

# Restructuring 2020





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# Snapshot



430

total assignments



£14.3bn

cumulative value of debt



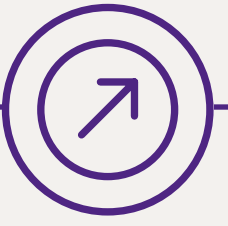
51

partners & directors

## Assignments with debt of less than £50m



## Assignments with debt of more than £50m



# About Grant Thornton



Over  
**140**  
member firms



Active in  
**130+**  
countries worldwide



Over  
**700**  
offices



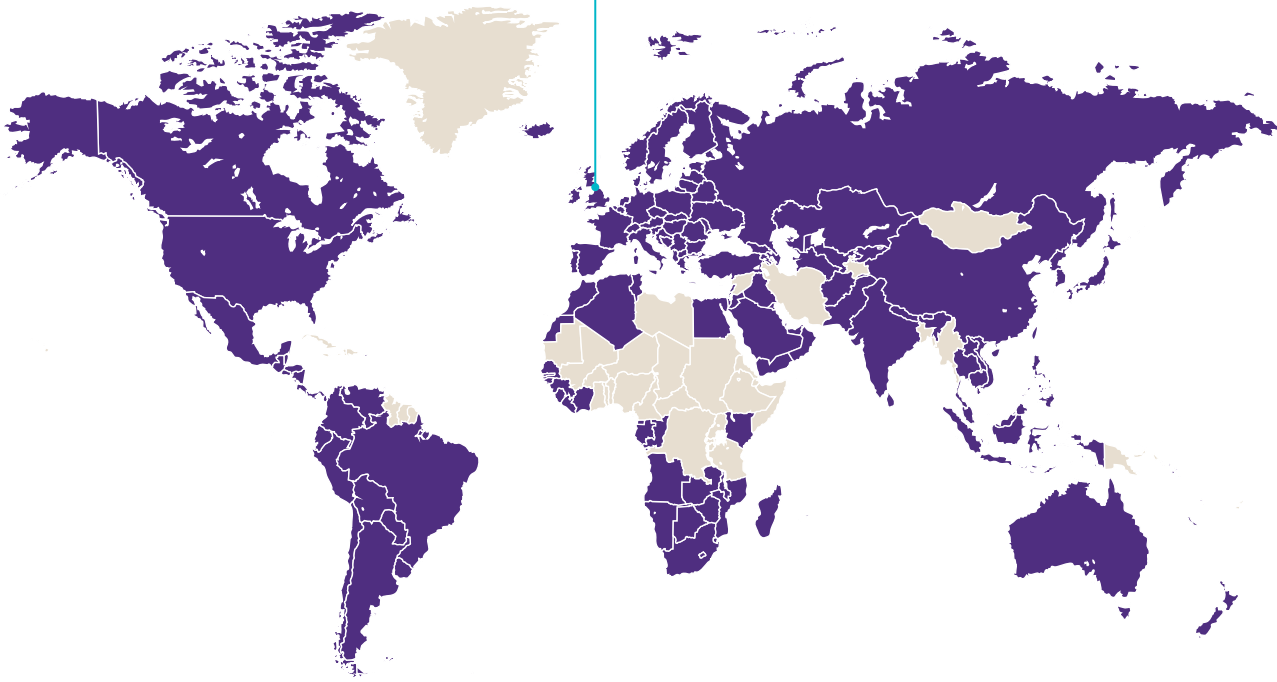
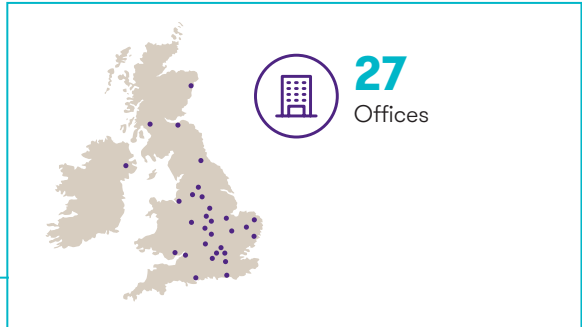
Over  
**55,000**  
global employees



Over  
**\$5.7bn**  
global revenue



**27**  
Offices



**Creditor Engagement Award**  
2019 TRI Awards



**17 partners and directors recognised as 'Thought Leaders' across on and offshore jurisdictions**  
Who's Who Legal: Asset Recovery Experts  
2018 ranking



**Corporate Restructuring Firm of the Year**  
TRI Awards 2018



**Ranked No.1 Financial Advisor**  
Experian MarketIQ, 2019, 2017, 2015, 2014, 2013 and 2012



**Restructuring and Turnaround Firm of the Year**  
ACQ5 Law Awards 2018



**Insolvency Firm of the Year**  
ACQ5 Law Awards 2018



**Asset Recovery Firm of the Year**  
ACQ5 Law Awards 2018



**Private Healthcare Sector Team**  
LaingBuisson Financial Advisor Awards 2017













<£50m debt   
 >£50m debt 

# Business support services

 <p><b>27</b> assignments in 2018/19</p>	 <p><b>£1.2bn</b> cumulative value of debt raised/restructured</p>	 <p><b>£44.2m</b> average assignment debt value</p>
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The current economic climate continues to pose challenges for the sector. Budgets remain tightly controlled, and the uncertain political climate and possible changes to government policy have resulted in a dynamic trading environment.

