

# Hughes Blake's experience of the examinership process can provide for the survival of companies in financial difficulty

Examinership is a process whereby the protection of the High Court is obtained to assist the survival of a company in financial difficulty. Examinership provides a breathing space for the company and a framework to agree a compromise with the company's creditors. When successful, it also ensures that the majority of the company's jobs can be saved.

Hughes Blake is a financial services and accounting practice that specialise in the process.

The criteria for determining whether a company in difficulties is a candidate for examinership include:

- it must be insolvent
- it must be able to demonstrate that it has a reasonable prospect of survival if restructured.

However, the most important criteria are more commercial considerations, i.e., whether the company is likely to attract investment, whether the company is likely to survive in whole or in part as a going concern and whether the level of outside investment is likely to be sufficient for a scheme of arrangement to be put to the



**Neil Hughes, managing partner and Kieran McCarthy, partner, Hughes Blake, Chartered Accountants & Business Advisors.**

creditors.

## Examinership in practice

The immediate advantage of examinership is the protection of the court for the company for up to 100 days against its creditors, thereby enabling it to continue to trade and to attract investment on more favourable terms than would be the case where the threat of the immediate demise of the company is the only alternative.

- the maximisation of the value of assets and goodwill
- the probability of dividend as opposed to a bad debt
- the opportunity to continue to trade with their customer following their reorganisation and restructuring.

Given the advantages to all parties connected to a company that comes through examinership successfully, it is a matter that should be considered at the earliest possible time.

*Hughes Blake acted in numerous successful examinerships in Ireland in the past three years, including those described below. Further information can be obtained from Neil Hughes or Kieran McCarthy at the numbers below, or by logging on to:*

[www.examinership.ie](http://www.examinership.ie)  
[www.hughesblake.ie](http://www.hughesblake.ie)  
 Dublin 01-6699999  
 Wicklow 0404-61933  
 Enniscorthy 054-33333



**HUGHES BLAKE**

INTEGRA INTERNATIONAL<sup>®</sup>  
 Your Global Advantage

Other advantages of the appointment of an examiner to a company include:

- neither a receiver nor liquidator can be appointed
- no goods may be repossessed or seized by any creditor through the sheriff
- a landlord cannot move to repossess the company's premises
- no proceedings whatsoever may be commenced against the company without the consent of the court

The advantages for creditors are:

## Case Study: Shamrock Rovers FC

Shamrock Rovers suffered difficult trading conditions for many years as the club had no home ground following the sale of Glenmalure Park in Milltown and was insolvent. If the club had been liquidated, their Uefa licence to play football would have been lost along with certain players and staff. In examinership, the club was afforded the protection of the court for four months. The company successfully emerged from examinership following investment by a fans consortium, having paid a nominal dividend to the unsecured creditors and is successfully trading today.



## Case Study: Macmine Castle Pork

Macmine Castle Enterprises Ltd operated as a pig slaughterhouse in Enniscorthy, Co Wexford. The company was turning over €15 million p.a. but operated in an industry with high price fluctuation and very tight margins. The company became insolvent and went into examinership. It was bought by a British company and retooled from a pork slaughterhouse to a halal sheep and lamb slaughterhouse. A 30 per cent dividend was paid to the unsecured creditors. The company is successfully trading today.



## Case Study: Rudd's Bacon

Prue and David Rudd and Family Ltd was a company that expanded too rapidly with insufficient cash resources and became insolvent. The company had a very strong family owned brand and customer certifications allowing its products to be sold by multiples such as Superquinn, Tesco and Dunnes, which were valuable intangible assets. If the company went into liquidation those customer certifications would have been lost and therefore the company was a particularly suitable candidate for examinership. The company successfully emerged from examinership following investment after a scheme of arrangement was agreed with the creditors.



## Case Study: The Farm Media Group

The Farm Media Group Ltd is an Emmy-nominated TV and film post production and animation house. The company expanded rapidly, ran into cash flow difficulties, became insolvent and entered examinership. Following the protection period and a unanimous creditors meeting, the company obtained investment from a UK group of post-production houses and is successfully trading today with 30 highly-skilled jobs saved.

**THE FARM**  
 DIGITAL POST PRODUCTION