



# GRIFFIN & KING

LICENSED INSOLVENCY PRACTITIONERS

*News and views from the Griffin & King team*

BUSINESS RESCUE, RECOVERY AND TURNAROUND

AUTUMN 2017



Management team:

Janet Peacock, Cheryl Gray, Tim Corfield, Emma Wallis, Mark Shaw.

## OVERDRAWN DIRECTORS LOAN ACCOUNTS - A NEW RECORD!

by Tim Corfield



**What's the biggest overdrawn director's loan account you've ever come across?**

**Perhaps £50,000? Answers to [tim.corfield@griffinandking.co.uk](mailto:tim.corfield@griffinandking.co.uk) - I'd be interested.**

We've come across some big ones in our time - as you can imagine. The latest is a company with two directors - one owes over £300,000 to the company and the other around £175,000. In total, nearly half a million pounds! Would you believe it, the debt to HMRC is around £500,000!

I've been appointed liquidator following a petition having been

issued by HMRC.

The one director thought he could do accounts and didn't need the 'unnecessary' expense of an accountant. We've heard that before, so many times.

The painful bit (for the directors) starts now - repayment of the loan accounts and dealing with the HMRC enquiry.

Of course, it's better if these problems can be avoided or at least dealt with before they get too serious. If you spot a client who is running up an overdrawn director's loan account that is getting out of control and there are unpaid debts on the other side of the balance sheet - please call for a chat. We will have some positive input and could help your client.

**WRONGFUL TRADE. WHAT SHOULD DIRECTORS DO TO AVOID PERSONAL LIABILITY?**

Page 2



**MY LIQUIDATION JOURNEY**

Page 2

**GOOGLE**

Page 3

**STRIKING NUMBERS**

Page 3



**OUR NEXT SEMINAR**

Page 3

**THE LAST WORD**

Page 4

**COMPETITION TIME**

Page 4

## KEEPING YOU INFORMED

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

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## WRONGFUL TRADE. WHAT SHOULD DIRECTORS DO TO AVOID PERSONAL LIABILITY?



A Director of a company that is wound up because it is insolvent can be made personally liable for the debts of the company, if there has been 'wrongful trading'.

There has been wrongful trading if, at some time beforehand, a director knew (or 'ought reasonably to have concluded') that there was no reasonable prospect of avoiding the insolvent company winding up, but did not take 'every step' to minimise the potential loss to the company's creditors.

The aim of the wrongful trading laws is to make directors of companies that are getting into financial trouble, who might otherwise try to trade out of trouble, stop and think carefully about whether they are being overly optimistic about the company's prospects.

**So, if a company director is concerned that his company is insolvent, what steps can he take to minimise any risk?**

- Ensure he always have adequate and timely financial information.
- Be alert to danger signs, such as pressure from creditors.
- Draw conclusions from the circumstances that a reasonably prudent business person would have drawn.
- Hold regular board meetings to discuss/review the company's situation.
- Ensure he considers the interests of creditors as well as comply with his statutory director's duties.
- If there is a prospect of insolvency, do not incur new liabilities as if there was nothing wrong.
- Record conclusions.
- Consider stopping trading and starting appropriate insolvency proceedings before creditors do.
- **BUT MOST OF ALL** - Take specialist, professional advice, consider it carefully and follow it unless there are very good reasons not to.



## MY LIQUIDATION JOURNEY – BY FIRST CLASS INSOLVENCY TEAM

By AM

After 3 years of difficult trading the position of my company had become untenable and personally onerous, so I

decided the only realistic route was to seek the services of an insolvency practitioner. A quick online search came up with Griffin & King, so I put in an initial query.



I was quickly contacted by Janet Peacock who remained my primary contact throughout the process. At the first phone call she quickly and efficiently elicited the salient points regarding the company's position from me, and I was instantly impressed by her no nonsense and non-judgemental approach. She recognised the key issues, and said she needed to consult with the liquidator to come up with a succinct proposal. Within a couple of hours she was able to do precisely that, providing a clear route forward, itemising what I would have to do, what I shouldn't do and giving cheerful, practical advice that provided a clear roadmap going forwards. This was precisely what I needed at the time; whereas before that had appeared to be an insoluble mess there was now a clear set of procedures, processes and information required.

We met a couple of weeks later, with me providing her with the necessary information, and her providing me with a mixture of good hearted support, paperwork to be signed and, for the first time in a long time, absolute clarity on the route forward.

A few weeks later there was the creditors meeting; where again I was steered through the practicalities, formalities and approach.

Janet has, throughout, been supportive, swift to respond to any queries, understanding and always clearly expressed advice, coupled with understanding of what I could practically achieve, coupled with acceptance and a positive light with anything I could not.

**What could have been stressful, costly to me personally, and a tangled mess has been resolved to a number of clear, achievable steps; for which I am both impressed and grateful.**



## STRIKING NUMBERS – September 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 **£3.40** 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**.
- **46.2 million** Plastic card purchase transactions were made every day in May 2017, 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.
- **13** properties are repossessed every day, or one every **1 hour 50 minutes**.
- The number of mortgages with arrears of over 2.5% of the remaining balance fell by **13** a day.
- **1,230** people a day reported they had become redundant between April and June.
- Net lending to individuals in the UK increased by **£155 million** a day.
- The Government debt shrank by **£6.5m** a day during July 2017 (**£75 per second**).
- Borrowers would repay **£137** a day in interest over a year, based on July 2017 trends.
- It costs an average of **£30.23** per day to raise a child from birth to the age of 21.
- **56** mortgage possession claims and **36** mortgage possession orders are made every day.
- **349** landlord possession claims and **274** landlord possession orders are made every day.

### Personal debt in the UK

- People in the UK owed **£1.548 trillion** at the end of July 2017. This is up from £1.489 trillion at the end of July 2016 an extra **£1033.36** per UK adult.
- The average total debt per household - including mortgages was **£57,349** in July. The revised figure for June was £57,205.
- Per adult in the UK that's an average debt of **£30,661** in July - around **116.2%** of average earnings. This is slightly up from a revised £30,584 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](mailto: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](mailto: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.

**Signature dinner dates for 2018 to be advised**

For further information email:  
[janet.peacock@griffinandking.co.uk](mailto:janet.peacock@griffinandking.co.uk)



# THE LAST WORD...

## 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

## Staff Corner

its a boy



Congratulations to Amelia & John on the birth of their first born, Thomas Frederick Wareham who arrived at 7.24pm on 11 September weighing in at 9lbs 1oz and was 56cm long.

Amelia is a case manager in the Corporate Insolvency Department, and has been with the company 7 years.

G&K



GRIFFIN & KING  
LICENSED INSOLVENCY PRACTITIONERS

## GRIFFIN & KING COMPETITION

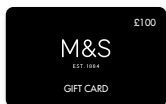
Win £100 Amazon voucher or Marks & Spencer Vouchers

All you need to do is visit [www.griffinandking.co.uk](http://www.griffinandking.co.uk) and answer the following questions. All correct entries will enter the draw.

1. Name all Griffin & King regional offices.

2. How many Video's about Creditors Voluntary Liquidation (CVL)?

3. How many Video's about Individual Voluntary Arrangement (IVA)?



Good luck!

Competition closes on 8th December, 2017. Please staple your business card with your entry if posting in. Complete your details and either email to: [janet.peacock@griffinandking.co.uk](mailto: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 LAST COMPETITION WINNER

Unfortunately no one was successful in the Summer competition 2017.