



The Griffin & King management team from left to right:
Janet Peacock, Richard Owen, Cheryl Gray, Tim Corfield, Emma Wallis.



What's happening to the zombie companies?

A 'zombie' company is a business that can only afford to pay off the interest on its debt – not the capital itself.

This term originated from the 1980's and 1990's when American loan and saving associations and Japanese banks struggled on because of cheap money in the market. Historically, the term has only applied to the financial sector but debt experts now believe zombie companies are widely spread throughout the UK economy.

According to R3 (the Association of Business recovery Professionals

– the Insolvency Trade Body) there are now 108,000 such businesses which is down from 160,000 a year ago. It is estimated that at least 497,000 people are employed by zombie companies and 1.3m by 'acutely distressed' ones. That adds up to around 4.4% of the UK workforce.

Insolvency (liquidation) statistics have remained fairly constant throughout 2013, Q1-3,681, Q2-4,129 and Q3-3,875. The average in 2012 was 4039 per quarter. So what's going on?

The numbers of formal liquidations does not explain

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- Administration
- Bankruptcy



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ZOMBIE BUSINESSES

the reduction in the number of zombie companies. However, R3 also note that the number of businesses that have moved to a more critical situation (acutely distressed) has increased. Those companies that have negotiated payment terms with their creditors has gone up from 130,000 to 137,000 in the last year and 134,000 businesses are struggling to pay their debts when they fall due which is up from 110,000 in June 2012.

So, roughly speaking that leaves around 20,000 companies that have entered a formal insolvency process or have traded through their zombie status, back to normal. Based on the Insolvency Service figures most of these must have been the latter category.

Now that the economy is finally showing signs of a sustained upturn will this mean that the crunch time for zombie companies is now drawing nearer? Will creditors, banks and HMRC take stronger action against struggling companies? Will an increase in interest rates be the final straw? Would zombie companies be able to finance an increased order book? Mark Carney, the Governor of the Bank of England clearly has a fine line to tread.

Each recession in the last 60 years has been followed by a sharp upturn in corporate insolvencies. This recession has been different in many ways to anything previous.

The truth is, nobody knows the answer to the question. We'll have a better idea over the next year or so.



Personal Insolvencies increase in third quarter despite economic upturn in 2013



Below is a table of personal insolvencies for the last two years, which makes interesting reading.

Families and individuals continue to feel the squeeze despite better

economic news - Individual Voluntary Arrangements (IVA's) were at the highest level since quarter 2 of 2010 and, clearly is still an effective tool for dealing with personal insolvency.

Year	Total	Bankruptcies	Debt Relief Orders	IVA's
2012 - Q1	28705	9132	7879	11694
2012 - Q2	27394	8092	7956	11346
2012 - Q3	28087	7642	7777	12668
2012 - Q4	25456	6921	7549	10986
2013 - Q1	25016	6673	7219	11124
2013 - Q2	25717	6469	7132	12116
2013 - Q3	26030	6004	6632	13394

What is the investigation hotline?



This is a service from the government insolvency service where anyone can report possible business

misconduct that would be looked into and could result in prosecution proceedings - such as;

- Complaints about live companies and limited liability partnerships

For advice on insolvency issues call us on your local number opposite

www.griffinandking.co.uk | email: janet.peacock@griffinandking.co.uk

What do we do?

We find solutions for businesses and individuals who have financial problems.

SERVICES FOR LIMITED COMPANIES

- Creditors Voluntary Liquidation
- Pre-Pack Administration
- Company Voluntary Arrangement
- Administration
- Members Voluntary Liquidation

SERVICES FOR CONSUMERS, SOLE TRADERS & PARTNERSHIPS

- Individual Voluntary Arrangement (Consumer Debt)
- Individual Voluntary Arrangements (Business and/or Consumer Debt)
- Partnership Voluntary Arrangements
- Debt Management
- Informal Creditor Arrangements
- Bankruptcy Advice
- Debt Relief Orders

- Complaints about the re-use of prohibited company names

Or information about the conduct of;

- disqualified directors
- undischarged bankrupts
- anyone subject to a debt relief order
- anyone subject to any insolvency related restriction

Any complaint should be in writing and could even be anonymous – but in the latter case is unlikely to be progressed without evidence and witness statements.

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Business briefings

Our next seminar



Tuesday 7 October 2014 at
The Village Hotel, Inspiration Suite,
Tempus Drive, Tempus Ten, Walsall WS2 8TJ
12.30 – 2.30pm.
Full details to follow.

Please check for availability. To reserve a place email:
janet.peacock@griffinandking.co.uk
or book online at www.griffinandking.co.uk

Places limited! Book early

Signature Dinners

These exclusive Signature Dinners are held bi-monthly. The Dinners have been introduced for the benefit of Local CEOs, Managing Directors, Partners and Senior Managers to get together. They are designed to facilitate networking at a higher level and create and nurture long-standing relationships.



Forthcoming Signature dinner dates

Last Thursday in the month:

February 27 2014, April 3rd 2014,
June 26th 2014, September 25th 2014
November 27th 2014

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For further information email:

janet.peacock@griffinandking.co.uk

THE LAST WORD...

Marathon Men!!



Tim and James proudly displaying their medals!

Tim and James Corfield, together with James' girlfriend Emily, successfully completed the Chicago marathon October 2013.

Tim is already in training for the Edinburgh marathon next May and Tim and James are hoping to get places in the New York marathon next November. Emily has retired from marathon running at the age of 20!

There were over 1.7 million spectators lining the streets cheering on the 45,000 runners.

Tim said "who'd have thought even a few months ago I would have been up to this. I only ran my first mile back in March! All the people there willed us on with their clapping and encouragement....I've never had so many high fives!....I must be mad but I'm looking forward to the next!"

So far, they've raised nearly £3000 for Teenage Cancer Trust. Many thanks to everyone that has donated.

If you'd like to make a donation please visit the website www.justgiving.co.uk/JamesEmilyTim



Scan here for our website if you have the app on your mobile device.



Griffin & King Competition

Win 6 bottles of Champagne or the equivalent in Marks & Spencer Vouchers



All you need to do is visit www.griffinandking.co.uk and answer the following questions. All correct entries will enter the draw.



Good luck!

1. What is the telephone number for "Business Rescue Specialist"?

2. How many G&K staff are there in the "meet the team" picture?

3. What date was this testimonial provided "Friendly, efficient, caring, just brilliant, can't thank them enough". NS ?

Competition closes on 14 March, 2014.

Please staple your business card with your entry if posting in.

Complete your details and either email to:

janet.peacock@griffinandking.co.uk or post, clearly marked for: Janet Peacock, Griffin & King, 26- 28 Goodall Street, Walsall, West Midlands, WS1 1QL



Griffin & King last Competition winner

Congratulations to Annette Dwyer of Midas Accountants & Business Consultants, who has chosen M&S Vouchers.



Annette comments: "Winning this competition has really made my week and I can't wait to treat myself".