

RE|SOLVE

**PRESENTATION TO
UKinbound**

24 June 2021

22 YORK BUILDINGS

www.resolvegroupuk.com



ABOUT US

Founded in 2006 ReSolve is a multi-award winning, boutique business advisory and investment house, based in the heart of London.

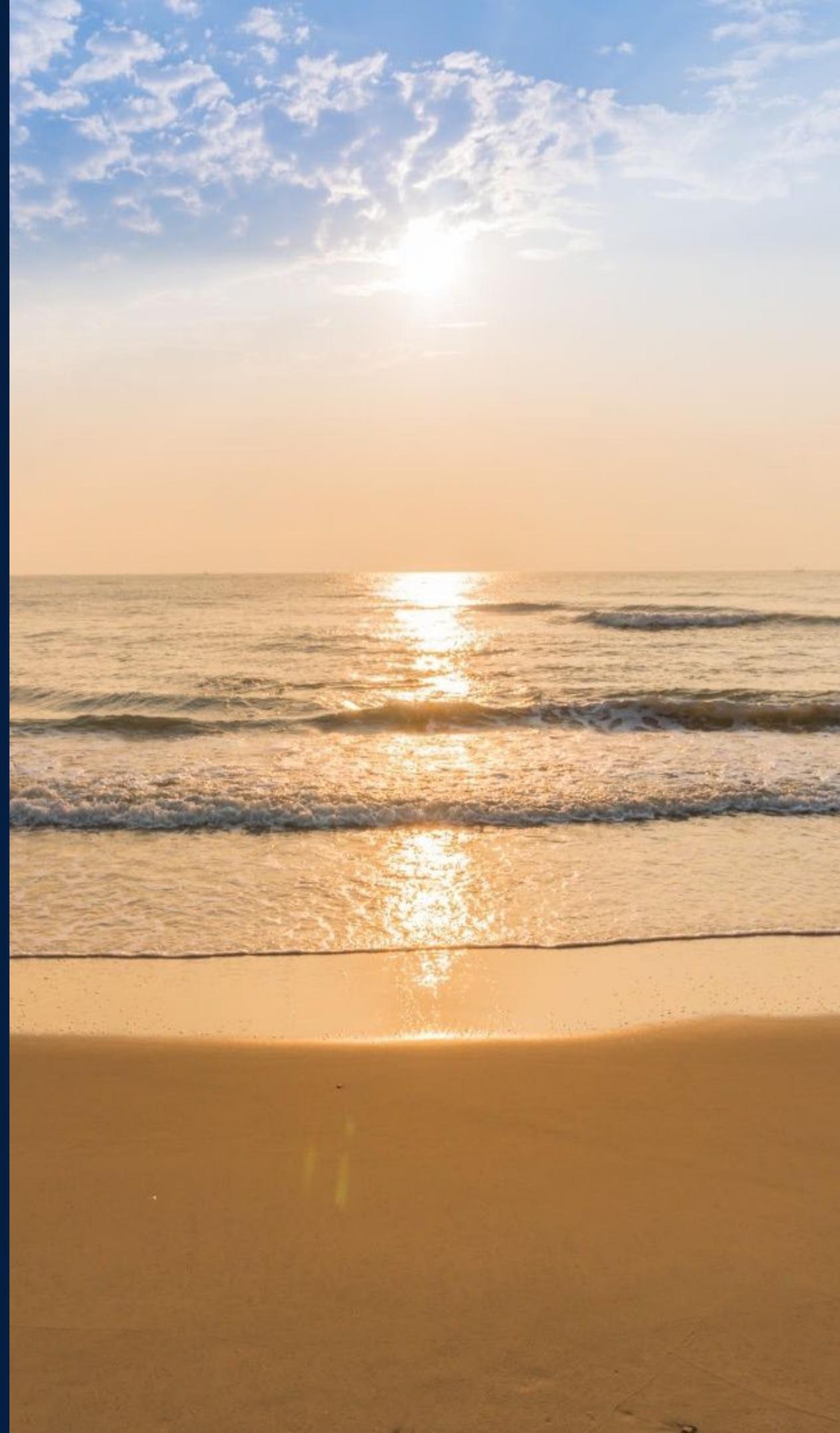
ReSolve provides expert advice to companies experiencing financial difficulties, facing changing circumstances or enjoying significant growth.

Our experienced partners have been successfully advising leisure and travel businesses and their owners for many years.

