

# Leslie James Acquisitions











# LESLIE JAMES ACQUISITIONS

THE INSURANCE SECTOR M&A SPECIALIST  
— FROM INQUISITION TO ACQUISITION —

## WELCOME TO LESLIE JAMES ACQUISITIONS

We are M&A specialists within the insurance sector, offering a completely free service to vendors seeking a valuation and sale.

We act exclusively for insurance brokers, healthcare/PMI/employee benefits brokers, MGAs, Loss Adjusters and IFAs and all of our dealings are in strictest confidence.

Our acquirer connections are extensive – we deal with all of the major insurance sector acquirers as well as many others who are further under the radar.

Our mission is always to match our vendor clients with appropriate acquirers.

Our 40 years sector experience assures you of our expertise and effectiveness, evidenced by our numerous testimonials and completed deals

Please feel free to contact us for an initial discussion in strict confidence on:

david.leslie@lesliejamesacquisitions.com  
0800 912 9994

# NATIONAL 2022 INSURANCE AWARDS

## SHORTLISTED





# Free Valuations

## Free Valuations, Clear Ideas

In contrast with certain of our competitors involved in the insurance M&A sector, we DO NOT CHARGE vendors for our services.

With high level business information, we are able to put our clients in touch with a range of acquirers to determine the value of insurance businesses.

Valuations will vary from business to business and from acquirer to acquirer. There is no "one size fits all". A number of factors will be taken into account, including:

**Profitability** and, in particular, profitability post acquisition, after the removal of certain existing costs, for example Directors'/shareholders remunerations.

**Portability** – whether a business needs to remain in situ or whether it can be integrated into an acquirers' existing location, thus saving on office costs.

**Classes of business** – whether an insurance broking business transacts mainly commercial lines or niche business, which is preferable, whether a PMI broker transacts mainly group business (again preferable), whether an MGA has a good market share in a particular class of business (again preferable) and whether an IFA's business has a focus on pensions and investments (again preferable).

**Potential** – whether there is the potential for further growth within the business. The greater the potential, the higher the valuation.

The list goes on but the above factors are some of the main factors which come into play.

## HOW MUCH IS YOUR BUSINESS WORTH?

Again, in determining a valuation, the above factors will be taken into account and the acquirers' appetite, both for acquisition and for a business such as yours, will also play a part.

There are also a variety of valuation methods, which are applied by acquirers, and these methods will vary from acquirer to acquirer.

### The main valuation methods will include:

Applying a multiple of earnings i.e. a multiple of turnover (earnings). We are currently seeing valuations, dependent on the various factors, of up to 3.75 times, even 4 times earnings.

Applying a multiple of EBITDA, which is essentially current operating profit, adding back any costs which can be removed post acquisition and removing any exceptional (one-off) expenses. This is otherwise known as Adjusted Profit. We are seeing valuations of up to 7-9 times EBITDA and in some cases, higher.





# Access To A Wide Range Of Acquirers

## Leading Acquirers, Maximum Choice, Optimal Experience

What we recognise first and foremost is that this is your business.

It is a business which you will no doubt have built and run over many years, the product of your considerable sweat and toil.

Next to taking a first mortgage, selling your business will probably be the biggest and most crucial financial decision of your life.

So when it comes to you considering an exit, everything has to be right, from valuation to any arrangement of your continued involvement to how an acquirer will take care of your staff to whether an acquirer shares your views and values on the maintenance and development of your business and client service.

Our relationships with a highly select panel of acquirers have been developed and maintained over a good number of years and those acquirers' continuing inclusion on our panel is based on a number of key attributes:

**Trust** – we have to be certain, at all times, that our acquirers will deal confidentially and professionally with all enquiries.

**Finances** – we will only deal with acquirers who can demonstrate having sufficient resources to fund any acquisition.

**Knowledge** – Acquirers are selected on the basis of their experience of making acquisitions, their ability to undertake the acquisition process and their expertise in integrating an acquired business.

We also firmly believe in you, our vendor clients, having choices and therefore access to a small range of relevant acquirers. In this way, you will have the ability to compare the various offerings available for your business.

We have dealings with most of the UK's major acquirers, shown below, plus many others further under the radar.





# What & How

## WHAT WE DO

At Leslie James Acquisitions, we focus exclusively on arranging the acquisition of insurance business, comprising insurance brokers, PMI brokers, MGAs, Loss Adjusters and IFAs, throughout the UK, ranging from small, home operated "one man bands" to some of the largest independents.

