

## **MinuteMeal Plc workshop - Part One**

MinuteMeal Plc is an unlisted company incorporated in England and Wales. It operates throughout Europe in the prepared foods sector, manufacturing and distributing a large range of frozen and chilled food items. It has expanded rapidly over the last 5 years as a result of acquiring several smaller operations across Europe.

The board of directors of MinuteMeal Plc has decided that the company should dispose of its frozen food business to concentrate on developing chilled food products. MinuteMeal Plc is one of your firm's long-standing clients and they instruct you to advise on the proposed transaction.

### **Your task**

You receive the attached paper prepared by the board of directors giving some more background on their proposals. In your group, please spend 15 minutes discussing the proposals and identify:

1. any further information you need from the client;
2. anything which you think could cause problems for your client and how those problems might be resolved;
3. any input you will need from specialist groups in your firm and how you think they could help; and
4. any help you will need from other advisers.

### **Extract from minutes of Board Meeting of MinuteMeal plc (taken by Belinda Williams, Company Secretary)**

1. We want to dispose of our frozen food operations so that we can focus on the chilled food business.
2. The majority of frozen products are manufactured in Lithuania and Estonia. We have 2 subsidiary companies – FrozenMeal UAB and TVdinner OÜ. The subsidiary companies own the manufacturing facilities, recipes and brands associated with the frozen products.
3. All distribution contracts with supermarket chains, local retailers and so on are concluded with either FrozenMeal UAB or TVdinner OÜ.
4. The FrozenMeal operation has been suffering from falling sales figures. Its main distribution channel is the UK and it has suffered particularly badly with the stock control problems at a leading supermarket.
5. The employees of both subsidiaries will probably react badly to the disposal of the frozen food business as it may have an impact on their employment. They are particularly concerned regarding their pension schemes as many have been employed for some years and state provision for pensions is limited.

## **MinuteMeal Plc workshop - Part Two**

### **Progress of the Transaction - 2 months later**

MinuteMeal Plc has decided to sell the business by means of an asset sale to Ice Market Inc - a frozen food company based in the US which wants to expand further into the European market. A price of \$100m has been agreed between the parties and a draft contract has been prepared.

A few things have happened recently which are causing MinuteMeal Plc some concern. They want the transaction to proceed as quickly as possible and had hoped to be in a position to sign contracts within the next few weeks. The directors have explained:

- The frozen foods division has just published its latest sales figures. They have reached an all time low.
- Several of the frozen meals produced in Lithuania have been contaminated with an illegal food dye known as Sudan 1. All the affected products have been recalled throughout Europe and are being returned to the plant by the retailers. There is further concern that other products may contain another banned food dye, Para Red. The Food Standards Agency in Lithuania is commencing an investigation into the plant and there are rumours that the food production licence may be suspended, or even revoked.
- In both Lithuania and Estonia, the financial press have published articles on the MinuteMeal Plc group and the proposed sale of the frozen food business operating out of these countries. The press have suggested that Ice Market Inc will close down the current production plants and move operations to their own sites elsewhere in Europe, resulting in heavy job losses. All the Estonian plant workers have gone on strike.

### **Your task**

In your group, please spend 30 minutes discussing these developments. Although primarily you will be considering these issues from the perspective of MinuteMeal, please also give some thought to the perspective of Ice Market Inc.

1. Identify the issues that your client should be considering.
2. How might these issues impact on the transaction?
3. What can your client do at this stage to deal with these issues?
4. Will you need to involve any other advisers?
5. Is it likely that the transaction will sign within the next week as your client would like?

Your secretary has just left you a message saying that the Company Secretary of MinuteMeal Plc is emailing you some recent press articles.

### **Presentations to the board of Ice Market – Part Three**

The board Ice Market of is concerned about the transaction and has called an urgent board meeting to discuss the developments and the progress of the transaction generally. You are asked to attend that meeting and present your advice on the above questions to the board.

#### **Your task**

Please prepare a presentation on the issues as they affect Ice Market. Your presentation should be no longer than 10 minutes. You may wish to choose a spokesperson for your group, although you can also decide to do the presentation jointly. Be prepared for your client to ask questions at the end of your presentation.