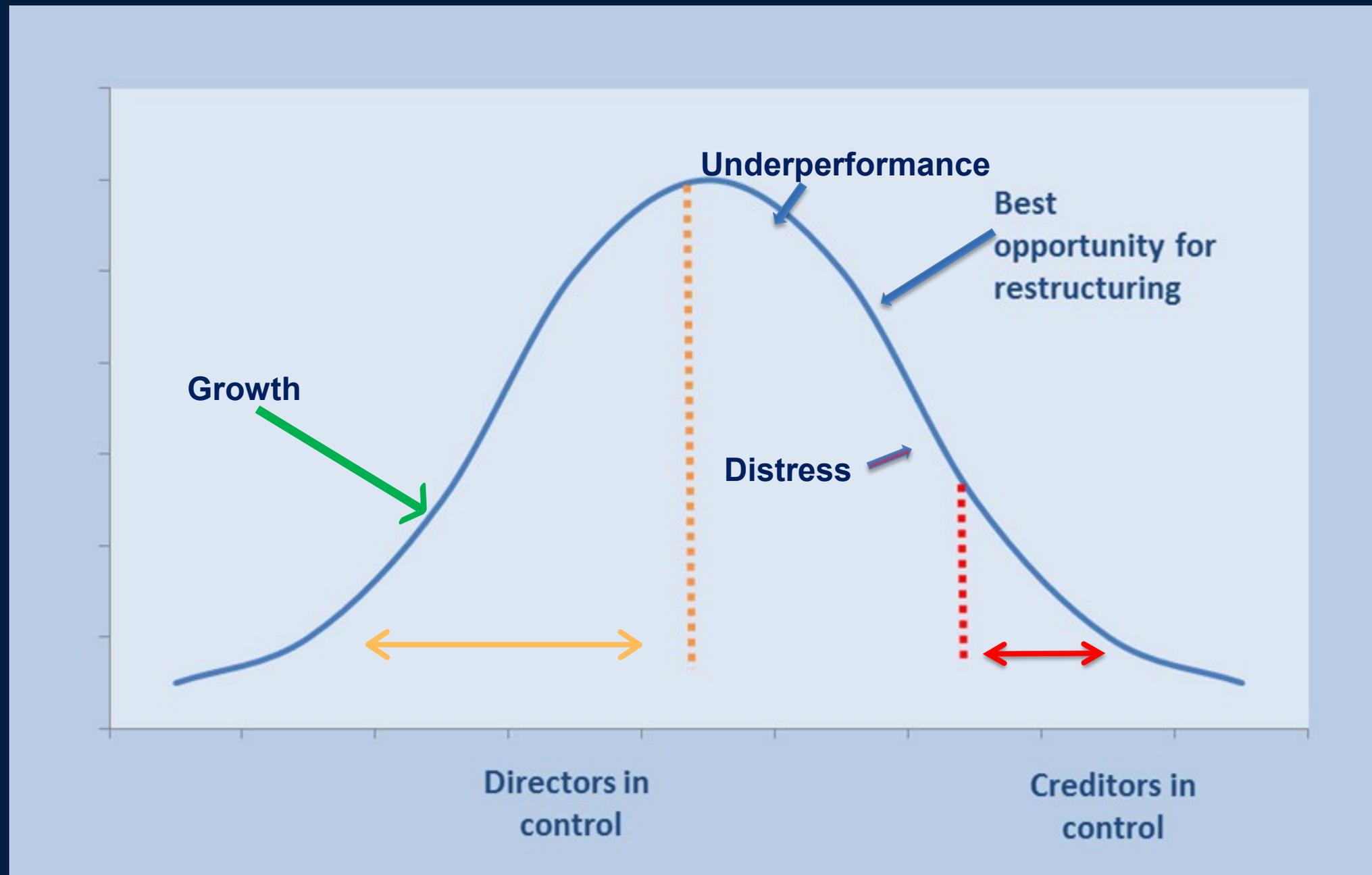


DISCUSSION TOPICS

- The Decline Curve
- Main types of corporate insolvencies
- Warning signs
- Directors' duties
- Government support
- Key date(s)
- Trends



THE DECLINE CURVE



RECENT CASE STUDIES

VIP Ski

ReSolve successfully sold the business and certain assets of APS-Select Limited, including the trading name 'VIP SKI', an excellent tour operator of quality, good value, memorable ski holidays. The sale saved a highly-respected and well-regarded brand within the ski and travel industry.

Go Travel Limited

Resolve successfully secured a sale of Go Travel, an independent family-run travel agent based in South East London and Kent. The family and their team worked tirelessly for years to build up a loyal and enthusiastic customer base but due to the impact of Covid had to appoint us as liquidators. The sale proved the best outcome for all stakeholders.

Travel Day

ReSolve recently sold the business and assets of Travel Day Limited, a UK-based independent tour operator trading as Simply Global Travel, Holiday USA, Caribbean Classics and The Vegas Wedding Company.