				
<p><b>Project Omega</b></p> <p>Independent business review</p> <p>Logistics</p> <p>£18 million</p> <p>Grant Thornton provided restructuring and advisory services</p>	<p><b>Project Cauldron</b></p> <p>Independent business review</p> <p>Sub-contracted labour</p> <p>£2 million</p> <p>Grant Thornton provided restructuring and advisory services</p>	<p><b>Project Metro</b></p> <p>Short term cash flow forecast review and independent business review</p> <p>Marketing</p> <p>£21 million</p> <p>Grant Thornton provided restructuring and advisory services</p>	<p><b>1st Solutions Employment &amp; Training Solutions Limited</b></p> <p>Administration and pre-pack sale</p> <p>Recruitment</p> <p>£1 million</p> <p>Grant Thornton provided insolvency and restructuring services</p>	<p><b>Project Aurora</b></p> <p>Cash flow monitoring</p> <p>Logistics</p> <p>£Undisclosed</p> <p>Grant Thornton provided restructuring and advisory services</p>
				
<p><b>Scout Enterprises Ltd</b></p> <p>Administration</p> <p>Work experience and training for the unemployed</p> <p>£Undisclosed</p> <p>Grant Thornton provided insolvency and restructuring services</p>	<p><b>Project Apollo</b></p> <p>Stress testing</p> <p>Consulting</p> <p>£Undisclosed</p> <p>Grant Thornton provided restructuring and advisory services</p>	<p><b>Project Firefly</b></p> <p>Independent business review</p> <p>Training Provider</p> <p>£3 million</p> <p>Grant Thornton provided restructuring and advisory services</p>	<p><b>Project Ivory</b></p> <p>Funding review</p> <p>Printing</p> <p>£5 million</p> <p>Grant Thornton provided restructuring and advisory services</p>	<p><b>Green Tomato Cars Limited</b></p> <p>Administration and pre-pack sale</p> <p>Private car and taxi services</p> <p>£12 million</p> <p>Grant Thornton provided restructuring and advisory services</p>

# Consumer markets



**83**  
assignments in  
2018/19



**£471.4m**  
cumulative value of  
debt raised/restructured



**£5.7m**  
average assignment  
debt value

Consumer markets continue to be affected by an unprecedented pace of disruption in consumer behaviour and technological development. This presents opportunities to new entrants as well as business models that adapt and maintain relevance. However, the current climate also poses significant challenges to vulnerable legacy operating models with high operational gearing and debt leverage. We have been supporting stakeholders and management teams across the consumer markets' segments.



**Clifton Quality Meats Limited**

Administration  
Food and beverage  
£3 million

Grant Thornton provided insolvency services



**Project Eagle**

Pre-lend review  
Food and beverage  
£55 million

Grant Thornton provided restructuring advisory services



**Project Nautilus**

Options review and contingency planning  
Food and beverage  
£8 million

Grant Thornton provided restructuring advisory services



**Project Casanova**

Pre-lend review  
Consumer products  
£18 million

Grant Thornton provided restructuring advisory services



**Gourmet Burger Kitchen Limited**

Nominee and supervisor for CVA  
Food and beverage

Grant Thornton provided advisory services



**Project Hook**

Options review  
Food and beverage

Grant Thornton provided restructuring advisory services



**Project Kingfisher**

Independent business review and accelerated disposal  
Consumer products  
£4 million

Grant Thornton provided restructuring advisory and accelerated disposal services



**Project Zulu**

Short term cash flow review and independent business review  
Food and beverage  
£75 million

Grant Thornton provided restructuring advisory services



**Project Nitro**

Options review and accelerated disposal  
Food and beverage  
£4 million

Grant Thornton provided restructuring advisory and accelerated disposal services



**Project Phoenix**

Cashflow forecast review and options review  
Bookmakers  
£Undisclosed

Grant Thornton provided restructuring advisory services



# Spotlight on asset based lending advisory

Our asset based lending (ABL) advisory team is one of the leading specialist financial advisors to the asset based lending community. Our experienced multidisciplinary team offers a range of services to lenders, their clients and other stakeholders that target specific issues faced by the ABL sector. We have in-depth experience advising on the full lending lifecycle, from initial deal structuring and pre-lend advice through to improving working capital management, facility performance monitoring and exit planning on behalf of all parties.

- **Dedicated** national ABL advisory team with **specialist knowledge** of the sector and products
- **Working in partnership** with our debt advisory team to provide bespoke advice on ABL funding solutions
- **Excellent track record** in restructuring and preserving value in exit scenarios



## Project Dragonfly

Options review

Financial Services  
£30 million

Grant Thornton provided restructuring advisory services



## Harvard Technology Limited

Administration

Manufacturing and industrials  
£7 million

Grant Thornton provided insolvency services



## Nicholl Food Packaging Limited

Independent business review and administration

Manufacturing and industrials  
£5 million

Grant Thornton provided restructuring advisory and insolvency services



## Fogarty (Filled Products) Limited

Administration

Manufacturing and industrials  
£2 million

Grant Thornton provided insolvency services



## Lyte Industries (Wales) Limited

Administration

Manufacturing and industrials  
£18 million

Grant Thornton provided insolvency services



## Quinn Radiators Limited

Administration

Manufacturing and industrials  
£8 million

Grant Thornton provided insolvency services



## Project Cascade

Administration and sale of business

Manufacturing and industrials  
£28 million

Grant Thornton provided insolvency services



## Project Titan

Pre-lend review

Consumer markets  
£44 million

Grant Thornton provided restructuring advisory services



## Project Sahara

Options review and pre-insolvency planning

Recruitment  
£5 million

Grant Thornton provided restructuring advisory services



## Project Zeus

Options review, accelerated disposal and administration

Manufacturing and industrials  
£3 million

Grant Thornton provided restructuring advisory and insolvency services





## 80 jobs saved in ABL restructuring assignment

**Sector:**

Manufacturing

**Country:**

United Kingdom

**Services provided:**

Options review, AMA, administration

**Background to the assignment**

We were engaged to assist an ABL funder and its client, a manufacturer of carbon-based products used in aluminium smelting, which was struggling to meet on-going working capital requirements.

Whilst the business was profitable and occupied an enviable competitive position in its sector, it had suffered significant cash pressures due to the failure of a related company and liabilities that it had guaranteed.

We were initially engaged to undertake an assessment of the options available to both the ABL provider and the company whilst assisting with critical cash management.

**The solution**

Given the level of creditor pressure and director inaction, it was necessary for the ABL provider to appoint our firm's partners as administrators to provide protection whilst a sale of the business was explored.

Whilst managing an AMA process, we continued to trade the business in administration, maintaining production, securing the continued support of staff, customers and suppliers and managing the collection of a complex receivables book with significant overseas exposure.

We were able to secure a deal which ensured the continuity of this business whilst safeguarding all jobs and ensured the full repayment of the ABL funder on completion.