Our clients look to sell for a variety of reasons including retirement or the desire to align with a more substantial broker. Most recently, of course, there are many who fear the long term effect of Coronavirus or the hardening market affecting the ability to make placements. Potential adverse changes in CGT rules are also often a factor.

There are various approaches our clients have to the process, including some wishing to sell their business and walk away, some looking to continue for a period with the acquirer and some looking to "take some money off the table" by selling a majority stake and retaining a minority with a view to that minority stake growing in value over a period of years, often to the extent of that minority stake becoming worth as much as the initial majority.

We deal with a very select range of serious, well-funded acquirers with whom we've built longstanding relationships. These are acquirers we know we can trust, acquirers who are highly experienced in the acquisition (and integration) process, acquirers who offer highly competitive valuations and who place real importance on the service provided to clients post acquisition.

## HOW WE DO IT

From the point we take your instructions as a potential vendor all the way through to valuation, acceptance and ultimately, the completion of your sale, we work hand in hand with you to make the process as intelligible and smooth as possible.

In the first instance, we gather high level information from you, by way of a Fact Find and basic financial information, to create an informative presentation to potential acquirers.

Thereafter, with all information anonymised, we make approaches to a few, select acquirers, agreed with you in advance, whose appetite, geography and business models would appear to be the most synergous with your own. As a "broker", we firmly believe that you should have choices rather than place all your eggs in one basket, hence the reason for us approaching a small number of potential acquirers rather than just one.

We can explain to you the basis of valuations – from income multiples to multiples of Adjusted Profit / EBITDA – but we must ultimately rely on acquirers themselves deciding on valuations, which will vary according to their view of the business.

When an acquirer expresses interest in principle, they are asked to sign a binding NDA (Non Disclosure Agreement) and only at that point and again, only with your consent, the acquirer is provided with full information including your identity.

At that stage, we will be keen to arrange a direct discussion for you with the potential acquirer so that both parties can get a feel for each other and discuss valuation objectives as well as the type of arrangement sought by both vendor and acquirer.

Beyond the initial discussion and if both parties are happy to progress, more in-depth information will be sought to enable the acquirer to decide upon the most appropriate valuation and if a valuation/offer is accepted, the next step will be to formalise the agreement and enter into a process of due diligence.

We maintain close liaison with both you and acquirers throughout the entire process to ensure smooth communication, hopefully leading to a satisfactory outcome.



# Recent Deals

February 2022



In our 14th acquisition, Partners& have acquired Wiltshire based Direct Healthline, which has a strong reputation in the corporate benefits marketplace.

Direct Healthline offers consultancy across the full spectrum of health, protection and wellbeing benefits to clients in the UK and internationally.

The acquisition brings Partners& in excess of £5M in PMI premiums.

February 2022



In our 13th acquisition, Partners& have acquired a book of Corporate Employee Benefits business from the Kent based Advo Group.

The acquisition further enhances Partners&'s rapidly growing Employee Benefits division.

Advo Group and Partners& will continue to work collaboratively.

November 2021



UKGlobal Leeds Ltd has successfully completed the acquisition of the community commercial and personal lines broker, Linton Greenwood Insurance Brokers, based in Keighley, West Yorkshire, for an undisclosed sum. Linton Greenwood has been established for over 35 years and has earned a great reputation for offering solid service to their loyal customer base.

October 2021



Health Matters is a substantial PMI/Employee benefits broker based in Coventry, acquired through our introduction by Partners&, who are creating the next generation insurance advisory business with numerous acquisitions completed recently.

Phil Barton of Partners& and Simon Hurley-Smith have both expressed their delight at the transaction which will build upon Partners&'s already established and thriving Employee Benefits division.

October 2021



Aston Lark has bought Leighton Buzzard-based broker Absolute Products for an undisclosed sum.

Absolute Products was established in 2002 and provides service to private clients as well as a range of commercial products for businesses.

October 2021



We sold the Tunbridge Wells based non standard motor broker, BG Insurance, to iRevolution Group in a deal which bolsters iRevolution's motor offering by a further £11 million GWP.

October 2021



Wales headquartered Thomas Carroll has now acquired the Welsh community broker, Delwyn Griffiths, who bring across a mix of commercial and personal business.

July 2021



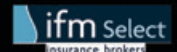
Through our introduction, JM Glendinning acquires Bickley Insurance Services, Surrey, a £6.5M GWP commercial broker, in a deal which provides private equity backed Glendinning with a foothold and a hub in the South East.

June 2021



Willis IRM, the £40M GWP Belfast based broker with a UK presence, acquires our vendor client, Playle Russell Special Risks, a leading thatch insurance broker.