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MAIN TYPES OF CORPORATE INSOLVENCIES

ADMINISTRATION

- Trading Administrations
- Pre-Packaged Administrations

LIQUIDATION

- Creditor-led - voluntary liquidation
- Court led - compulsory liquidation

COMPANY VOLUNTARY ARRANGEMENT (CVA)

MORATORIUM (new)

WARNING SIGNS OF INSOLVENCY

- Increase in call volumes from suppliers chasing payments
- Placed on stop with suppliers
- Suppliers attending site requesting payments
- Bounced cheques
- Demands /Court Claims / CCJs / 7-day letters
 - Bailiffs turning up may no longer be a warning sign!
- Unable to make payments to HMRC (entering into a TTP) - Any HMRC pressure is a warning sign!



WARNING SIGNS OF INSOLVENCY

- Provision of unreliable or late information
- Overstretched lifestyle
- Drop in turnover / making consistent losses
- Lack of new orders
- General cash flow issues (even when company might be profitable)
- Major customer enters insolvency proceedings
- Key staff leaving
- Requesting additional finance from bankers / funders
- Liabilities exceeding asset values
- Using personal credit

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WARNING SIGNS OF INSOLVENCY (TRAVEL SPECIFIC)

- Unable to pay suppliers on-time
- Credit card providers refusing supply
- Customers seeking to cancel holidays, or demanding repayment rather than RCN's
- Arrears with HMRC
- Landlord arrears
- Increase in CCJ's / winding up petitions etc
- Pressure from licensing bodies such as ATOL

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DIRECTORS' DUTIES

If duties are not adhered to or advice is not sought and company enters insolvency process, risk of claim by Administrator / Liquidator for voidable transactions under Insolvency Act 1986

Wrongful trading

- Make personal financial contribution without limit to assets of company
- Maximum 15 years disqualification

Transacting at an undervalue

- Gifting or selling at undervalue
- In two years before onset of insolvency

Preference

- If a desire to prefer one creditor over another in two years before onset (or six months unconnected)
- Desire presumed if connected



GOVERNMENT SUPPORT

- Value of bounce back loans etc

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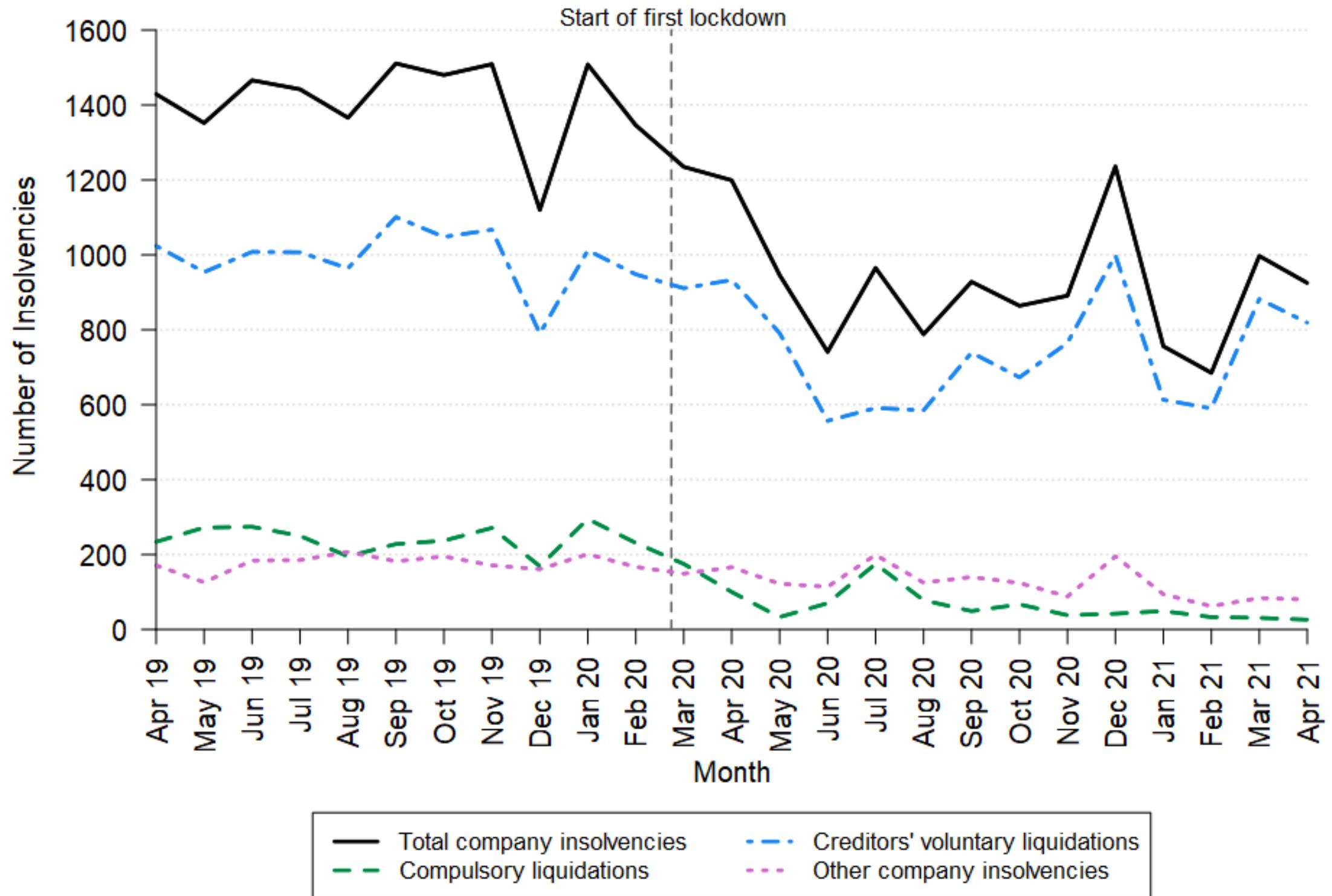
KEY DATE(S)