# Restructuring transaction support

During the past year, we have supported company boards, CROs, independent directors, financial advisers, security trustees and other stakeholders with specialist restructuring advice on some of the largest restructurings across Europe.

Our advice has included the following:

- Independent working capital reports
- Independent enterprise and equity valuations
- Independent assessment of M&A processes and outcomes in restructurings
- Fairness opinions and assessment of financing and restructuring transaction terms
- Scheme of Arrangement comparator analyses
- Contingency Planning
- Entity Priority Modelling
- Fairness opinions on enforcement of security
- Reviseur d'Entreprises opinions under Luxembourg pledge documents

Our advice has helped our clients to discharge their duties, mitigate their risk and independently assess the reasonableness of transactions to ensure our clients maximise transaction outcomes and choose optimal solutions.



## Project Hercules

Manufacturing and industrials

£800 million

Grant Thornton provided restructuring and valuation advisory services



## Project Lytham

Metals and mining

€2.4 billion

Grant Thornton provided restructuring and valuation advisory services



## Project Tribe

Construction and support services

£800 million

Grant Thornton provided restructuring advisory services



## Project Cyclone

Construction

£400 million

Grant Thornton provided restructuring and valuation advisory services



## Project Python

Pharma Manufacturing

€250 million

Grant Thornton provided restructuring and valuation advisory services



## Project Cinnamon

Manufacturing and industrials

£350 million

Grant Thornton provided restructuring and valuation advisory services



## Project Elixir

Manufacturing and industrials

£1 billion

Grant Thornton provided restructuring and valuation advisory services



## Project Tribe

**Sector:**

Business support services and construction

**Services provided:**

Restructuring advisory services

In 2019, we undertook an independent review of the business plan, working capital, liquidity and financial covenants of this high profile, LSE-listed construction and support services group with c.£3 billion turnover, on behalf of its board. We reviewed the assumptions underpinning the group's financial forecasts and applied sensitivities to provide a robustly stress-tested base case forecast to inform the board's considerations for a restructuring transaction and pre-packaged administration. We provided regular proactive updates on our review and delivered a succinct report, which was well received by our clients. Our sensitivity output was also used to frame the group's negotiations with its lenders, including liquidity requirement, financial covenants and the scope of the restructuring transaction and plan for the newco funding considerations. We worked closely with the group's management, its advisors and the advisors of the group's other stakeholders.

## Project Lytham

**Sector:**

Metals and mining

**Services provided:**

Restructuring and valuation advisory services

In 2018 and 2019, we served as independent advisors to this listed, multi-national metals and mining group's committee of independent directors. Our independent advice was required to support the independent directors' statutory and fiduciary duties. We provided independent reviews of the business plan and liquidity outlook as part of considering the reasonableness of the group's high profile restructuring transactions, which included a significant new money injection, bridge financing, a debt for equity swap and a transfer of business and assets to a newco. We prepared an independent valuation of the group's enterprise value as a going concern to inform the consideration of a comprehensive restructuring transaction. We worked closely with the group's financial and legal advisors to deliver our findings and reports within the tight timescales of the high profile transactions.

# Financial services



**18**  
assignments in  
2018/19



Over  
**£4.3bn**  
total assets of assignments

The sector is experiencing broad shifts in the market, particularly from the emergence of disruptive FinTech and the move away from 'bricks and mortar' business models to online service provision.



Wonga Group Ltd

Administration  
High cost short term lender

Grant Thornton provided  
insolvency services



Cyprus Co-operative bank

Advisory services in relation to  
Asset Protection Scheme  
Banking

Grant Thornton provided  
restructuring advisory services



Insurance Intermediary

Independent business review  
Insurance

Grant Thornton provided  
restructuring advisory services



Project Rio

Bank restructuring advice  
Banking

Grant Thornton provided  
restructuring advisory services



Project Peacock

Advisory dispute resolution  
Banking

Grant Thornton provided  
restructuring advisory services



QuickQuid

Administration  
High cost short term lender

Grant Thornton provided  
insolvency services



Lendy

Conflict administrator  
Peer-to-peer platform

Grant Thornton provided  
restructuring advisory services



Project White

Advisory wind down services  
Wealth management

Grant Thornton provided  
restructuring advisory services



MMP Finance Ltd

Administration  
High cost short-term lender

Grant Thornton provided  
insolvency services



P2P lender

Consumer finance  
Wind-down planning

Grant Thornton provided  
restructuring advisory services

## Contingency planning advice and administrators to Wonga Group

**Client name:**

Wonga Group Limited and subsidiaries

**Country:**

United Kingdom

**Sector:**

Consumer credit

**Services provided:**

Contingency planning and insolvency appointment

The outstanding loan book on appointment represented c.206,000 customers, totalling c.£77 million. The Group also invested in a number of complementary overseas businesses, including Poland, South Africa and Spain.

Given the large population of redress claims, we developed an online claims portal for customers to submit their claim.

Additionally, we created an automated assessment process that used affordability criteria against loan information that Wonga held for the customer.

### The situation

Wonga was previously the largest provider of High Cost Short Term Credit (HCSTC) in the UK and invested in a number of complementary overseas businesses through its UK holding company.

Following regulatory oversight as a result of historical poor lending practices and a surge in redress claims, Wonga engaged our financial services restructuring and insolvency (FSR&I) team to provide contingency planning advice whilst the management team investigated strategic options. We were subsequently appointed administrators to manage the wind-down and distributions to creditors.

### Meeting the challenge

We successfully preserved Wonga's IT lending platform, its infrastructure and customer data to support the wind-down and realisation strategies, allowing Wonga's overseas subsidiaries to initially continue trading with limited disruption.

We developed an online claims portal and automated assessment process for customer redress claims, which given the numbers involved meant considerable cost savings to ensure funds available for distribution.

We won the Creditor Engagement Award at the TRI Awards 2019 for our multi-pronged approach which ensured coverage, clarity and consistency to all customers, totalling more than two million individuals.

We worked closely with the FCA to discuss both the practical and legal interaction of the Insolvency Act and FCA dispute resolution rules and reconciled areas of conflict between the two, with the avoidance of protracted Court litigation.

