

Liquidator probes assets transfer from Bross Bagels to new company

Brazen bagels boss Larah Bross is continuing to trade in the former premises of the business she crashed after running up an estimated £1.27 million in debt, including £626,000 due in taxes.

And The Edinburgh Reporter can reveal that the Bross Bagels owner transferred the assets of the debt-heavy business to her new company just days before an interim liquidator was appointed.

The directors of Bross Bagels Ltd lodged a petition at Edinburgh Sheriff Court on 3 August to wind up the company and to appoint an interim liquidator. Three weeks earlier, on 14 July, Larah Bross registered the entity Hot Mama Bagels Ltd at Companies House and was listed as the sole director.

The controversial move to transfer assets to Hot Mama Bagels will come under scrutiny by interim liquidators, Interpath Advisory, who were appointed on 29 August and are charged with winding down Bross Bagels Limited while securing the optimum return for creditors.

Directors of a stricken company can sell or dispose of assets prior to liquidation, however under The Insolvency Act 1986, there are strict regulations surrounding such transactions and if the liquidator sees potential wrongdoing or possible fraud, they have the power to investigate the selling of those

assets.

The Act also gives liquidators the ability to apply to the courts to overturn or reverse a transaction if they feel that the assets have been sold or transferred at an undervalue – known as gratuitous alienation – and consequently to the disadvantage of creditors.

The Edinburgh Reporter understands the actions of the Bross Bagel directors Larah Bross and Marc Millar – prior to the appointment of Interpath as interim liquidators – is under review and will include assessing a “transaction” which transferred the business to Hot Mama Bagels.

Meanwhile, the new entity Hot Mama Bagels has started trading in three of Bross Bagels’ units in Portobello, Bruntsfield and St James Quarter, with the Stockbridge unit listed as “closed”. Each shop continues to make use of the Bross Bagels identity and branding and the Bross Bagels social media accounts on Facebook and Instagram are updated with quirky videos and messaging as if it is business as normal.





The start-up company is currently recruiting for part-time, full-time and permanent “Team Members” who will be paid between up to £11.42 per hour to promote “the culture of Hot Mama Bagels and acts as a brand ambassador” for an “ever growing company”.

When The Edinburgh Reporter paid a visit to the Bruntsfield outlet on Monday it was claimed the till was not working and a receipt could not be provided, but an emailed receipt was branded as “Bross Bagel” and was sent from Larah Bross’s Bross Bagels email address.

Similarly, when The Edinburgh Reporter made a purchase at the Portobello branch, the sales receipt was headed “Bross Bagels Portobello” and included the Bross Bagels website domain and Ms Bross’s email details.

Under The Insolvency Act, 1986, using the name or a similar

name of a company which has entered insolvent liquidation is “prohibited” and former directors who fall foul of the rules could face serious repercussions, including a fine, imprisonment or personal liability for the debts of the new company.

Prohibited names include the liquidated company’s registered name, trading name, trademark, brand, acronym, or any other name which is so similar that it suggests to an impartial observer an association with the liquidated company and the measure, which applies for five years from the date of liquidation, is aimed at deterring “phoenixing” – where the debt-laden entity is closed down but business carries on under a new identity without the debt.

Bross Bagel

Bross Bagels Portobello
Portobello High Street
Edinburgh
Edinburgh
EH15 1EX

www.brossbagels.com | larah@brossbagels.com

TICKET NUMBER

A - 1787

Receipt of Purchase
(Inc Tax)

06/09/2023 13:22:06

Staff

Staff Member

Device

Portobello

PRODUCT
Big Apple
- Plain

PRICE	QTY	TOTAL
£8.00	1	£8.00
		£0.00

Total Qty 1

Sub Total

£8.00

Total

£8.00

PAYMENT BY TENDER

AMOUNT

World Pay

£8.00

TAX RATE

PERCENTAGE

TAX

Please retain your receipt for refunds within 14
days from the date of purchase

Fill your Hole!

Take Away

A Bross Bagels receipt dated 6 September – the company entered liquidation on 29 August.

A spokesperson for the interim liquidator, Interpath Advisory,

stressed that they had no involvement with Hot Mama Bagels Ltd and so were unable to comment upon that company or its current activities.

Earlier, Interim liquidator Alistair McAlinden, head of Interpath Advisory in Scotland, told The Edinburgh Reporter:

“Following our appointment, we are taking steps to assess the financial position of the Company, ingather information on its assets and liabilities, and effect an orderly wind-down of the Company. We will shortly make contact with the Company’s creditors to advise them on the liquidation process.”

Larah Bross was approached for comment.

[A joint investigation by The Edinburgh Reporter/The Edinburgh Guardian](#) previously revealed Bross Bagels were due His Majesty’s Revenue & Customs (HMRC) debts of £228,00 in National Insurance, £225,000 in PAYE and outstanding VAT payments of £173,000.

Other creditors included suppliers who are due an estimated £145,000, staff wages of £39,000 and we also revealed that more than £3,100 in Student Loan Deductions – collected from the salaries of staff who have student loans – remained outstanding to HMRC. The company was also due £62,000 by Larah Bross and Marc Millar for sums which had been withdrawn from the business as “directors’ loans”.

The list of creditors shows that more than £166,000 is attributed to Crowd Funding – from two rounds of a “Share Holing” initiative in which supporters donated £1,000 with the promise that their monies would be returned after four years. However, those debts will be treated as “unsecured obligations” of the company and it seems unlikely those crowd funding supporters will be able to recoup their investment from the liquidation proceeds.

Creditors can find more information, including details on how to submit a claim on the [dedicated Interpath portal here](#).

- Were you a supplier of Bross Bagels or a recent or current member of staff? [Get in touch here.](#)