



GRIFFIN & KING

LICENSED INSOLVENCY PRACTITIONERS

News and views from the Griffin & King team

BUSINESS RESCUE, RECOVERY AND TURNAROUND

SUMMER 2017



Management team:

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CAN A STRIKING OFF PROCEDURE BE USED AS AN ALTERNATIVE TO A LIQUIDATION?

by Tim Corfield



No. Definitely, no!

I recently had an enquiry from a director of a company that was insolvent. The director had spoken to her accountant and they had come up with the a plan to deal with the company; no further trade would be put through the company, debtor monies received would be used to clear the overdraft and as many trade creditors as possible, employees dismissed and told there were no funds to pay any entitlements, HMRC debts would not be paid and the

striking off procedure commenced!

I didn't know where to start! Besides preferences, transactions at undervalues, breach of fiduciary duty, there was a potential for a fine up to £5000, imprisonment up to seven years and up to a 15 year ban as a director if found guilty of this offence!

The guidance from Companies House says 'this procedure is not an alternative to formal insolvency proceedings where these are appropriate'.

Even if the company is struck off and dissolved, creditors and others could apply for the company to be restored to the register.

There are strict circumstances that need to exist before the directors (or a majority of directors) can make

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KEEPING YOU INFORMED

- Company Voluntary Arrangements
- Individual Voluntary Arrangements - Consumer Debts
- Liquidation
- Individual Voluntary Arrangements - Business Debts
- Administration
- Bankruptcy Appointments

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application - the most important of which are that the company has not traded, changed its name or engaged in any other activity other than being consistent with the process and concluding the affairs of the company within the last three months.

Within seven days of the application notice must be sent to all 'interested parties';

- **Shareholders**
- **Creditors - including all prospective and contingent**
- **Employees - including past employees if they are owed money**
- **Any director who has not signed the application form**

Any interested party can 'object' to the continuation of the

process. For example, if some form of legal recovery action is being taken or pending such as a winding up petition or action in a small claims court to recover a debt.

If the striking off is completed and there are outstanding employee claims no claim can be made to the redundancy payments office unless the company is reinstated and a formal insolvency procedure commenced.

I'm pleased to say the director in this case could see after talking to me, that this wasn't a good plan. We had a meeting with the accountant and all agreed that a creditors' voluntary liquidation was the right way to deal with the company. Of course, the accountant wasn't used to dealing with insolvency situations - that's why it's so important to speak to a specialist insolvency practitioner.

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ARRGHH....WHY WON'T PEOPLE TAKE ADVICE?

By Tim Corfield



I recently met Jason, a young company director who had bought into a franchise operation when he was around 20. He borrowed £10,000 from his mom and £24,000 from his bank

(limited to a personal guarantee of £6,000). The finance on a van was in his personal name and he had personally guaranteed all obligations under the franchise agreement.

Trading had never been good from the start but over the last few months Jason had barely any takings and he had to cut his losses and bring the business to an end.

Fortunately, the franchisor agreed that if Jason stopped trade it would not hold him liable for any future obligations under the agreement.

So, Jason was left with personal debts of around £22,000 (including his mom) at the ripe old age of 22 and having spent two years virtually working for nothing.

If only Jason had spoken to his accountant (or any professional adviser) prior to entering the franchise agreement. His accountant was familiar with this particular franchise operation and would have recommended to Jason not to go ahead. A brief meeting could have saved over £40,000 from being lost!!

These days it is even more difficult to make a living through a business than ever. It is easy to work very hard at a business and end up earning no money and, worse still, building up debts. Hard work alone is not enough - good advice and good preparation will minimise any risk and is a MUST for anyone considering taking on a business opportunity.

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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 Arrangements**
- **Administration**
- **Members Voluntary Liquidation**

SERVICES FOR CONSUMERS, SOLE TRADERS & PARTNERSHIPS

- **Individual Voluntary Arrangements (Consumer Debt)**
- **Individual Voluntary Arrangements (Business and/or Consumer Debt)**
- **Partnership Voluntary Arrangements**
- **Bankruptcy Appointments**

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

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

STRIKING NUMBERS – July 2017



Everyday in the UK...

