

CAPABILITY STATEMENT

Professional Services



INDUSTRY SUMMARY

The professional services industry is a large employer in the Australian economy and includes legal and accounting, franchising, business consulting and financial advisory services.



Many professional services firms offer non-discretionary business services and are therefore unaffected by cyclical economic trends. However, due to a combination of factors, such as higher interest rates, restricted access to financing or extensions of existing facilities and client cost cutting, the industry has been impacted by a decline in the demand for services clients see as non-essential to business.

In this current economic climate, it is critical that professional services firms focus on managing key client relationships and key areas of service.

OUR EXPERTISE

Taylor Woodings has extensive experience in professional services businesses across Australia. We provide a range of insolvency and corporate recovery services and advice, including:

- **formal appointments**
- **strategic recovery advice**
- **workout and restructuring assistance**
- **pre-lending reviews**
- **investigating accountants reports**
- **valuations**
- **going concern valuations**
- **forensic advice**

We have advised a range of businesses in the professional services industry, including:

- accounting and law firms
- real estate agents franchisees and franchisors
- financial advisory firms and financial planning networks
- engineering, architecture, construction and mining services
- construction
- mining
- mortgage brokers

Through our experience, we understand that there are two categories of financial distress for a professional services firm, financial and non-financial.

Indicators of financial distress include decreasing client profitability, a deteriorating work-in-progress position, an increase in debt and short-term cashflow issues and a reduction in cross client referral across service lines and products.

From a non-financial perspective, key areas to monitor include loss of clients, declining market share, loss of key personnel and increased staff turnover.

These signals of distress take many forms and may occur singularly or in combination. Taylor Woodings understands that there are subtle differences and nuances in each professional service firm or service line, and provides accurate and detailed advice to ensure that these differences are taken into account to achieve client objectives.

We are focused on achieving the best results for our clients while minimising the impact on the business. Taylor Woodings has the necessary skills and knowledge to achieve successful results in the professional services industry.

WHAT TAYLOR WOODINGS OFFERS

MARKET SENSITIVITY

Key elements to a successful professional services firm are market share and branding. Accordingly, Taylor Woodings understands it is vital that key client relationships are stabilised and maintained during our engagement.

We have vast experience in managing communications to major stakeholders through a range of channels, including directly and via the media, therefore we ensure market sensitivity on all matters and maintain the goodwill of the firm.

SPEED

On engagements with professional services firms, time is of the essence. It is particularly important to quickly reaffirm the existing revenue streams, collect aged debtors and assess opportunities for a going concern sale.

As a national firm we can quickly draw on our resources in each state to assess the situation and make decisions to protect and maximise the return on the businesses assets, both tangible and intangible, in a timely fashion.

STAFF MANAGEMENT

We are cognisant that in this competitive industry, management of internal relationships is critical from both an internal and external viewpoint.

Taylor Woodings is experienced at ensuring that 'people capital' is not damaged by the loss of key personnel through, for example, obtaining voluntary engagement. We understand and appreciate the sensitive legal issues surrounding staff contracts and non-compete clauses.

UNDERSTANDING OF THE REGULATORY ENVIRONMENT

The professional services industry is heavily impacted by government regulation and legal decisions, together with professional body codes of conduct surrounding issues, such as fee generation and substantiation, perceived conflicts of interest, transparency and duty to clients.

Taylor Woodings can identify, understand and apply these various regulations to reach our client's objectives.

CASE STUDIES

Garrisons Accounting Group Limited, Nationally

01

Taylor Woodings was appointed as Voluntary Administrator by the largest shareholder and secured creditor of Garrisons, a large ASX listed consolidator of accounting and financial planning firms throughout Australia. Many principals of the firms in the Group had sold their goodwill for considerable prices to the listed entity, which was struggling to maintain the revenue and profitability of the firms under the new structure.

Our role was to maintain and protect the goodwill and other major assets of the Group, including work-in-progress and debtors, while negotiating the sale of the various firms. In most cases, the firms were sold back to the original principals. In a number of cases, significant litigation was commenced by the administrators and other stakeholders, and matters were settled by formal court proceedings, mediation and/or alternative dispute resolution. The Group was restructured via a Deed of Company Arrangement. Taylor Woodings was instrumental in recovering significant goodwill acquired by the Group, and achieved a full recovery of debtors and work-in-progress.

Financial Planning Business, Perth WA

02

Taylor Woodings was appointed to conduct an investigating accountants review of the viability of the financial planning business, provide an indicative value of the business and comment on the proposed client book sale.