### The outcome

Realisation of the UK current loan book (c.£20 million) allowing the secured creditor to be repaid in full.

Realisation of Wonga's overseas trading subsidiaries via the solvent wind-down of Wonga Spain, an equity sale of Wonga Poland and an asset sale of Wonga South Africa, together with full migration of the platform's technical services and data to the purchasers within time and in accordance with GDPR.

We issued a dividend declaration to all unsecured creditors, including 445,709 compensation and redress claimants.

Each jurisdiction had its own complexities. Our highly skilled teams across London, Poland, Spain and South Africa worked closely with regulators and lawyers to resolve issues in an accelerated environment.



## Intermediary mitigation planning and restructuring services for a global carrier

**Client name:**

Confidential

**Sector:**

General Insurance

**Country:**

United Kingdom

**Services provided:**

Mitigation planning and restructuring services

Our client, a global insurance carrier, was concerned about the reputational and financial risks that the potential failure of a Managing General Agent (MGA) presented to it and was seeking to mitigate these risks.

We worked with all stakeholders to put in place recovery plans which mitigated these risks.

As a result of our work our client was able to drive the restructuring negotiations instead of being a passenger.

**The situation**

Our client, a global carrier, had become concerned about the viability of a Managing General Agent (MGA) to whom it was the primary capacity provider and which had c.£100 million of debt on its balance sheet. This MGA was a critical component of the carrier's distribution network having distributed over 5 million of the carrier's policies both directly to the public and through its own network of 200+ intermediaries, including brokers and TPAs.

The carrier engaged our financial services restructuring and insolvency (FSR&I) team to mitigate the risks presented to the carrier by the potential failure of the MGA.

Additional areas of complexity included the:

- misalignment of interests among stakeholders including the MGA, the MGA's restructuring advisor, its intermediaries, policyholders, the secured lender, the MGA's Private Equity owner and the regulators
- conflicts and contradictions inherent in navigating between FCA regulatory guidance (including TC2.4 funding) and a literal interpretation of UK Insolvency Laws



### Meeting the challenge

Our mitigation plans focused first on the risk of detriment to policyholders and by extension the risk to the carrier of regulator intervention and reputational damage. This was counter-balanced with the need to mitigate the financial risks and costs to the carrier.

Over the course of our engagement we used every tool and lever available to our client to put in place an implementable mitigation plan. The robustness of these arrangements, including a contracted standby run-off agent, communication strategy, call centre etc. meant that our client was confident that it could overcome the risks presented by the potential failure of the MGA.

### The outcome

When the counterparts, including the MGA and secured lender, were made aware of the strength of the carrier's position they were forced to accept a diminished negotiating position.

This meant that all parties were able to come to the table to negotiate a consensual restructuring on terms that were acceptable to our client.

We worked with our client to ensure the FCA was kept apprised of events and was supportive of our client's position.



# Spotlight on debt advisory

## What we do

Our debt advisory team advises borrowers, owners, sponsors and lenders with the raising, refinancing and restructuring of debt. We work with mid-market corporates including: owner-managed businesses, family offices, listed companies, financial sponsors and entrepreneurs. We act as the lead financial adviser to clients and work closely with them to gain an understanding of their businesses in order to best articulate the credit story to lenders. We focus on understanding our clients' strategic ambitions as that will help dictate the type of funds and deal structure we pursue. On many of our transactions we work together with our M&A colleagues on both buy-side and sell-side deals to provide integrated M&A and financing solutions.



<b>Techstream Group Holdings Limited</b>
Debt advisory
Technology, media and telecommunications
£Undisclosed
Grant Thornton provided debt advisory services



<b>Atnahs Pharma UK Limited</b>
Debt advisory
Healthcare
£180 million
Grant Thornton provided debt advisory services



<b>Project Poseidon</b>
Debt advisory
Professional services
£120 million
Grant Thornton provided debt advisory services



<b>Project Viking</b>
Debt advisory and restructuring
Real estate and construction
£315 million
Grant Thornton provided debt advisory and restructuring services



<b>Celsa Steel UK</b>
Debt advisory and restructuring
Manufacturing and industrials
£250 million
Grant Thornton provided debt advisory and restructuring services



<b>Proco Global Group</b>
Debt advisory
Business Support Services
£Undisclosed
Grant Thornton provided debt advisory services



<b>2Excel Aviation</b>
Debt advisory
Aviation
£20 million
Grant Thornton provided debt advisory services



<b>Lords Group Trading Limited</b>
Debt advisory
Consumer markets
£60 million
Grant Thornton provided debt advisory services



<b>Project Gemini</b>
Debt advisory
Business Support Services
£8 million
Grant Thornton provided debt advisory services



<b>Project Golden</b>
Debt advisory
Consumer markets
£12 million
Grant Thornton provided debt advisory services



## Grant Thornton advises Lords Group on £60 million of acquisition finance and working capital facilities

**Client name:**

Lords Group Trading Limited

**Sector:**

Retail and consumer, construction

**Country:**

United Kingdom

**Services provided:**

Debt advisory

**Background to deal**

Lords Group (Lords) is an established provider of general builders merchant and civils merchant services at 18 sites throughout the UK. The Group trades through five brands: Lords Builders Merchants, Hevey, George Lines, WeldIt and Lords at Home.

Lords was seeking to acquire APP Wholesale PLC in a 100% debt funded transaction. APP is one of the largest independent distributors of boilers and providers of plumbing and heating merchant services in the UK operating from nine sites with a national distribution network.

**Solution**

We advised Lords throughout the fundraising process. As the financial advisor, we assisted in preparing information, provided management with a robust sounding board, identified and approached lenders and assisted in negotiations with lenders. An appropriate bank club was required to provide a complex funding structure that included TLA, RCF and ID facilities.

**How we made a difference**

Using our experience, we assisted Lords in securing facilities that met its objectives in a challenging environment with multiple stakeholders. The funding structure was designed to minimise the cost of capital for the company while providing the company with flexibility and sufficient headroom.

“Grant Thornton understood our business and its objectives. The team invested a significant amount of time in a complex process and went to great lengths to ensure that we obtained the right debt facilities. I would highly recommend the Grant Thornton Debt Advisory team.”

