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NEWSLETTER

WINTER 2012/2013



GRIFFIN & KING
LICENSED INSOLVENCY PRACTITIONERS

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WILL 2013 SEE THE END OF ZOMBIE BUSINESSES?

What's a zombie business?
R3 (the trade body for Insolvency Professionals) President Lee Manning defines such a company as one "that can only service the interest they owe, not the debt itself".

R3 estimates there are now 160,000 zombie businesses (10% up from July 2012).

Some of the economic factors giving rise to the zombie business are;

- Cash is tight and, on the whole, creditors are not taking strong action to force a business into an Insolvency procedure.

- HMRC are issuing by far the most winding up and bankruptcy petitions which indicates that commercial creditors are being more patient with their credit control.

- Many business owners have hung on during 2012 hoping things will get better. Recent data (Markit's purchasing managers' index showing 48.9 for December) shows that nothing is likely to change for the better soon.

- Even if things do improve many businesses would not be able to fund increased orders due to a lack of working capital and access to funding.

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Cover story continued...



• Struggling firms have run their stock levels down and stretched suppliers to a point where they will not provide further credit – pro-forma payment has become the norm for such businesses.

• Bank debt (often at the insistence of the bank) may have been reduced but, often at the expense of delaying payment to suppliers and HMRC.

Corporate Insolvencies remain low and the phenomenon of the zombie business appears set to continue and increase for the foreseeable future. There were around 8,000 fewer corporate insolvencies in 2009 compared to 1992 and the present trend is on the decrease – and this is at a time when there are record numbers of company formations.

WORK LONGER AND LIVE LONGER. IT'S OFFICIAL!



Actuaries have recently reported that a man retiring at 70 rather than 60 added another 13 months to his life expectancy. For women it's around 12 months. This is even after taking into account differences in health, wealth and lifestyle.

That's good news for all of us that have seen our pension funds seriously depleted over the last few years. With the recent abolition of the default retirement age of 65 this means that more people who want to work longer, now can. Even shorter periods of work beyond 60 significantly improve life expectancy. Men who retire at 65 rather than 60 live an average of 7.5 months longer.

The exact reasons for this bonus is not entirely clear; continued physical and mental activity in later life has proven health benefits and the discipline of work helps us remain active and mentally alert.



The economy will be a much healthier place when these zombie businesses are finally laid to rest.

The funding for business Government initiative appears to have started to make a small difference but it will take time to have a real impact. The continuing problems in the Eurozone are unlikely to be resolved soon. The austerity plan continues.

Mervyn King has recently said that the UK "may be in for a period of persistently low growth" which supports the notion that nothing is going to change quickly – so the zombie businesses are here to stay for the foreseeable future!

Needless to say, if you do come across an owner of a zombie business please let them know we would be pleased to give them a free consultation. They wouldn't have anything to lose by taking us up on our offer!



INDIVIDUALS NOW COUNTING THE PENNIES - PERSONAL INSOLVENCIES FALL AGAIN



The Insolvency Service have recently issued figures which show that almost 110,000 people were made insolvent last year – a decrease of nearly 9% from 2011.

Around half of these were IVA's (individual voluntary arrangements) although these have declined from 2011 by 5%. The numbers of bankruptcies were 32,000 (down 25%) and debt relief orders (a low cost alternative to bankruptcy for debts of less than £15,000) were up on 2011.

These figures represent the lowest level of personal insolvencies since the financial crash of 2008.

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

Business briefings

Our next seminar



Next planned seminar 2 October 2013
full details to follow.

Wednesday 2 October 2013 at
The Village Hotel, Inspiration Suite,
Tempus Drive, Tempus Ten, Walsall WS2 8TJ
12.30 – 2.30pm.

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. Participation at these

Signature Dinners is by invitation only.

Forthcoming Signature dinner dates

Last Thursday in the month:

February 28 2013, April 25, June 27,
September 26, November 28



HMRC GET TOUGH!

There were 5,302 winding up petitions presented in 2012 compared to 3,367 in 2011 by HMRC – an increase of over 57%!

When a business gets into financial difficulties VAT and PAYE are often not paid on time. Without pressure from HMRC these debts build up. In these days where it is difficult to obtain traditional finance, HMRC can be used as a lender of working capital.

HMRC are anxious to dispel the image that it is a soft touch or that the unauthorised late payment of taxes is in any way ...

story continued overleaf...

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For further information email:

janet.peacock@griffinandking.co.uk

THE LAST WORD...

Marketing Corner



“Mobile to overtake fixed internet access by 2014”

Do you have a mobile internet site for your business?

- 31% of mobile internet users “mostly” go online using their phones (Pew 2012)
- 75% of customers prefer a mobile friendly site (Google, 2012)
- 61% of customers who visit a mobile unfriendly site are likely

to go to a competitor’s site (Karim Temsamani at IABALM 2012 via IAB)

- QR code usage jumped 617% from January to December 2011 in top 100 magazines (Nellymoser)
- 61% of smartphone users make local searches from a device (Localeze/15miles Fifth Annual comScore Local Search Usage Study February 2012)
- Mentioning a location in an ad or search result can increase click-through rates up to 200% (ThinkNear 2012 via MediaPost)

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



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... acceptable for a business to resolve cash flow problems.

The real time filing system due to be introduced should help HMRC monitor companies where debts are building up. HMRC has historically been very poor at intervening at an early stage to help businesses manage their tax bills.

It is rare to see a company enter into an insolvency process where HMRC are not a major creditor – in the case of Comet alone there is an estimated unpaid VAT and PAYE debt of over £26 million!!

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Griffin & King & 123insolvency Competition



Good luck!



GRIFFIN & KING
LICENSED INSOLVENCY PRACTITIONERS



Win a Spa Day for two or the equivalent in Marks & Spencer Vouchers

All you need to do is visit www.griffinandking.co.uk & www.123insolvency.co.uk

Provide written comments about both sites and you will automatically be entered into the draw.

Competition closes on 15 March 2013. 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

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Griffin & King Competition winner of Autumn 2012

Claire Clift partner with Davies Mayers Barnett LLP www.davies-mayers.co.uk

