Specialist advice for business owners

I had run my own highly successful engineering firm for over twenty years. The credit crunch made cash flow within the business tight and our overdraft was under review by the bank.

We really needed to invest in new machinery. Our bank had granted us a business loan, but attached were some very large charges and penalty clauses. I met with David at Petrus Financial Services to explore if an alternative source of funding could be arranged.

Working with Petrus and my accountant over the years I had been able to efficiently extract profits and build a significant investment portfolio. Could this be used to provide the capital injection we needed?

David explored the different options available to me. He advised that I could transfer my portfolio to one of their strategic private banking partners and secure borrowing against the assets.

This enabled me to create the liquidity we needed to make a cash injection via a Directors Loan to the company.

I didn't have to sell any of my portfolio holdings. This meant I avoided losing out, selling when the asset values were depressed, or indeed triggering capital gains on any that had performed well.

Not only did this arrangement provide sufficient capital to make the necessary machinery purchases, we've also been able to reduce our company overdraft.

Furthermore, structuring the arrangement as a Directors Loan has allowed me to reduce my National Insurance contributions and extract profits in an efficient manner.

For client confidentiality reasons, some of the information in this case study has been changed

“

I'm so pleased we've been able to secure a less costly and more tax efficient source of lending, reducing our reliance on the bank overdraft. Petrus explored every option and came up with a solution genuinely customised to our specific needs.

”

CHRIS SIMMONS,
BUSINESS OWNER