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INSOLVENCY
COMMERCIAL FINANCE
DEBT RECOVERY

CASE STUDY



Retail Business Creditors Voluntary Liquidation

THE BACKGROUND

A company opened its first retail store in 2004 and successfully expanded to five stores across London and the South East. However, in 2018/2019, the uncertainty surrounding Brexit negotiations led to a sharp decline in sales by around fifteen percent. This shift caused the company to move from making a net profit of £100,000 - £200,000 per annum to suffering losses.

THE APPROACH

The company's director implemented several cost-cutting strategies across all five stores. Despite these efforts, trading remained difficult, exacerbated by unexpected rental increases from some landlords. By seeking advice on insolvency options, the director worked with us to:

- Proactively stop trading in a safe and structured manner.
- Communicate the situation to those affected.
- Place the company into Creditors' Voluntary Liquidation (CVL).

As liquidators, we secured and sold the company's assets to repay creditors.

THE OUTCOMES

The director expressed interest in purchasing the company's goodwill, trading name, website, and physical assets. Independent valuation agents confirmed that the offer represented good value and would achieve a better outcome than other options. With full disclosure to the company's creditors, we completed the sale of goodwill and assets. The director restarted a new company, trading a smaller business with the purchased assets and trading name. The new business had a positive start, allowing the director to operate sustainably, re-employ staff, serve customers, and rebuild supplier and creditor relationships.

THE CHALLENGES

The primary challenges included:

- The sharp decline in sales.
- The implementation of cost-cutting strategies.
- Unexpected rental increases.

The process of stopping trading, communicating with affected parties, and managing the liquidation process required careful planning and execution.

TESTIMONIAL

"I am incredibly grateful for the support and guidance provided during this challenging period. The proactive approach and structured process allowed me to restart a new business successfully. This ensured sustainability and positive relationships with my staff, customers, suppliers, and creditors. The experience has been invaluable, and I am optimistic about the future of my new venture."