



Principal Chris Chamberlain B.Bus., F.C.A.
Registered Liquidator & Official Liquidator
Registered Trustee in Bankruptcy
Mobile: 0412 931 178

Partner Steven Priest B.Bus.(Acc) C.A.
Registered Liquidator
Mobile: 0427 457 416

Manager Brett Dodson B.Bus.(Acc), ARITA
Mobile: 0417 691 356

Manager Graeme Brown ARITA.
Mobile: 0488 435 265

May 2015

“Alternative Sources of Capital”

In circumstances where an individual or company is experiencing a cashflow crisis, one option management and practitioners usually investigate is an alternative source of finance.

As most are aware, there is now a vast array of private equity groups, hedge funds and secondary tier debt markets that have become more prominent and sometimes more attractive to troubled businesses in recent years as alternatives to the main stream banking sector.

In situations where you the practitioner is placed in a predicament where your client is seeking advice on these alternative sources of finance, one should consider some of the benefits and detriments associated with them: -

Possible Benefits

- Enhanced competition in market may provide greater options;
- Provide lower risk exit strategy for current financier not willing to increase or extend current financial assistance;
- Increasing ability for implementation of more aggressive and flexible restructuring strategies;
- May provide incentives for quick turnarounds; and
- Non- banking sector financiers may have less regulations and therefore greater ability to provide new money at longer terms to assist with turnarounds.

Possible Detriments

- Alternative financiers may have negative impacts on management such as;
 - Difference in motives to that of stakeholders regarding long-term ownership;
 - Aggressive operational style may not suit management and employees;
 - Trading of debt may cause unstable and disheartened management; and
 - Additional finance may increase leverage of business.

Please contact us any time to discuss and note as always we at Chamberlains SBR are more than welcome to review any matter with you or your clients regardless of how trivial it may appear.

Chamberlains SBR, Chartered Accountants - Specialises in Personal & Corporate Business Reconstruction & Insolvency

Should you wish to receive this report electronically please forward an email to admin@chamberlainssbr.com.au “subscribe to monthly report” in the subject line.

CHAMBERLAIN’S S.B.R. OFFICES –

WAGGA WAGGA

Tel 02 69 383800

Fax 02 6921 5492

DX 5427

Email admin@chamberlainssbr.com.au

DUBBO

Tel 02 6884 1077

Fax 02 6884 1072

Email graeme@Chamberlainssbr.com.au

WANGARATTA

Tel 1300 887 687

Fax 1300 798 825

Email admin@chamberlainssbr.com.au

Liability limited by a scheme approved under Professional Standards Legislation