CASE STUDY 1
Literary, Entertainment and Media

Jan van der Beek is a Dutch writer living in the UK who has written a successful crime book based on unsolved murders of prostitutes in the Red Light area of Amsterdam. There were a series of articles written by a journalist in the Dutch newspaper ‘het Krant’ which gave Jan the idea for the book, which introduces the psychology of a fictitious murderer and his ‘normal’ family life. The book is called Ramen, the Dutch word for 'windows' which is where the prostitutes plied their trade. It has been very successful and has been translated into several languages. Jan has been advised to employ IP specialists to consider copyright issues, how to protect his logo and unusual typeface, and any other rights he may have.

An approach is now made to Jan by a television streaming network to create a six part series based on the book, called Ramen. Jan employs a specialist entertainment lawyer to negotiate the deal and is advised by his tax specialist to set up his own production company which will work in partnership with the streaming network.

A screenwriter is employed by the production company to adapt the book, and then the production company considers the employment of an editor, the cast, the music score, and eventually PR and marketing. Halfway through the first episode, a letter is received from het Krant claiming infringement of their copyright. Lawyers are engaged to defend the production company’s rights and the claim is settled through a mediation process.

The six episodes are hugely successful and the network wants to create a second series to be developed by the screenwriter rather than Jan. With the IP rights remaining in the production company, Jan is offered a substantial sum of money from the streaming network for his shares in the company. Jan discusses the terms with his lawyers and also with his tax advisers, who discuss his tax residence situation and whether a change of residence may bring massive tax savings which should be considered when negotiating the deal.

CASE STUDY 2
Insolvency and Restructuring

Jan has always wanted to own restaurants and now with his new found wealth and fame, he acquires his first property in Central London. He has ambitions to create haute cuisine vegetarian food and sets about finding a chef and staff. He calls his restaurant Ramen (a Japanese noodle dish) but has artwork around the walls reminiscent of the Ramen series. With the success of the first Ramen restaurant, he sets up Ramen Group Holdings Ltd and establishes several other restaurants in various capital cities in Europe (where his book has been successfully translated). Each overseas restaurant is operated by a separate overseas registered subsidiary company.

Unfortunately, the aftershocks of the global pandemic strikes has meant the restaurants have experienced huge cash flow problems stemming from periods of closure, and thereafter supply chain problems, rising food costs and problems of staff retention. Jan believes the underlying restaurant business is sound, having successfully traded profitably until COVID-19, but doesn't want to pour more money into the business until he can see the way forward.

Jan takes advice as to how best to restructure the business. He is advised to separate the brand development elements of the business from the trading restaurant business, and to set up a franchise model in regards to overseas operations. The options to effect this restructuring are considered, being an informal arrangement with creditors, a company voluntary arrangement (CVA), administration and a restructuring plan.

A new holding company, Ramen Restaurants Ltd, is set up and acquires some but not all of Ramen Group Holdings Ltd's business and assets. Post restructuring, the brand and restaurant chain become very successful and Jan has to consider employment benefits for his loyal staff, including share option schemes. He also needs to negotiate a couple of management buy-outs where the chefs of a couple of restaurants wish to acquire their business under licence of the name and rental of the properties.

The Ramen group has been followed by a lower end restaurant chain and an offer is made to Jan with a favourable earn-out clause, where Jan retains the properties within a newly created property portfolio company, and rents the properties to the restaurant chain on favourable terms.

CASE STUDY 3
Multinational Group Acquisition

The lower end restaurant chain, Bel Cibo Group, is a worldwide phenomenon and is extremely profitable, particularly in the US where Italian food is revered. The Khana Group is an Asian owned US based multi-national food manufacturer and supply chain which is publicly listed in New York, and it now considers making an offer for the Group. The CEO and CFO travel from New York to London where the Bel Cibo Group is headquartered and discuss how an acquisition could be made.

Post acquisition, it becomes clear that the structure of the enlarged group is unwieldy, with unnecessary intermediary companies, intellectual property in the wrong companies for beneficial tax regimes, and indeed some companies should be liquidated and their assets transferred across to subsidiaries of the US Group.

International tax advisers based in the countries where the Khana Group operates are asked to advise on how to restructure the Group to take into consideration share or asset transfers, consolidation of minority interests into the group holding company, exchange control issues for the South African subsidiaries, US GILTI and other PFIC issues, and other international tax issues.

CASE STUDY 4
Growth Funding for App Development

Jan's nephew, Pieter, is a techie wizard and has created the idea for an App called Shop Ahoy which is at an early stage of its development and will need significant finance. The App will revolutionise the way shoppers purchase their requirements from supermarket chains. The App will be able to list all brands available in the largest supermarkets and their daily cost, making comparisons between the supermarkets as to which supermarket offers the best value for the products. The App will enable the user to see the products on the shelves of each supermarket, to select products from any one of the supermarkets using the App, with the products being paid for and then delivered within the same country to the end user.

Jan is prepared to provide seed finance for the initial development, and for Pieter and his small team of entrepreneurs to enter into initial provisional contracts with the supermarkets. Sponsorship agreements are envisaged with the companies owning the products which can be advertised on the site. Payment for the products will be outsourced to credit companies and delivery of the products will be made by the supermarkets themselves.

Six months after the experimental arrangements with several supermarkets, Pieter and his team realise that they will need very considerable funds for marketing purposes in order to bring Shop Ahoy to the attention of the public. They approach a growth finance specialist to help them consider alternative funding options, one of which is a venture capital fund which requires a fairly onerous arrangement before commitment.

Pieter is advised to seek second stage financing to expand the range of supermarkets and create streams of revenue from the supermarkets and sponsors in order to show revenue before proceeding to third stage private equity financing. Discussions are held with the growth finance specialist to consider a wider source of investment from the public at large, since the concept is potentially a huge cost-saving benefit in difficult times.