Our investigations concluded that the business was not viable without the bank's financial support and provided an opinion on the value of the client book and advice on the proposed sale, including prospects of it being achieved.

Following completion of our review a deed of forbearance was agreed between the bank and the customer under which the bank agreed to freeze principal debt reductions subject to the customer achieving certain asset sales.

Pre-lend Valuations, Sydney NSW

03

Taylor Woodings was appointed by a financial institution to value two businesses. The first was a life insurance broking business to be valued on a market value going concern basis. The second business was an accounting practice that was to be formed by the merger of two practices – including one related to the purchaser of the insurance broking business.

The purchaser of the insurance broking business wished to use the businesses' cashflow as security for a loan which it intended to apply towards the purchase of the business. The insurance broking business had 1,140 policy holders and derived a combination of up-front and trailing commissions. The merged accounting practice wished to use the practice's cashflow as security for working capital.

After examining the historical financial performance, projected future earnings and the performance of comparable broking and accounting businesses, Taylor Woodings provided a valuation of the insurance and accounting businesses, which the bank relied on for its lending.

Legal Practice, Perth WA

04

Taylor Woodings was appointed trustee of a bankrupt individual who operates a boutique law firm, practicing in commercial litigation and dispute resolution.

During our appointment we monitored the financial performance of the legal practice, which included the review of the trading performance, management of work-in-progress and the collection (or write-off) of amounts due by clients. As a condition of the bankrupt continuing to operate as a legal practitioner we provided six-monthly reports on the conduct of the bankruptcy and its legal practice to the Western Australian Legal Practice Board.

OUR TEAM



Ian Francis

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Ian has performed a number of investigating accountants reports for financiers of professional services firms including, financial planning businesses and a legal practice. Of note, his experience includes conducting a review of the viability of a financial planning business and that of a legal practice.



Ross Blakeley

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Ross has gained considerable experience in reviewing and formally managing a number of professional services firms including legal practices, market research firms, real estate agencies and accounting practices. He has conducted due diligence reviews on behalf of major financiers and effected restructures through voluntary administrations. His experience also includes acting as Receiver and Manager of an accounting practice entity.



Quentin Olde

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Quentin has acted as investigating accountant and been appointed as Receiver and Manager or Voluntary Administrator to a number of related businesses in the industry including, legal and accounting firms, insurance and financial planning firms, medical practices and pharmacies, consulting and advisory firms, recruitment and other related service sector businesses. This experience has provided him with detailed understanding of the key issues and drivers that face professional services businesses. A highlight includes Quentin's role as lead partner on the Voluntary Administration of the ASX listed accounting and financial planning consolidator, Garrisons Accounting Group Limited.



Nathan Landrey

Associate Director, Sydney
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Nathan has worked with secured lenders to assess the financial viability of professional services businesses. In trading on these businesses, Nathan has gained a thorough understanding of the key benchmarks for a successful operation.

ABOUT US

Taylor Woodings is an independent, national Chartered Accounting firm providing clients specialist services in Restructuring, Corporate Recovery, Advisory and Transaction Services and Forensic Accounting. With offices in Sydney, Perth, Melbourne and Brisbane, we offer our clients a truly national service.

Taylor Woodings is committed to delivering timely, relevant and innovative strategies to meet our individual clients' needs. With our *one-firm, one-focus* philosophy, we share resources, technical staff and specialist knowledge to ensure clients receive a full-service offering regardless of their geographic location.

Our experience extends across Australia's key industries of agriculture, manufacturing, health, mining and property. We work with all types of organisations within Australia and overseas, from small family businesses to publicly listed ASX and multinational companies, on both complex and straightforward assignments.

Taylor Woodings has established working relationships, essential to delivering successful outcomes for clients, with national and regional retail banks, investment banks, corporate advisory firms, law firms, accounting firms and specialist consultants.

Taylor Woodings is a national partnership that is supported by a dedicated and expert team of advisers. We maintain an efficient internal structure and allocate the most appropriate resource to assignments. This approach provides clients with direct access to senior, specialist advice and cost effective solutions that place our clients' objectives first.

We have an affiliation with TW Gerry Rea Partners, a specialist insolvency and litigation support firm in New Zealand. We also have a joint venture arrangement with Allen Capital, an independent corporate advisory and private equity investment firm. Taylor Woodings is a member of the international insolvency network, hww Insolvency Co-operation Partners, which is represented in 21 countries around the world.

RESTRUCTURING | CORPORATE RECOVERY | ADVISORY AND TRANSACTION SERVICES | FORENSIC ACCOUNTING

SYDNEY PERTH MELBOURNE BRISBANE

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