

Who's Gone Bust in UK Retailing 2005-8?

November 2007

Legal Note: this listing of UK retailers who went into receivership between 2005 to 2008 is based on research carried out at the time and our understanding of their business affairs then. Some of these companies recovered and came out of administration; some were bought by other businesses; some were sold as going concerns but changed their name; for some, the name was bought and this is still used, but under different ownership; and others ceased to exist. The presence of any business in this historical listing must not be taken to imply that it no longer exists, its name is not used or that such business, if still trading, is impaired in anyway.



2007

- **Ravel: Goodbye Ravel.** After five years of losses, Clarkes announced in May that it is finally closing the 50-store shoe chain that trades as Ravel.
- **Goodbye Robbs Department Store, Hexham.** Closing after 189 years of trading, its owners (Owen Owen) notified employees they had lost their jobs by sounding the fire alarm and holding an al fresco staff meeting in the car park.

In Administration

- **Newsport**, a Scottish supplier of outdoor and snow sports equipment with 12 stores, went into administration in October. It is now owned by billionaire Mike Ashley.
- **ePlay**, the 123-store games chain, went into administration in Sept 2007.
- **RONIT ZILKHA**, the designer fashion retailer with five standalone stores and eight concessions, went into administration in September.
- **ChoicesUK**, the DVD retailer with retail, local and direct operations went bust in August. Its local and direct arms were sold to Findtel and Blockbuster bought 59 of its shops in September.
- **Kwik-Save**, the downmarket grocery chain, collapsed in July 2007. 90 stores were immediately closed and 1,100 people lost their jobs. These people had all have been working without pay for the last 6 weeks, as they responded to appeals by management which was unable to pay their wages. The other 56 stores may be saved and rebranded as **FreshXpress** by Irish businessman Brendan Murtagh. Don't hold your breath, though. Over the last year Kwik-Save (once the doyen of the discount operators established by Welsh entrepreneur Albert Gubay in 1959) has been in a mess. Previously part of Somerfield, it was 'saved' in 2006, but had a terrible Xmas and Jan 2007 with gaps on the shelves because it did not pay its bills. It apparently secured a £50 million rescue deal in February 2007, but whether the money was actually paid seems doubtful. Poor trading, high debt, and refusal to supply by food manufacturers created more problems in May/June and the Company closed 76 of its 228 stores. IN May/June 2007 it was in and out of court, fighting administration. It succumbed finally on 6th July.
- **Hawkeshead**, the clothing retailer rescued from bankruptcy in 2006, is to be broken up and sold off. It employed 400 staff, had 20 stores and T/O was around £25 million.
- **Fopp**, the 3rd largest UK music store, closed half its stores on Friday 22 June 2007 to carry out an urgent



stocktake, announced a strategic review of the business, but went into administration a week later, blaming internet and supermarket sales of CDs and intense price competition. All 105 stores closed on 29 June 2007 and 700 staff lost their jobs. Fopp was a private company that had bought one-half of **Music Zone** a few months previously, which cannot have helped. **HMV** bought the name and some of its best stores over summer.

