

Nola Toys Ltd (NT) is a market-leading toy manufacturer established by Kirk Nola 50 years ago.

Kirk Nola designed a building brick for children which he called the Nola Brick. The bricks encouraged children to play imaginatively and became a global bestseller. The unique design of the brick and its name are strictly protected through patents and trademarks.

Following the Nola Brick's success, Kirk felt no need to design any other toys, and the Nola Brick range remains NT's only product. The bricks are sold in packs which allow models to be built, including houses, castles and space rockets.

Kirk Nola retained full ownership of NT until 18 months ago, when he retired and gave each of his three children one-third of NT's shares. Kirk's children had no interest or involvement in NT and they recently sold all their shares to Z-Co (ZC), an institutional investor in the leisure and media industries, for a substantial sum of money.

ZC's main interest in purchasing NT was to obtain the Nola Brick trademark and brand. ZC believes that the trademark could be used for computer games, theme parks, television programmes and films. Three months ago, ZC dismissed NT's chief executive officer (CEO) and appointed a replacement who was instructed to fully exploit the value contained in the Nola Brick brand via diversification.

You are an external adviser engaged by ZC to support the new CEO and the other members of the board.

It is currently June 20X3.