

## **ADMINISTRATION OF A LIFT FRANCHISE**

Sometimes closure of a failing business is the only option. In January 2009 we were asked to review a passenger lift franchise which showed a trading history of losses and an unsustainable debt burden.

The review identified that the business was in fact trading insolvently both on the basis that its liabilities exceeded its assets and on the basis that it was not able to meet those debts as they fell due.

The directors wanted to take a responsible approach to the closure of the business and elected to put the business into administration. While this was terminal for the business, they were, however, with our advice, able to continue trading to support the sale of their franchise to another business and to minimise losses on plant and machinery already purchased.

The Administration allowed the directors to deal with an onerous lease they had entered into for their business premises.

We were also able to offer advice on the directors positions with regard to personal guarantees offered both to their bank and in respect of a lease-purchase agreement.

The Administration helped by crystallising losses and ensured an orderly close down of the business.