- **The Natural World**, the eco-gift retailer, has been unable to find a buyer since it went into administration in January.
- **Klaussner**, the furniture retailer with 29 stores and turnover of £27 million, went into administration for the second time in May 2007. 250 staff have lost their jobs. The sites are up for sale.
- **Only2**, the store chain set up by former Poundland boss that sold everything for £2, went into liquidation in April 2007. The six shops in Brierley Hill, Keightley, Swansea etc closed before Easter.
- **Elle**, the ladies fashionwear chain rescued from administration (as Actif) in 2006 and now operating as L Wear, went into administration again in March 2007, blaming cash-flow problems. 32 of its 40 outlets have been closed by the administrator and concessions in HoF have all closed. The business is likely to be sold by the Administrators in May in some form.
- **Toyworld**, with 22 stores and 223 staff, went into administration in March 2007, blaming poor trading. The Company's parent is Youngsters.
- **Owen Owen**, which runs Lewis's in Liverpool, Esslemont & MacIntosh in Aberdeen, Robbs in Hexham (Northumberland), and Jopling's in Sunderland went into administration at the end of February. By May there was hope of reconstituting it as 'son of Allders'.
- **Filmnight**, the DvD rental business with 60 stores, was placed in administration. 14 stores have been purchased by Christopher Simpson.
- **David Flatman**, the discount book retailer that trades as Bookworld, Bargain Books and bw! went into administration in mid-February 2007. There were 50 stores (turnover £30 million) with 397 staff. Eight stores closed immediately with four more due to shut at the end of February.
- **Stationery Box**, the Warrington-based chain of 140 stationery stores, went into administration on 31 January 2007 blaming stiff competition from supermarkets and the internet. Theo Paphitis (*Dragons' Den*) had bought the company name and 61 stores only a few days beforehand.
- **Right Price Tiles**, the Swansea-based company with 53 stores, went into administration at the end of January. An earlier version of this company called Tiles-R-Us had done the same last year until being bought by the Irish concern, *Railway Tile Store* (note: imaginative company names in this sector of retailing).
- **The Peak Store**, a small walking/adventure clothing business with shops in Bakewell, Derby and Nottingham went out of business losing 30 jobs blaming mild weather, high costs and competition from multiples.
- **H Plumb & Son**, the Wigan-based electrical chain with 10 stores and 100 staff, is also in administration. It has closed 8 shops and dismissed three-quarters of the existing employees.
- **Greeting Card Group**, the second-largest UK greeting card store, went pop on 2 January 2007. It has 470 stores trading mainly as 'Cardfair' or 'Card Warehouse' and 2,500 employees. The turnover was £70 million.
- **Music Zone**, the independent music store chain, which sold itself as a cut-price alternative to Virgin and HMV, went into administration in early January affecting 1,100 staff and 103 stores. Fopp have now bought the company name, 67 stores, 3 warehouses and the rest is for sale.
- **Little Chef**, the ubiquitous roadside restaurant chain with several previous owners, went into administration at the beginning of January 2007, having failed to obtain new funds over Christmas. 196 of the chain's 236 restaurants were later sold to a new owner in January, saving most of the 3200 jobs. The company is to be sold in July for £20 million the Benetton family (who own Autogrill in Italy).

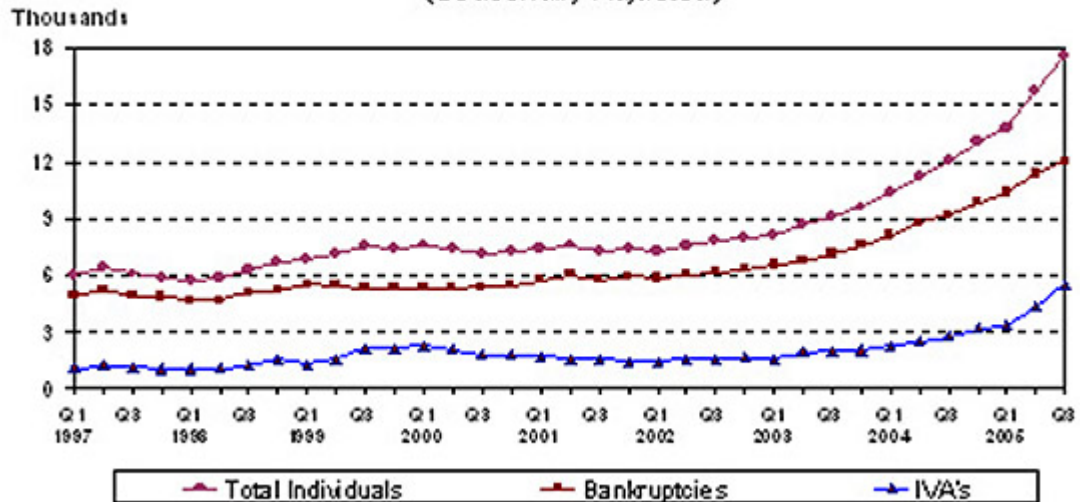
Who else has problems?