- The population of the UK grew by an estimated **1,286** people a day between 2014 and 2015.
- On average, a UK household spends **£3.61** a day on water, electricity and gas.
- **248** people a day are declared insolvent or bankrupt. This is equivalent to one person **every 6 minutes 13 seconds**.
- **45.6 million** Plastic card purchase transactions were made every day in December 2016, with a total value of **£1.927 billion**.
- **3,321** Consumer County Court Judgments (CCJs) are issued every day, with an average value of **£1,495**.
- Citizens Advice Bureaux in England and Wales dealt with **3,473** new debt problems every day during the quarter ending April 2017.
- **14** properties are repossessed every day, or one every **1 hour 43 minutes**.
- The number of mortgages with arrears of over 2.5% of the remaining balance fell by **21** a day.
- **1,000** people a day reported they had become redundant between February and April.
- Net lending to individuals in the UK increased by **£173 million** a day.
- The Government debt grew by **£347m** a day during April 2017 (**£4012 per second**).
- Borrowers would repay **£137** a day in interest over a year, based on April 2017 trends.
- It costs an average of **£30.23** per day to raise a child from birth to the age of 21.
- **63** mortgage possession claims and **34** mortgage possession orders are made every day.
- **391** landlord possession claims and **289** landlord possession orders are made every day.

Personal debt in the UK

- People in the UK owed **£1.537 trillion** at the end of May 2017. This is up from £1.489 trillion at the end of May 2016 an extra **£929.97** per UK adult.
- The average total debt per household - including mortgages was **£56,731** in May. The revised figure for April was £56,545.
- Per adult in the UK that's an average debt of **£29,698** in May - around **113.5%** of average earnings. This is slightly up from a revised £29,601 a month earlier.

Statistics source: <http://www.themoneycharity.org.uk>

Business briefings

NEXT SEMINAR 7th November 2017



The Village Hotel, Inspiration Suite, Tempus Drive, Tempus Ten, Walsall, WS2 8TJ. 12.30-3:30 pm.

Places limited! Book early

Please check for availability. To reserve a place email: janet.peacock@griffinandking.co.uk



THE DIGITAL GARAGE FROM GOOGLE

Griffin & King is very excited to be partnering up with The Digital Garage from Google - a digital skills training platform to assist you in growing your business, career and confidence, online.

Furthermore, a Google digital expert is coming to teach you what is needed to gain a competitive advantage in the ever changing digital landscape, so come prepared to learn and ask questions, too.

FREE TO ATTEND - Including finger buffet and refreshments. There will be a brief introduction followed by a 45 minute coaching session on how to achieve greater results; including 15 minutes Q&A. Places will be allocated on a first come, first serve basis, and must be pre-booked by emailing:

janet.peacock@griffinandking.co.uk



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 date 2017
28th September

For further information email:
janet.peacock@griffinandking.co.uk

THE LAST WORD...

IVA'S. WHAT DEBTS CAN AND CAN'T BE INCLUDED



We all know what an IVA is. It's an alternative to bankruptcy, which in certain circumstances does work better for the debtor. Below is a reminder of what debts can and can't be included in an IVA.

Debts that can be included

- Credit cards
- Unsecured loans
- Overdrafts (unsecured)
- Hire purchase on vehicles or equipment no longer needed
- HMRC – VAT, PAYE, personal tax or national insurance
- Money owed to friends or family
- Store cards
- Excess debt on repossessed properties

Debts that can't be included

- Student loans
- Other educational loans
- Criminal court fines
- Traffic offence fines or parking tickets
- Borrowings secured on property
- Child support debts
- Hire purchase debts on vehicles or equipment needed
- Arrears on rental property which is occupied

Of course, if in any doubt call us.

Staff Corner



G&K welcomes Sukhdesh Mattu, our latest recruit.

Having worked for the insolvency service for over 14 years Sukhdesh is relishing the challenge to work in the profession. Suki is married, has two children and even though he supports Nottingham Forest takes his children to see West Bromwich Albion!

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We know that an IVA is often a last resort for your client. We pride ourselves on explaining, in layman's terms, the pros and cons and how it fits into the debtor's circumstances. If we don't think an IVA is right, we'll say!

If you have any questions or think we may be able to help one of your clients please call Tim Corfield, Janet Peacock, Cheryl Gray or any one of the Griffin & King team who'd be pleased to discuss matters further.

<http://www.griffinandking.co.uk/personal-individual-voluntary-arrangements.php>

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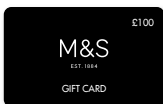


GRIFFIN & KING
LICENSED INSOLVENCY PRACTITIONERS

GRIFFIN & KING COMPETITION

Win £100 Amazon voucher or 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.



1. Name the three pictures that rotate on the Griffin & King home page.

2. Which page of the G&K Website has the scrolling testimonial bar?

3. How many Testimonials were there on the 16th June 2017?

Good luck!

Competition closes on 29th September, 2017. 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 Clair Moelwyn-Williams, Director at Whittingham Riddell LLP

www.whittinghamriddell.co.uk

"Thank you so much! What a lovely surprise! I'm looking forward to buying some books to read on holiday... although my two young daughters are suggesting we use it for Lego!

Thanks again to the Griffin & King team"