



Client / Matter

The matter involved a publicly listed accounting practice consolidator.

Appointment

We were originally engaged as Investigating Accountants by the group's secured creditor and later appointed Voluntary Administrators of the group by its directors with the consent of the secured creditor. Subsequent to this appointment, a Deed of Company Arrangement was entered into and we acted as Deed Administrator.

Issue

It was determined that, as with other accounting practice consolidators, the particular consolidation model, which initially looked attractive, was unworkable and ultimately destructive to its participants. This meant that all stakeholders' investments (including secured creditors and shareholders) were at risk.

Solution/Outcome

With the general consensus of the stakeholders, we negotiated the sale of all of the accounting firms within the group back to some or all of the original partners of each firm. The negotiation for the sale of two of the firms occurred during mediation following the commencement of litigation.

The proceeds from the sale of the accounting firms were applied to pay the secured creditors' debts in full.

The remaining assets, including the holding company's listed shell, were realised via the Deed of Company Arrangement, which included a creditors trust arrangement to enable the realisation of the company shell. A return of 100 cents in the dollar to unsecured creditors was achieved and a possible return to shareholders via their shareholdings.

In order to realise the value in the holding company's listed shell, a re-listing was facilitated that resulted in control of the holding company passing to an independent third party who was also the proponent of the Deed of Company Arrangement. Shareholder approval for the change to the capital structure of the Company was required including raising of additional capital via a rights issue.

100 cents in the dollar was paid to unsecured creditors and the company continued to trade as a publicly listed company.