The government has provided valuable support to businesses throughout the pandemic. This has not just been in the form of loans (for example CIBL's) but includes certain measures providing a level of protection. These measures as described below are due to end on 30 June 2021.

- Wrongful trading suspension
- Eviction of tenants from properties for unpaid rent
- Suspension of winding up petitions, unless for non COVID-19 related matters



TRENDS





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Comment: Navigating the storm

🕒 Nov 25th 2020, 8:14



Take decisive action early to avoid your business hitting trouble, says Mark Supperstone, managing partner at ReSolve



Tragedy is an emotive word, but it's the right one for what's happening in the travel industry right now.

The mainstream press focusses on the woes of giants like easyJet and Thomas Cook, but I work mainly with small to medium sized travel agents and tour operators. These SMEs are the backbone of the British travel sector, and they are suffering.

APPENDIX 1

- article in Travel Weekly

For example, we have just been appointed as administrators to VIP Ski, an excellent tour operator of quality, good value skiing holidays. The owner of the business is motivated by nothing other than his passion for enabling people to have amazing and memorable holidays. To see that life's work threatened by Covid-19 is heart-breaking. Fortunately, we have received a number of expressions of interest in the firm and we are working fast to find a solution that will hopefully enable the business and/or assets to be saved by a purchaser.

Then there is Go Travel Ltd, an independent family-run travel agent based in South East London and Kent. The family and their team have worked tirelessly for years to build up a loyal and enthusiastic customer base. But they had to appoint us as liquidators, and now we are working to secure a sale of the assets and achieve the best possible outcome for all the company's stakeholders.

So the outlook seems pretty bleak. But my message to the owners of independent travel agents and operators is one of hope. The ReSolve ethos is that liquidation is not the inevitable outcome for a severely troubled business. If you take action early, there are a number of options which could ensure a future for your business.

ReSolve has carried out projects for struggling business including refinancing and restructure; selling all or parts of the business, and undertaking a fundraising. If your business model and offering are fundamentally sound, then these are all viable options, no matter how low your cash or how stressed your balance sheet.

APPENDIX 1 CONT'D

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TRAVELWEEKLY



So what do you, as a travel business owner, need to do?

Firstly: take a cold hard look at your numbers, at cash, assets and liabilities. Do not fall into the trap of thinking things will turn around after Christmas. Look solely at current conditions and project three to six months ahead.

Secondly: have honest conversations with your creditors, investors and suppliers. No one likes surprises and everyone appreciates being kept in the loop. They will want to work with you and find a long-term solution that benefits everyone, not just a short-term that benefits them. If you find the prospect too daunting, then appoint a third-party adviser to negotiate with your creditors.

Thirdly, and importantly: speak to your customers and employees. While it may feel kinder not to share bad news with staff, keeping your employees fully-appraised shows them they are highly-valued and you trust them. This, in return, makes them want to be there for you. Your customers will be another set of strong ambassadors. They may even be willing to support you in a financial or non-financial way.

If insolvency or closure are the only possible options left, then appoint an adviser who will work hard to maximise the value of your assets and to retrieve as much value as possible for stakeholders.

It's often said that Covid is going to change the UK travel industry forever. I think that's true; but I also think it will change in a way that benefits independent travel agents and operators. People may end up travelling less often, but there's likely to be a greater emphasis on creating bespoke, memorable holidays, with the kind of personal service which only independents can provide.

It really is darkest before the dawn. Try not to shy away from taking tough decisions early: the sooner you take action, the more likely it is that your business will survive and, eventually, thrive.