April 2021



We secured for Partners&, led by Phil Barton, the acquisition of Nottinghamshire based IFM Insurance Brokers (Midlands), trading as IFM Select, a move which supports Partners&'s strategy to build its presence across the Midlands

March 2021



In a pivotal deal which will bring over 30,000 new policyholders and over £50M of annual GWP, we secured the sale of Right To Health Ltd and The Health Insurance Specialists to Aston Lark. The two brokers are amongst the largest PMI brokers and account for around 5% of the sector

March 2021



Following our introduction, Partners& purchases the Bolton based commercial lines, professional indemnity and private clients broker, Ives & Taylor, in a move which provides Partners& with a hub in the North of England.

December 2020



In our final deal of 2020, we sold the 1967 established Frank Brierley Insurances of Rochdale to the Bollington Wilson Group. With a strong presence in the local area, Frank Brierley will benefit from the significant resources of its new acquirer.



# About Us



## DAVID LESLIE, MANAGING DIRECTOR

With over 40 years insurance sector experience and as a Former Registered Insurance Broker, my insurance career started in 1981 with Sedgwick in Aldgate, following A Levels at Public School.

7 years later, I fell into insurance recruitment, which was to continue for 34 years, running my own business.

Combined with insurance broking recruitment, I've been extensively involved over the years in successfully arranging the sale of insurance businesses and satisfying my passion for helping vendors realise the value of the businesses they have worked so hard to build.

I am delighted to be able to represent my vendor clients – insurance brokers, PMI brokers, MGAs, Loss Adjusters and IFAs – and to work with some of the most serious insurance sector acquirers in the UK whose brand, resources, markets, facilities and buying power can continue the growth and assure the long term success of the businesses they acquire.

I manage the entire sale/purchase process from initial enquiry to fact finding to marketing to introduction to valuation to negotiation through due diligence to completion.



## TRACY LESLIE, OPERATIONS DIRECTOR

Tracy Leslie, our Operations Director, has responsibility for ensuring the effective operation of the business including MI reporting, liaising with clients, marketing, compliance, best practices, brand management and systems and workflow management.

With a long background in HR and Operations Management, including with Top 10 law firms, Tracy is well placed to meet the demands of an ever growing business.



## SAMANTHA DWYER, RESEARCH DIRECTOR

Sam Dwyer is Leslie James Acquisitions' valued Research Director.

Her responsibilities include researching and collating industry data, keeping the business updated on market changes, liaising with external information providers including news providers and keeping our databases up to date.

As an intrinsic part of the operation, Sam is relied upon heavily to ensure that our dealings remain accurate and focused at all times.





## **GUVVY SANDHU, LL.B CORPORATE M&A SOLICITOR**

Guvvy Sandhu is a qualified corporate lawyer at the national and international law firm, Mackrell Solicitors, specialising in the UK and International M&A field.

With over 15 years' hands-on legal experience, Guvvy has worked on more than 300 UK & international M&A transactions..

As a specialist in acquisitions and disposals, Guvvy enjoys seeing sellers and buyers achieving their goals. His key focus is to ensure that the commercial drivers in a deal are always kept at the forefront of a transaction.

We are in a position to refer our clients to Guvvy for an initial, free 1 hour consultation on legal matters related to M&A transactions.

Please note that Guvvy is unconnected to Leslie James Acquisitions who take no responsibility for any advice given.



## **IAIN WRIGHT, FCA, CTA, LLB CHARTERED TAX ADVISOR**

Iain is a Chartered Accountant and Chartered Tax Adviser, the founder and Managing Director of Claritas Tax, a tax advisory boutique with a focus on providing a value added, director led service to its clients.

Having worked at the Big Four and mid-tier firms, Iain established Claritas in 2012 to provide big firm accountancy and tax experience and expertise to a full range of businesses.

25% of Iain's work relates to M&A transactions and he is supported by a 40 strong team of accountancy/tax professionals.

As an entrepreneur and business owner, Iain is well placed to provide the full gambit of tax advice to entrepreneurs and entrepreneurial companies, particularly in the area of M&A.

We are in a position to refer our clients to Iain for an initial, free 1 hour consultation on tax and accountancy matters related to M&A transactions.

Please note that Iain is unconnected to Leslie James Acquisitions who take no responsibility for any advice given.



# Testimonials



**Richard Playle**  
Managing Director, Playle-  
Russell (Special Risks) Ltd  
June 7, 2021, Richard was a client  
of David's

When I first approached David following his email marketing, I had little expectation of finding a buyer at the price I was prepared to accept. David, however, quickly found three interested parties all of whom made sensible offers and one of who is now the owner of my company. Although Covid inevitably slowed down the sale process. David was always supportive and ready to intervene if progress was stagnating. I would thoroughly recommend his services.