**Chris Day, CFO, Lords Group Trading Limited**

# Healthcare



**27**  
 assignments in  
 2018/19



**£1.1bn**  
 cumulative value of  
 debt raised/restructured



**£41.6m**  
 average assignment  
 debt value

It is no secret that healthcare is a sector under increasing pressure. The issue raised by an ageing population, living longer with complex medical needs, are exacerbated by NHS inefficiencies and health and social care funding restrictions. However, in part because of the strong demographics supporting it, and the value of assets which are underpinned by brick and mortar values, the sector continues to attract significant investment. Many of the new funders are real estate investors seeking stable long term returns.



**Project Torpedo**

Cash flow review and options review  
 Pharmaceuticals  
 £Undisclosed

Grant Thornton provided restructuring advisory services



**Choiceclassic Limited**

Administration  
 Care homes  
 £2 million

Grant Thornton provided insolvency services



**Project Romeo**

Pre-lend review  
 Domestic Nursing Care  
 £1 million

Grant Thornton provided restructuring advisory services



**Project Fox**

Independent business review  
 Care homes  
 £6 million

Grant Thornton provided restructuring advisory services



**Project Barcelona**

Acquisition finance advice  
 Pharmaceuticals  
 £230 million

Grant Thornton provided restructuring and debt advisory services



**Project Blue**

Options review  
 Care homes  
 £18 million

Grant Thornton provided restructuring advisory services



**Project Pluto**

Independent business review, critical payment review, and accelerated disposal  
 Care homes  
 £3 million

Grant Thornton provided restructuring advisory services



**Project Jaguar**

Contingency planning and liquidation  
 Care homes  
 £34 million

Grant Thornton provided restructuring advisory and insolvency services



**Larchwood Homes**

Asset management and restructuring advice  
 Care homes  
 £400 million

Grant Thornton provided restructuring advisory services



**Bestway Panacea Healthcare Limited**

Options review  
 Pharmaceuticals  
 £Undisclosed

Grant Thornton provided restructuring advisory services



## Company and lender advisors to Carewatch Group

**Client name:**

Carewatch Group and its Senior Lenders

**Sector:**

Domiciliary care provider

**Services provided:**

Company and lender restructuring advisory

The team was retained by the Carewatch Group (the Group) and its lenders to advise on restructuring options in respect of the UK's third largest domiciliary care provider. At the time of our engagement the business had insufficient cash resources to trade through the following business day.

Working closely with the Group's lenders and management, the team devised and executed a consensual restructuring strategy that led to the Group being broken up and sold via five separate transactions to third party purchasers. The three initial transactions focussed on disposing of non-core operations and were completed within four weeks of our initial engagement.

The sale of the non-core businesses provided the liquidity required to run a more managed process in respect of the Group's core domiciliary care operations across the UK. These were sold in two transactions to alternative domiciliary care providers.

The gross proceeds from the five transactions provided a significantly greater return to secured and unsecured creditors than would have been the case if the business had entered insolvency proceedings. An impressive achievement in light of the financial distress of the Group at the time of the team's engagement.

However, most importantly, there was no disruption in care, or uncertainty for the Group's c.8,000 vulnerable customers and a smooth transition in respect of over 3,000 carers working for the Group, again in contrast to similar domiciliary care failures.



# Spotlight on insolvency across our member firms



**Consistently recognised by Who's Who Legal (WWL)**, with 17 experts listed in WWL Asset Recovery 2019 and 8 experts listed in WWL Restructuring & Insolvency Advisers 2019



**Dedicated offshore and midshore business** to undertake joint cross border assignments working towards one agreed set of principles



**Pioneered the use of insolvency powers for recovery**  
Utilising Insolvency Acts and Codes as a tool to trace and recover assets globally



**Flexible approach to fees**  
Full range of fees and funding solutions. Ability to align our remuneration in the interest of stakeholders and deploy our own fund to unlock opportunities



**£3bn of asset recovery** globally in previous seven years



**65+ jurisdictions** where we have successfully recovered assets

## What we do

Our insolvency and recovery specialists are trusted advisors to major financial institutions, companies, regulators, government bodies and individuals on a domestic and international level.

With close to 1,000 insolvency and restructuring professionals across the globe, we have multi-skilled teams in all major jurisdictions, including key offshore financial centres.

We also offer the market leading team focused on global asset tracing and recovery, utilising insolvency powers as a powerful tool.

Our solutions include:

- Global asset tracing and recovery
- Corporate and personal insolvency
- Complex and cross-border insolvency
- Operational and financial restructuring
- Corporate intelligence
- Computer forensics and data discovery



<b>Singularis Holdings Limited</b>
Liquidation
c.\$230 million asset realisations to date
Grant Thornton provided insolvency services



<b>Axiom Legal Financing Fund</b>
Receivers
£120 million total debt
Grant Thornton provided insolvency services



<b>Andrey Chernyakov</b>
Bankruptcy
c.£200 million total debt
Grant Thornton provided insolvency services



<b>Stanford International Bank</b>
Liquidation
\$7 billion gross creditor claims
Grant Thornton provided insolvency services



<b>Boris Berezovsky</b>
Bankruptcy
£305 million total debt
Grant Thornton provided insolvency services



<b>Brazilian grand corruption recovery</b>
Liquidation
Claims in excess of \$100 million
Grant Thornton provided insolvency services



<b>Saad Investment Company Limited</b>
Liquidation
\$3.6 billion total debt
Grant Thornton provided insolvency services



<b>Madoff Securities International Limited (MSIL)</b>
Liquidation
\$330 million total debt
Grant Thornton provided insolvency services



<b>Bilta (UK) Limited</b>
Liquidation
HMRC debt of £39 million
Grant Thornton provided insolvency services



<b>CL Financial Limited</b>
Liquidation
£4.5 billion total debt
Grant Thornton provided insolvency services



<£50m debt 

>£50m debt 

# Manufacturing and industrials



98 assignments in 2018/19



£2.9bn cumulative value of debt raised/restructured



£29.5m average assignment debt value

Uncertain political climates and cost pressures continue to impact the sector. Corporates are continually being challenged to find and invest in efficiencies, while others are forced to change their business model due to disruptive technologies. The automotive industry provides a perfect example.