- **ILVA**, the Danish furniture store group that (last year) "could take on Ikea", is reported to have made significant losses and suffered quality/delivery problems. It has stores in Thurrock Lakeside, Manchester and Gateshead. Its backer Advent International has refused it any more funds.
- **Focus**, Britain's third-largest DIY firm, was bought by Cerberus, the US hedge fund, for £1 in June. It had been in urgent debt-restructuring talks with creditors since the beginning of 2007 as its private-equity group owners decided to sell out. After several false dawns, Cerberus (the new owners) of the debt-heavy business agreed to pay off £174 m debts and pay the bondholders £40m (40%). Bill Grimsey and Bill Hoskins (known as 'the Bills'), the retail double act who revived DIY chain Wickes in the 1990s, became the new management team.
- **Adams**, the childrenswear retailers, needed new backers in Jan 2007 following poor trading and high debt. A number of its shops were closed and stock seized when it unilaterally revised rental agreements. In February the chain was bought for £20 million by John Shannon (former chairman of Country Casuals and Stead & Simpson).
- **Ethel Austin**, the 300-store value clothing business, seems near to a sale because poor trading and may be bought by Credit Suisse.
- **Budgens Stores**, the 182-outlet grocery chain with 6000 staff, owned by Irish-based Musgrave, is to be sold off as individual shops to local entrepreneurs and community shops

Who Went Down in 2006?

- **Olan Mills Photography**
Olan Mills, the photography business, has gone into administration. Administrators for the company, which collapsed with debts of £6mn in December 2006, were writing to an estimated 100,000 customers saying that it was "unlikely" that the photographs they ordered would be delivered in time for Christmas.
- **Glyn Webb**
Glyn Webb, the DIY and home furnishings retailer, went into administration in December 2006. About 200 staff faced redundancy.
- **Aftershock**
Aftershock, the womenswear retailer, went into administration early in 2006 and later handed its UK stores over to Winway Trading (its SA franchisee).
- **Ilkeston Consumer Coop**
Again not bust exactly, but forced to merge with the Midlands Cooperative Society Ltd. Ilkeston Co-op was notorious in the Cooperative Movement for being uncooperative, avoiding partnerships with other Co-operative organisations and prone to giving them its advice.
- **MFI**
Not bust exactly, but MFI sold the 200-store business to new owners for one pound in September and renamed their company Galiform. The new owner is the private equity business Merchant Equity Partners (MEP), which will continue to operate MFI as a going concern. A further injection of capital into MFI will be made by the former owner. MFI originally operated out of a single shop in Edgware from 1964 as "Mullard Furniture Industries". It rapidly became the national leading flat-pack retailer by the late 70s and took over Hygena. Loved by British retail academics and case-study writers, it merged with ASDA in 1985 to give it additional mass, creating ASDA-MFI. Galiform will now concentrate on the joinery business.
- **Mikey**
The contemporary jewellery retailer with 28 outlets, which included standalones and concessions in Topshop and Selfridges, went into administration in July. Former New Look Director, Alan Wood and his wife Lisa bought the business for £ 621,000.

Number of Individual Insolvencies in England and Wales (Seasonally Adjusted)



