

Project Nemo

Corporate Simplification

Business Situation

A large retail group in the UK, with over 5,000 staff nationwide, was acquired in 2010 by a private equity house. The group continued to successfully trade and it was decided in early 2014 to float the group by way of an initial public offering (IPO). As part of a step plan to achieve this (prepared by Deloitte Tax), solvent liquidations were planned for a number of entities within the group. The liquidations formed a vital step in the flow of funds on the day of admission to the London Stock Exchange (LSE), with day one distributions of £550m.

Engagement Description

Deloitte was engaged to assist with a Corporate Simplification offering by:

- integrating our service with the logistically complex IPO implementation plan and flow of funds;
- assisting third party solicitors in preparing legal documentation relating to the liquidations;
- implementing three Members' Voluntary (solvent) Liquidations; and
- declaring day one distributions from all the entities in liquidation in accordance with the implementation plan.

Critical Success Factors

- Understanding the implementation step plan and flow of funds document to ensure a joined-up approach on the day of admission to the LSE.
- Liaison with the solicitors, client accountants and third party advisors to achieve a detailed understanding of balance sheet movements in the liquidation targets and ensuring that accounting treatment matched the agreed implementation approach.

Results and Benefits

- Collaborative approach between the relevant functional departments in Deloitte and the client to address and resolve significant accounting issues in the time leading to liquidation.
- Coordinated entry in to liquidation in accordance with the implementation plan, including the successful distribution of funds up through the structure immediately upon liquidation. This approach contributed to the success of the IPO process.
- Funds distributed totalled £550m.