

THE INDEPENDENT **Threshers owner on the verge of administration**

First Quench hires KPMG to examine restructuring options for ailing business

By James Thompson

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The beleaguered owner of the Threshers off-licence chain is teetering on the brink of administration, putting 6,500 jobs at risk.

First Quench Retailing has hired KPMG's restructuring team and is considering a range of options including pre-pack administration and Company Voluntary Arrangement insolvency procedures, or a sale. FQR – which operates the 1,400 Threshers, The Local and Wine Rack fascias – has suffered a stock crisis this year after credit insurers reduced cover for drinks suppliers. If it does collapse into administration, it will follow a line of other off-licence groups. Wine Cellar, which had 170 convenience stores and off-licences, fell into administration in late September, but 109 shops were sold to EFB Retail shortly after. Unwins, the 381-store off-licence chain, slumped into administration in 2005, but Thresher Group bought 200 stores the next year.

Off-licence chains have for several years struggled to compete against the cut-throat pricing of supermarkets and burdensome high street rents. Partly due to FQR's credit insurance problems, Threshers' franchises have been hamstrung by not receiving enough stock to put on their shelves this year.

Yesterday, a FQR spokeswoman said: "The board of FQR notes recent media speculation about the future of the company. It is no secret that the credit crunch has made a very competitive marketplace even more challenging. The board, in consultation with its advisers, has been actively considering a number of restructuring and strategic options for FQR, and any decision will be made in the best interests of the business and its stakeholders." Retail Week, a trade magazine, reported that John Cleland, a non-executive director at FQR, is considering buying a slimmed-down version of the business.

In June, FQR said it made a pre-tax loss of £30m for the period 16 May 2007 to 28 June 2008, in accounts filed at Companies House. Many of the potential 6,500 job losses at FQR are part-time. The private equity firm Vision Capital bought Thresher Wine Holdings in July 2007 for £95m.