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Survival plan for Zumo juice bars goes before High Court

THE High Court will be asked later this month to approve a survival plan for the Zumo Juice and Smoothie bars chain.

Mediterranean Food and Wine Ltd, the company which operates the Zumo Juice and Smoothie bars and is the largest juice smoothie bar chain in Europe, sought the protection of the High Court from its creditors last October because it had become insolvent and was unable to pay its debts.

Chartered accountant Neil Hughes of Hughes Blake was approved as examiner to the firm, which specialises in making fruit drinks and yoghurt.

Yesterday at the High Court Mr Justice Patrick McCarthy made orders allowing Mr Hughes to present a report to the High Court asking it to approve a scheme of arrangement which the examiner believes will allow the firm to continue to trade.

The scheme has been put to Zumo's creditors, who are to be notified of the court hearing, and it is hoped this will take place by the end of next week. The parties to be notified include the Revenue Commissioners, Anglo Irish Bank and landlords of premises from which the bars operate.

The judge extended the period of protection to the company to the date when the application to approve the scheme is heard by the court.

The company, with a registered address at Mary's Abbey, Capel Street, Dublin has 60 employees. It blamed its difficulties on factors including the economic downturn, problems over rental agreements and the costs of a €4.5m buyout of a shareholder in 2005.

It had been profitable for most of its time in operation and figures before the court showed that between 2004 and 2007 the firm made profits of €4.5m. However, in 2008 it lost €452,000 and lost €697,000 in 2009.

An independent accountant's report said the company had a reasonable prospect of survival as a going concern if measures were taken, including the agreement of the scheme of arrangement between the company and its creditors.

By Aodhan Ó Faolain

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