

FIN(4)FW032  
Finance Wales Inquiry  
Response from Padarn Bus Limited

Dear Sir or Madam,

I feel that I must write to you in connection with the adverse media criticism of Finance Wales (FW) that has taken place recently, as it appears to me that very few, if any, of those complaining about FW have any experience of actually using their services. As Chairman of Padarn Bus Limited, a company that has benefited from FW's services over the last five years, I feel that I can speak with some authority on this issue.

In 2009 I was retained as a consultant to a small sole-tradership (Padarn Bus) employing 10 people, operating 10 buses and turning over about £600K per annum. They wanted to purchase a much larger bus company whose owners wanted to sell out and retire. I was able to put together a £1.6 million funding package comprising FW, a high street bank and two asset-funding organisations. It would not have been possible to put this financial package through high street banks alone as the buyers simply did not have sufficient security to cover borrowing on this scale. Finance Wales, however, came in with equity capital, mezzanine loan and a straight loan. The fact that FW was prepared to take a calculated risk by becoming a shareholder, as well as providing an unsecured (mezzanine) loan on top of an ordinary loan, was the key element in giving the other bank and the asset funders the confidence to inject their funds as well. The deal went ahead and the sole tradership (Padarn Bus) became Padarn Bus Limited, currently employing 82 staff, running 43 buses/coaches and currently turning over £4 million per annum.

That was five years ago, and the company has weathered many difficulties in the interim due to cash flow challenges resulting from the recession and other market pressures. Through all this, Finance Wales have been a solid source of support for us by being flexible with loan and repayment and dividend issues when times were particularly difficult. They have a representative on the Board in a monitoring role, whose experience, advice and contacts have been very much to the Company's benefit. They also introduced us to an excellent financial practitioner who sits as a non-executive director on the Board and has helped us to install and maintain a robust and precise financial management, forecasting and tendering system.

To have a business-based, multi-role financial institution such as Finance Wales in Wales is, in my opinion and that of my Board colleagues, an excellent resource for business. In my experience, clearing banks won't consider risk-based lending, neither can they provide the kind of specialist backup expertise that FW has provided for us. Without Finance Wales, it is doubtful that Padarn Bus Limited would have come into existence or that it would have survived the recession.

I trust that you will not mind my writing to you in this manner and appreciate that I do so in order to provide accurate information based on a positive experience with Finance Wales. I have no personal political affiliations and offer the above information for your kind attention in the hope that it may help to provide a more balanced view of the issue than that which appeared in the media.

Yours faithfully,

Arthur Crump



Arthur Crump  
Chairman

Padarn Bus Limited