**Project Husky**

Independent business review

Manufacturing of electrical equipment

£47 million

Grant Thornton provided restructuring advisory services



**Canburg Limited**

Administration

Manufacturing

£32 million

Grant Thornton provided restructuring advisory services



**Project Orion**

Group restructuring support

Manufacturing

£330 million

Grant Thornton provided restructuring advisory services



**Project Astro**

Group restructuring support

Industrial products

£640 million

Grant Thornton provided restructuring advisory services



**Project Mustang**

Options review

Industrial products

£36 million

Grant Thornton provided restructuring advisory services



**Project Malibu**

Independent business review

Manufacturing

£12 million

Grant Thornton provided restructuring advisory services



**Project Moon**

Pre-lend review

Design and manufacturing

£31 million

Grant Thornton provided restructuring advisory services



**Project Dragon**

Independent business review and accelerated disposal

Automotive manufacturing

£19 million

Grant Thornton provided restructuring advisory and accelerated disposal services



**Project Mango**

Refinancing

Aerospace manufacturing

£4 million

Grant Thornton provided restructuring and refinancing advisory services



**Project Royal**

Administration and sale of business

Manufacturing

£12 million

Grant Thornton provided insolvency services

## Administration of Redhall Group PLC and its subsidiaries; successful sale of three trading divisions

**Client name:**

Redhall Group PLC and its subsidiaries (the Group)

**Sector:**

Manufacturing, telecommunications, nuclear fabrication

**Services provided:**

Cash flow advisory, restructuring and insolvency

**Summary**

We were instructed to work with the lenders and major shareholders to effect a recapitalisation and restructuring solution for the Group, following a period of financial challenge. Due to rising creditor pressures, it was not possible to effect the plan in the time allowable, and we were engaged to carry out short notice contingency planning in anticipation of a failure of the Group.

An accelerated sales process was run and buyers found for three of the four trading entities. The sales were effected via pre-packaged administrations, followed by an orderly delisting of the PLC. A significant number of jobs were saved, and certain national infrastructure projects were able to continue without delay.

**Background to assignment**

The Group was involved in several strategic transport and military infrastructure projects, so the cessation of production would have had a significant impact on project timings.

Conscious of this, we were asked by the PLC Board to assess working capital requirements of the Group against the backdrop of trading challenges and delays on projects. This resulted in an AMA process being run for all trading divisions of the Group.

**Solution**

Following an intensive period, the trading divisions were successfully sold via three pre-packaged administrations to different buyers, the manufacturing division was closed, and the PLC was delisted, all in a two week period.

The buyers included a listed acquirer of manufacturing divisions, a Private Equity (PE) backed trade buyer and a PE house, with all three transactions being negotiated in parallel.

**Benefit to the organisation**

We supported the PLC board in navigating the challenging financial position, whilst ensuring market obligations were met. Whilst the PLC was ultimately delisted, all three of the new owners have provided safe harbour for the hundreds of employees that transferred.

# Real estate and construction



46  
assignments in  
2018/19



£1.1bn  
cumulative value of  
debt raised/restructured



£24.7m  
average assignment  
debt value

The real estate investment market is in a state of flux, and technology will play a vital role in its future. It is already changing the way that we occupy, lease, buy, sell and value real estate assets.



Project Rhinestone
Options review
House building
£90 million
Grant Thornton provided restructuring advisory services



Project Moose
Pre-lend review
Installation
£6 million
Grant Thornton provided restructuring advisory services



Pochins Limited
Forecast and options review, and administration
Construction and property development
£9 million
Grant Thornton provided restructuring advisory and insolvency services



Project Sealion
Independent business review
Construction
£9 million
Grant Thornton provided restructuring advisory services



Dawnus Group
Administration
Construction
£77 million
Grant Thornton provided insolvency services



Cuddy Demolition & Dismantling Ltd
Administration
Construction and demolition
£1 million
Grant Thornton provided insolvency services



Project Quicksilver
Independent business review to restructuring advisory services
Construction to shopping centre
£Undisclosed to £80 million
Grant Thornton provided restructuring advisory services



Project Voyager
Options review, contingency planning, and insolvency
Roofing
£7 million
Grant Thornton provided restructuring advisory and insolvency services



Project Sirius
Options review
Property development
£17 million
Grant Thornton provided restructuring advisory services



Project Atlantis
Group restructuring support
Construction
£200 million
Grant Thornton provided restructuring and debt advisory services







# Spotlight on pensions advisory



## 77

total number of assignments in 2018/19



## 39%

advice regarding covenant strength



## 82%

trustee side advice



## 61%

other pensions and actuarial advice



## 18%

corporate side advice

## What we do

Pensions advisory services specialises in defined benefit pension schemes, ie occupational schemes that are managed and supervised by an independent board of trustees but are funded by the employer. We provide a range of pensions services for corporates and trustees alike. Our work primarily comes from independent trustees, as well as actuaries, lawyers, direct from corporates and internal referrals.



### Project Hornet

Consumer markets

£450 million

Grant Thornton provided covenant update and advice on impact of corporate refinancing



### Project Roadrunner

Consumer markets

£400 million

Grant Thornton provided covenant update and advice on impact of corporate refinancing



### Project Orange

Real estate and construction

£1 billion

Grant Thornton provided covenant update and advice on impact of corporate restructuring and disposals



### Project Spartan

Manufacturing & Industrials

£15 million

Grant Thornton provided corporate buy side due diligence on UK pension arrangements of overseas target



### Project Lake

Manufacturing & Industrials

£220 million

Grant Thornton provided advice on closure of the employer and entry into the Pension Protection Fund (PPF)



### Project Mercury

Mining

£Undisclosed

Grant Thornton provided covenant advice in support of triennial valuation processes



### Project Lemon

Manufacturing & Industrials

£2.1 billion

Grant Thornton provided advice on the impact on covenant of a proposed corporate restructuring



### Project Constantine

Manufacturing & Industrials

£20 million

Grant Thornton provided corporate side modelling of alternative defined contribution scheme provision for new employees



