

Hughes Blake leads the way in examinership

Hughes Blake, one of the fastest growing accountancy practices in the country, is also one of the most high-profile proponents of examinership in Ireland. Based in Dublin and Enniscorthy, it has been involved in a significant percentage of examinerships that have taken place here and, in 2006, acted in four out of every five examinerships in Ireland.

Hughes Blake's origins stretch back to 1922, the year of the foundation of the state. Following a number of mergers, most recently with Heuston Chartered Accountants at the start of the year, the firm now offers a number of distinct functions, from corporate recovery to wealth management. The firm recently moved to new premises on Holles Street in Dublin 2.

Companies will run into difficulties for plenty of different reasons, but in many cases, these difficulties are not necessarily a sign that the business is terminally insolvent.

The recovery team at Hughes Blake is available to advise on the extent of and the solution to a company's problems, and, where possible, it can provide a plan for the rescue of a company's business.

Examinership is a very useful tool in the battle against insolvency, in that it offers the protection of the court for up to 100 days against creditors. This gives companies breathing space to attempt to restructure and refinance towards the eventual survival of the business.

The key to successful corporate recovery is the ability of directors within a company to recognise they have a problem.

"Often, directors are so deep inside the pressure cooker that is their insolvent company that it can be very difficult for them to make the mental leap, to put their hands up and say they need help," said Neil Hughes, managing partner of Hughes Blake.

"Acknowledging insolvency can be a big problem, and often, by the time they make the realisation, it can be too late: they have lost cus-



Hughes Blake, Chartered Accountants Partners left to right Sean Burke; Kevin Hughes; Kieran McCarthy; Barry Heuston; Neil Hughes and Paddy Burns. Hughes Blake merged with Heuston Chartered Accountants at the start of the year

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tomers, nobody will supply them, the staff have walked out and liquidation is the only answer. So the early recognition of a company being in danger is the key."

If a problem is recognised in time, Hughes Blake has the expertise to ensure that, if deemed appropriate by the High Court, an examinership can be carried out which will benefit the company, the stakeholders, the creditors and the employees.

A successful examinership should not merely ensure that creditors receive at least more than they would have if the company had gone into liquidation; it should facilitate the long-term survival of a company, protecting its tangible and intangible assets.

Successful Hughes Blake examinerships:

Keystone Developments Ltd
Keystone Developments is a large civil engineering company with turnover in the region of €16 million which ran into cashflow difficulties owing to a dispute with its principal contractors. Neil

Hughes of Hughes Blake was appointed examiner in September 2006.

Following this appointment, the creditors approved a scheme of arrangement whereby they would be guaranteed at least 10 cent in every €1 owed and potentially more, depending on the company's ability to recover money from its debtors. This is significant, because typically, the return for creditors from construction companies which go into liquidation is negligible.

Progress has been made on the case, and the examination allowed the company to engage in a self-help process, completing snag-lists etc.

According to Hughes, Keystone Developments is a perfect example of what the legislators had in mind when they implemented examinership as a Chapter 11-style corporate recovery mechanism.

Shamrock Rovers FC

One of Ireland's most recognisable sporting brands, Shamrock Rovers FC ran into difficulties over the years to such an extent that it be-

came insolvent.

However, the strength of the Rovers brand was always going to be worth preserving, while assets such as a Uefa licence (not to mention a number of star players) would have been lost if the club had gone into liquidation.

The value of the brand lay in the fact that the club remained an Eircom League of Ireland team (its recent seasons have not diminished the strength of that brand), so the case for protecting the brand made Shamrock Rovers an ideal candidate for examinership.

Following the examination period, which involved investment from a fans' consortium, the club is now back in the premier division and trading successfully.

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