**Phil Cowell**  
Director at IFM Select  
Insurance Brokers  
April 16, 2021, Phil was a client  
of David's

Great to work with David from start to finish. His knowledge and experience was invaluable to us, and made the whole process as easy as we could hope for.



**Phil Barton**  
Chief Executive Officer at  
Partners&  
February 20, 2021, Phil was a  
client of David's

We have worked with David over the last year. In that time, he has demonstrated a rare capability to unearth fabulous opportunities, typically aligning liked minded individuals and businesses with Partners& culture and vision, and in so doing assisting us in creating the next generation of advisory business.



**Howard Lickens**  
CEO, Clear Insurance  
Management Ltd  
August 16, 2021, Howard was a  
client of David's

Have known David for years and he just has the knack of introducing something interesting, these days mainly possible acquisitions but in the past good potential recruits too. David knows his market and is always worth talking to.



**Stuart Crosby**  
Managing Director at 1st UK  
Commercial (UK) Ltd  
August 14, 2021, Stuart was a  
client of David's

I highly recommend using David if your looking to work with a reliable, professional and most importantly trustworthy individual. David's unique approach to the insurance industry has opened doors for me and my company that would have never been available. I look forward to continuing our business relationship and benefiting from David's introductions.



**Gareth Cotty ACII**  
Managing Director at  
Thomas, Carroll (Brokers) Ltd  
August 16, 2021, Gareth was a  
client of David's

David had been very professional and proactive working with us and the team to support our growth strategy. Highly recommended!



**Matthew Bray**  
Group CEO at UKGlobal  
Broking Group  
August 16, 2021, Matthew was a  
client of David's

David listens and finds suitable vendors and helps smooth the process so that both we and the vendor are happy. His information is spot on enabling us to make quick decisions and David is available at all stages to assist.



**Neil Forrest**  
Regional Managing  
Director/Integration Director  
at J M Glendinning  
(Insurance Brokers) Ltd  
August 19, 2021, Neil was a client  
of David's

David has introduced us to a number of acquisition opportunities that we wouldn't have otherwise come across. This has led to further growth of our business and a better outcome for the vendor. I would highly recommend you have a conversation with him if you're considering selling your business.



**Uwais Patel ACA**  
Managing Director at Well  
Dunn Insurance Services  
October 15, 2021, Uwais was a  
client of David's

Excellent process and remained in contact throughout to answer any queries. Would highly recommend and look forward to executing future deals!



**David Harvey**  
--  
October 13, 2021, David was a  
client of David's

I have just sold my business through David, I would highly recommend that you speak with him if you are considering selling too, his knowledge and contacts in this market are excellent. He made the whole process easy and guided me where I needed guidance. In a very short space of time I had signed several NDA's and negotiations had started. David thank you for all your help and I wish you the very best going forward.



# Frequently Asked Questions

The following are some of the questions we are most commonly asked by our vendor clients. We hope that the answers provided help to make the acquisition process clearer.

Please note:

The answers provided below are the opinions of Leslie James Acquisitions. Their accuracy is not warranted and vendors and acquirers are advised to take independent professional advice on the issues discussed.

Leslie James Acquisitions can accept no liability for the opinions expressed.

## How can I value my business?

Of course, there's no "one size fits all" answer to that question.

Valuation depends on a variety of factors, not least profitability, USP and growth potential but also on other acquirer appetite related factors such as a niche or specialisation, synergy, geography, market share etc.

There is however a good guide to valuation based on current market conditions and that is to calculate EBITDA and apply a multiple to the end figure.

In the context of insurance businesses, EBITDA is essentially a simple calculation.

It is to take the current operating profit (earnings less operating expenses) and then to "add back" non-essential post acquisition expenses, the likes of:

- The salaries and benefits of departing Directors.

- Lifestyle expenses associated with the Directors.

- Office costs (if the business is to be amalgamated within the acquirer's offices)

- Duplicated resources, possibly including Finance, Compliance etc.

The then increased profit figure is known as the "Adjusted Profit" and it is this figure to which acquirers will apply a multiple to arrive at a valuation and offer for the business.

Profitable, attractive insurance businesses are currently being acquired for around 7 to 8 times EBITDA/Adjusted Profit and sometimes up to 10 times or even more depending on synergies and the acquirer's appetite.

In terms of multiples of earnings (commission and fee income), subject again to profitability and the other factors mentioned, a good, profitable business will be valued at up to 2.5 to 3 times earnings and for particularly attractive businesses, this could go higher, even to 3.75 times or more.