### Project Echo

Manufacturing & Industrials

£250 million

Grant Thornton provided advice in respect of the Group's proposal to defer pension contributions



### Project Sunburst

Not for profit

£75 million

Grant Thornton provided advice in respect of a consensual scheme restructuring and subsequent refinancing



### Project Canary

Consumer markets

£1.2 billion

Grant Thornton provided advice in respect of guarantee certification for PPF levy purposes

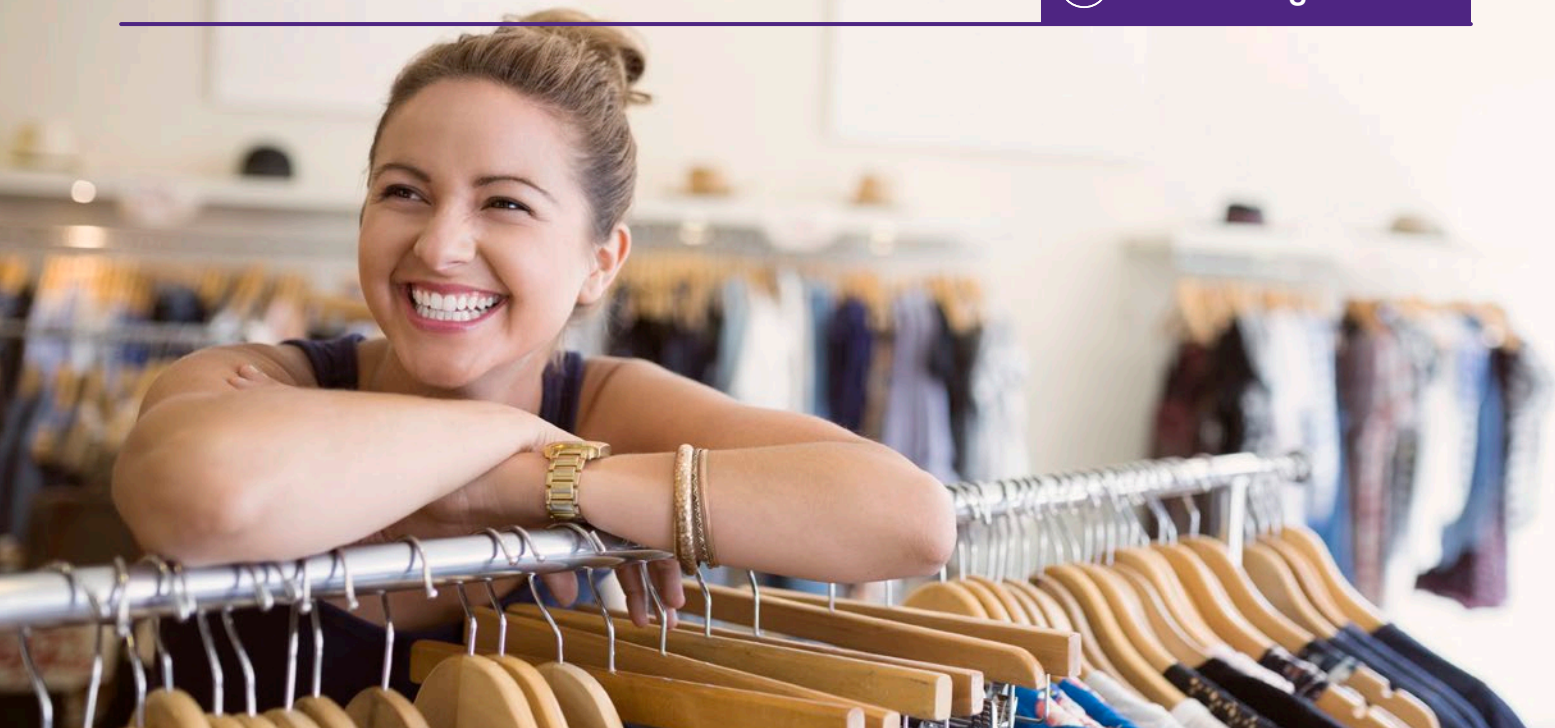


### Project Maroon

Professional services

£10 million

Grant Thornton provided corporate side actuarial advice for triennial valuation



## Covenant transaction advice

**Client name:**

Confidential

**Sector:**

Consumer

**Services provided:**

Transaction support and covenant advice and monitoring

**The situation**

The UK trading performance of a sponsoring employer of two UK defined benefit pension schemes was under stress and the management team was considering a series of refinancing and restructuring options. Given that these options would impact on the covenant afforded to the schemes, the trustees sought professional advice as to the level and nature of appropriate mitigation and the options for maximising the long term support for members' benefits.

**Our role**

We were initially engaged to support the trustees in their discussions with management as to the nature of the proposed restructuring and re-financing. We reviewed the group's proposals and trading forecasts, preparing an outcome analysis to highlight the potential impact of various restructuring and re-financing options on the schemes' positions, including understanding the potential return under different insolvency scenarios.

This analysis helped the trustees in their negotiations with the group, securing mitigation including ranking security and higher on-going contributions to address the detriment arising due to the security that was to be provided to the lenders under the terms of the re-financing and restructuring. These robust negotiations also included representatives of both the Pensions Regulator and the Pension Protection Fund, thereby ensuring the solution also addressed the requirements of the current regulatory regime.

Subsequently we have assisted the trustees in the development of a monitoring protocol to ensure they can proactively manage any material changes in the covenant due to the group's underlying trading performance. In conjunction with the schemes' other advisers, we have provided employer covenant advice to the trustees in relation to various possible long term funding options. Finally, we are also preparing to undertake a formal assessment of the covenant to support the trustees' discussions with the group in respect of the schemes' upcoming triennial valuations.

<£50m debt 

>£50m debt 

# Technology, media and telecommunications



32  
assignments in  
2018/19



£143.2m  
cumulative value of  
debt raised/restructured



£4.5m  
average assignment  
debt value

There are significant opportunities in the sector as it continues to evolve at pace. There are, however, risks especially in highly leveraged models or if commercialisation takes longer to achieve than anticipated, or business plans are not realistic and post-acquisition synergies are not realised.