- PowerHouse**
The tough climate in the UK electricals retailing market was blamed by New Zealand-based owner PRG Group for its decision to put PowerHouse into administration. All 50 remaining PowerHouse stores were closed, with 500 of the retailer's 650 employees made redundant. Powerhouse was created out of the old Electricity Board showrooms (eg MEB and London Electric for older readers). Although it was the third largest electrical retailer in Britain, its market share was miniscule.
- Toymaster Kingdom**
Toy retailer Toymaster Kingdom called in administrators in September after falling victim to rising costs and tough trading. This Ipswich-based retailer operated 14 stores and employed 150 staff. The business, which is officially known as TM Kingdom is continuing to trade as normal and pay suppliers.
- Actif**
Retail group Actif, owner of the Elle brand in the UK, went into administration in April. The company ran out of cash just before quarter-day rents were due. In January, the group had run 16 stores and 40 concessions across the UK.
- Morgan UK**
Another icon went into administration in June 2006. The retailer's business model of licensing clothing from French parent company Morgan SA meant it was unable to compete on price with its high street rivals, such as Topshop and Jane Norman, which use the cheaper method of sourcing product directly. A tough consumer environment on the high street in general compounded its problems. Trading for the first six months of the financial year to June was poor, with like-for-like sales down 19.1 per cent to £11.8 million. In the end Morgan SA withdrew the distribution agreement with immediate effect (same as Kookai). Morgan operated 19 company-owned stores, 50 department store concessions and supplied 40 franchise stores in the UK. 600 staff were made redundant.
- Miller Brothers**
The family-run electrical business went into administration in May. A fast rescue deal enabled a management team led by the former CEO to purchase the Doncaster site together with the Miller Brothers Group's internet business www.millerbros.co.uk and several other internet brands. This saved over 100 jobs across the store, internet, warehousing and head office functions. As part of the rescue package, the new company continues to trade under the "Miller Brothers" banner.



- **Baron Jon**
Baron Jon, the menswear retailer, went into administration in March.

- **Dewhurst gets the chop**

Dewhurst Master Butcher was a great shop. It was the UK's biggest chain of butchers, operating 1,400 butcher's shops in Britain in the late 1970s (an owned by the famous/infamous Vestey family), but only 95 by 2006 with 400 staff. The directors called in administrators in March, blaming intense competition from the supermarkets and significant increases in costs. It closed 60 branches and enlisted administrator BDO Stoy Hayward to sell the remaining 35 stores.



- **Silverscreen**

The DVD specialist backed by private equity giant Apax, went into administration in March just hours after approaching Richard Branson's Virgin Megastores chain about a sale or merger. The retailer was a victim of a tough market hit by fierce competition from free product given away with papers, supermarkets and pirated goods. There were 65 stores and 50 staff.

- **Bewise and QS**

These value fashion chains which employed about 4,500 staff across 343 UK stores went into administration in February (poor trading). Since then, they have been rescued from administration, closed 163 of their stores, shut down the head office in Brighton and consolidated management operations at their Solihull warehouse. By November 2006, the 'Times' Anne Ashworth was claiming QS could become the next Primark. Difficult to believe but this illustrates the strength of the company's turnaround. In January 2007, QS was bought by Alok Group, the Indian textile manufacturing company

- **Sock Shop**

With 13 stores and around 100 concessions, this once iconic business of the early 80s (founded in 1983 by Sophie Mirman) that had once owned 150 shops went into administration (again) in February 2006. It was bought from the Harris Watson Group by Osan Ltd, part of Ruia Group.

- **Capo Man & Woman**

This multi-brand fashion retailer closed 12 of its high street and shopping centre outlets in February making 130 staff redundant. Civic Enterprises, its ominously-titled parent holding company, was in administration after suffering losses of several millions of pounds. Five shops were left trading, pending finding new buyers.

- **Kookai**

The French fashion brand retailer went into administration in January (the French parent withdrew support and obviously felt the UK chain showed poor retail acumen), but was later sold to Maurice and Michael Bennett, who had previously built up the Warehouse chain.

- **MVC**

Music and DVD retailer previously owned by Woolworths with 67 stores was the first failure of 2006. Music Zone bought 41 stores from MVC which now trade under its own name.

NEWS OF 2005

During 2005, the retailers that collapsed or went into administration included:

- Past Times
- Alders Department Store (Croydon store rescued by Jaeger and still bears the name)
- Unwins Wine group
- All: Sports
- Furnitureland

- The Sofa Company
- Ciro Citterio
- the Gadget Shop
- Index
- Etam
- Pilot Clothing