## What type of businesses do you act for?

We act exclusively for insurance brokers, PMI brokers, MGAs, Loss Adjusters and IFAs.



## What do I do about cash in the business?

Many businesses accumulate cash on their balance sheets.

Some of this will be necessary working capital but beyond that, there may be cash surpluses and these cash surpluses will need to be removed from the business, before or at the point of sale.

There are a number of options which vendors will want to explore and it is very important to take professional financial advice.

### The options can include:

1. Asking the acquirer to purchase the cash, at par, i.e. pound for pound, with the vendor using that cash to fund the acquisition. This is likely to be the most tax effective option for the vendor but it is not something that all acquirers will agree to.
2. Taking the cash as dividends. There is of course a limit to how much cash can be taken as dividends – the amount can't exceed profits – and of course, there is a fairly weighty tax to pay.
3. Investing the cash into a pension scheme and taking subsequent drawdowns. HMRC approval is required for this and again, there are taxes to pay on drawdown.
4. Investing / transferring the cash as a loan into a newly created company. Again, this is subject to HMRC approval.

Whichever route you as a vendor decide upon, you will need to take professional advice from an accountant etc.

## Will I have to sell with an earnout and how does it work?

The simple answer is yes, this is highly likely.

With an earnout, an acquirer places an initial value on the business (the “EV” or “Enterprise Value”).

When that valuation is agreed between the vendor and the acquirer, the acquirer issues Heads of Terms to set out the agreed purchase and when that is signed by both parties, the acquirer proceeds to “due diligence”, which when complete, results in a Sale/Purchase agreement being settled.

In an earnout situation, the acquirer agrees to pay, on Completion (the signing of the Sale/Purchase agreement) an initial lump sum, which is usually around 60% (sometimes up to 80%) of the Enterprise Value. Beyond that, the acquirer normally agrees to pay the balance over 12 or 24 months.

In an earnout arrangement, if there is growth within the earnout period, this will usually be reflected in enhanced payments to the vendor. Of course, that works both ways, in that if business is lost, the balance payments will reduce. However, in the case of most broking businesses for example, typically experiencing annual retention rates of 90%-95% and growth by way of new business, reduced earnout payments become unlikely.

Also, most vendors will “average out” so that if there is a drop in business in the first year post acquisition but this is made up in the second year, the value of the 40% balance payment will not reduce.



## Should I sell the company or the book?

When you sell your business, you will be faced with two options, although the acquirer will normally have a fairly fixed idea of how they want the sale to be structured.

Most sales are undertaken by way of a sale of shares where the acquirer takes the company and its business, lock, stock and barrel, assuming both its assets and its liabilities.

In some cases however, particularly where a vendor is only looking to sell part of its business, for example one of its books of business, the transaction will be undertaken as a goodwill or asset sale (known as a BPA).

This is a complex area where, dependent on the structure of the sale, potential liabilities will crystallise for the vendor by way of Capital Gains Tax and/or Corporation Tax and/or Stamp Duty etc. Some of these liabilities may be mitigated with advantage taken of Entrepreneur's Relief (now known as Business Asset Disposal Relief) where, subject to limits (currently £1 million), the vendor will only pay Capital Gains Tax at a reduced rate of 10% on the proceeds.

There are advantages and disadvantages of both approaches and before a vendor makes any decisions, appropriate professional advice will need to be taken and in addition to taxation issues, consideration will also need to be given to the rights of existing employees under the provisions of TUPE (The Transfer of Undertakings (Protection of Employment) Regulations 2006) (and amendments).





# Become An Introducer

Are you aware of brokers who might be considering a sale?

You could be:

- A management consultant
- A wholesale broker
- A supplier or adviser to the insurance broking sector
- An accountant or solicitor
- The controller of a network
- or perhaps you simply have an industry colleague who has told you they wish to sell.

We have a network of introducers who connect us with brokers looking to sell and we're always looking for more.

Our introducer arrangements include the payment of a good introducer fee for introductions which lead to a sale.

**BECOME AN INTRODUCER AND PLAY YOUR PART HELPING BROKERS ACCESS THE OPTIONS AND CHOICES THEY NEED**

CONTACT DAVID LESLIE FOR AN INITIAL DISCUSSION  
0800 912 9994 | [david.leslie@lesliejamesacquisitions.com](mailto:david.leslie@lesliejamesacquisitions.com)





# Contact Us

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# Leslie James Acquisitions

VALUATIONS ARE AT AN ALL TIME HIGH!  
CONTACT US FOR AN INITIAL DISCUSSION IN STRICT CONFIDENCE

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