## Project Flamingo

Options review

Media

£16 million

Grant Thornton provided restructuring advisory services



## Wimac Limited

Liquidation

Information technology

£4 million

Grant Thornton provided insolvency services



## Project Odyssey

Independent business review and accelerated disposal

Technology

£8 million

Grant Thornton provided restructuring advisory and accelerated disposal services



## Project Camelot

Independent business review and cash flow forecast review

Telecommunications

£7 million

Grant Thornton provided restructuring advisory services



## CGX Realisations Limited

Insolvency

Technology

£12 million

Grant Thornton provided insolvency services



## Metalysis Limited

Independent business review and administration

Technology

£5 million

Grant Thornton provided restructuring advisory and insolvency services



## Project Hydra

Independent business review and accelerated disposal

Technology

£9 million

Grant Thornton provided restructuring advisory and accelerated disposal services



## Project Pharaoh

Independent business review and cash flow forecast review

Media

£43 million

Grant Thornton provided restructuring advisory services



## Project Indigo

Short term cash flow forecast review

Information technology

£4 million

Grant Thornton provided restructuring advisory services



## Redhall Networks Limited

Administration

Telecommunications

£1 million

Grant Thornton provided insolvency services

## Financial advisor and independent business review for the lending syndicate of a digital marketing services group

**Sector:**

Digital marketing services

**Services provided:**

Restructuring advisory services

The group is a private equity-backed UK-based digital marketing agency comprising over 20 separate brands based in the UK and North America. The group had previously been listed and had been taken private with a view to driving operational efficiencies and greater integration between the separate brands.

Following a breach of covenants (against ‘borrower friendly’ facility documents), we were engaged by the lending syndicate to review the short-term cash flow forecast and undertake an independent business review of the group’s medium-term turnaround plan, which was built on revenue growth and cost reduction plans. It was discovered that the group’s leverage was materially in excess of initial lending expectations.

Early in our work, we discovered manipulation of historical reported covenant compliance including manipulation of cash, pro-forma profit adjustments and cost add backs as well as recharging of costs to the sponsor, which pointed to additional risks that needed to be considered and addressed in our reports.

Following delivery of our reports, we served as financial advisor to the lenders, advising on the group’s plan to dispose of its most profitable agency and led the restructuring negotiations with the sponsor. The deal negotiations took place against a backdrop of the annual audit and expected disclosure of material uncertainty in respect of going concern.

The refinancing completed with the terms of the facility documents being significantly enhanced for the lenders and with the addition of a material equity injection to fund the group’s working capital position, which de-risked the lenders’ exposure and helped achieve a ‘clean’ audit sign off. Following the refinancing, it is expected that the lender’s leverage will be below 1.0x within 12 months.



# Spotlight on restructuring tax

Our restructuring and insolvency tax (R&I Tax) team is a specialist team embedded within our restructuring and insolvency practices and it has in-depth knowledge and practical experience of the complex interaction between tax and insolvency law. It provides tax advice in all aspects of distressed restructuring and insolvency scenarios with a view to minimising the tax implications, be they cash tax liabilities or the loss of tax assets, and safeguard value for creditors, investors and other stakeholders.

There have been several recent tax developments which could have a material impact on those dealing with businesses and individuals in financial distress. The R&I Tax team has been heavily involved in discussions with HMRC on those proposals and is primed to help clients with understanding and planning for these changes.

## Restoration of HMRC's preferential status in insolvency

HMRC intends to regain its preferential status for insolvencies commencing on or after 6 April 2020 in respect of various taxes which are held on HMRC's behalf, including outstanding VAT, PAYE and employee's national insurance liabilities and construction industry scheme deductions. These debts are to be paid in priority to floating charge and unsecured creditors.

However, this change does not only affect creditors in the event of an insolvency, it impacts solvent borrowers too. Faced with a reduced return in the event of an insolvency, floating charge lenders are seeking to protect their position in other ways, eg by asking for increased reserves on both existing and new lending, thereby affecting all borrowers, regardless of their financial stability. This has resulted in some borrowing

becoming unviable and the proposal is likely to curtail some areas of the lending market, eg inventory lending.

## Group relief grounded?

The case of Farnborough Airports was concluded in late 2019 when the taxpayer lost its appeal to the Supreme Court. Farnborough Airports involved a company in receivership surrendering losses to two other group companies for periods after the commencement of the receivership. While the Court decided that the receivership resulted in a loss of shareholder control, it did not go so far as to opine on who controlled the company; thereby not providing the certainty that was hoped for.

The wider implications of this case are still being considered, including the impact of a lender's security on a group relief group. It has long been accepted that group relief is not available post-liquidation, but this case further calls into question post-administration and post-receivership group relief. As ever, each situation should be assessed on its own facts, but the impact of Farnborough Airports cannot be ignored.

## Tax abuse and insolvency

It is proposed that directors, and others directly involved in a business when it enters an insolvency process could become joint and severally liable for the company's tax debts in some situations, particularly where there has been tax avoidance or evasion. While HMRC intends to use the legislation sparingly, it has been broadly drafted and therefore could have unintended consequences. The R&I Tax team has been involved in discussions with HMRC regarding these proposals, highlighting key areas of concern.



<b>Project Bike</b>
<b>Bankruptcy proceeding</b>
Insolvent UK deceased estate
£30 million tax claim
Grant Thornton provided tax advice on the quantum of HMRC's claim and the tax implications of asset disposals



<b>Wonga Group Limited and subsidiaries</b>
<b>Administration</b>
Financial services
Grant Thornton provided tax advice to the administrators, including disposals, loan book recoveries and withholding tax on distributions



<b>Confidential</b>
<b>Tax structuring</b>
Retail
£Undisclosed
Grant Thornton provided tax structuring advice on the acquisition of a distressed retail business by a UK based PE fund



<b>Confidential</b>
<b>Corporate simplification</b>
Pharmaceutical sector
£12 billion group turnover
Grant Thornton provided tax advice on the simplification of the group debt and elimination of redundant companies



<b>Confidential</b>
<b>Debt restructuring</b>
Retail business
£50 million debt
Grant Thornton provided tax advice on the restructuring of distressed debt

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