



# GRIFFIN & KING

LICENSED INSOLVENCY PRACTITIONERS

*News and views from the Griffin & King team*

BUSINESS RESCUE, RECOVERY AND TURNAROUND

SPRING/SUMMER 2019



Management team:

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

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

by Tim Corfield

**INSOLVENT**

### 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 an unlimited fine, and potentially liable to 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 states '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 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

Contd. Pg 2

### DEBT CHARITIES - GOOD ADVICE?

Page 2



### RECENT TESTIMONIALS

Page 3

### STRIKING NUMBERS

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

Download a copy  
[www.griffinandking.co.uk](http://www.griffinandking.co.uk)

**Contd. from Pg 1**

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.**

G&amp;K

## DEBT CHARITIES - GOOD ADVICE?

By Tim Corfield



Whenever I hear a discussion in the media about personal debt I hear the names of 'debt charities' enthusiastically put forward by the presenter as the recommended organisation that any individual with financial difficulties should contact.

Putting fees and costs aside for a moment, what is the most important aspect of advice for someone with debts that they can't cope with? In my view, it's getting the advice right!

I recently met Bev and her husband Pete. Their accountant recommended that I spoke to them about their limited company. The discussion inevitably went into their personal financial affairs. Bev told me that she had sought advice from a debt charity some years ago and entered a debt management plan (DMP) which she has now been in it for around four years - with the prospect of it continuing for a further ten years. There was no discussion about an Individual Voluntary Arrangement (IVA).

The problem with a DMP is that;

- It isn't legally binding and any creditor at any time can 'jump the gun' and take action - such as taking a charging order on a property
- No interest or capital can be legally written off and the debt simply stays with the debtor and in the majority of cases we come across, goes up!

Bev pays into the DMP £200 per month and jointly owns with Pete their home in which there is equity of around £30,000. I would have recommended an IVA which would have completed in no more than six years with the final years contributions being accepted in lieu of the property equity!

## GOOD ADVICE? AWFUL ADVICE?

DMP's should only be used as a short term solution - perhaps to help a debtor through divorce, illness or redundancy - and by short term I mean months not years! If a debtor has a real debt problem the answer is usually a debt relief order, bankruptcy or an IVA.

And on the subject of fees and costs, the debt charities don't charge for 'advice' or any aspect of a DMP. IVA's are done on normal commercial fees. This is just the same as the charge structure at Griffin & King.

**Hmm, where does that leave us? Who bankrolls the debt charities? Why does there seem to be a bias towards DMP's?**

G&amp;K

## STRIKING NUMBERS - MAY 2019



### Everyday in the UK...

- The population of the UK grew by an estimated **1,166** people a day between 2017 and 2018.
- On average, a UK household spends **£4.05** a day on water, electricity and gas.
- **350** people a day are declared insolvent or bankrupt in January to March 2019. This was equivalent to one person **every 4 minutes 7 seconds**.
- **3,567** Consumer County Court Judgments (CCJs) were issued every day in England and Wales in Q1 2019, with an average value of **£1,398**.
- Citizens Advice Bureaux in England, Wales and Northern Ireland dealt with **2,518** debt issues every day in the year to April 2019.
- **15** properties were repossessed every day in Q1 2019, or one every **1 hour and 34 minutes**.
- The number of mortgages with arrears of over 2.5% of the remaining balance fell by **8** a day.
  - The number of people unemployed fell by **326** per day in the year to March 2019.
- **1,022** people a day reported they had become redundant in January to March 2019.
- Net lending to individuals and housing associations in the UK grew by **£146 million** a day in March 2019.
- Government debt increased by **£73.7 million** a day in the year to April 2019.
- Borrowers paid **£139 million** a day in interest in March 2019.
- It costs an average of **£22.95** per day for a couple to raise a child from birth to the age of 18.
- For a lone parent family, the cost of raising a child comes to **£27.90** per day.
- **68** mortgage possession claims and **48** mortgage possession orders were made every day in January to March 2019.
- **337** landlord possession claims and **263** landlord possession orders were made every day.

### Personal debt in the UK

- People in the UK owed **£1,633 billion** at the end of March 2019 - an extra **£852.40** per UK adult over the year.

Type of Personal debt	Total Personal Debt £ billion	Per Household £	Per Adult £
Secured (Mortgages)	£1,415.9 billion	£51,636	£27,007
Unsecured Consumer debt	£ 216.7 billion	£7,905	£4,134
Of which, Credit card debt	£72.8 billion	£2,655	£1,389
<b>Grand Total (March 2019)</b>	<b>£1,632.6 billion</b>	<b>£59,540</b>	<b>£31,142</b>

The average total debt per household, including mortgages, was **£59,540** and per adult was **£31,142**, around **113.1%** of average earnings. This is up from a revised **£31,055** a month earlier. Based on March 2019 trends, the UK's total interest payments on personal debt over a 12-month period would have been **£50,731 million**, an average of **£139 million** per day. The average annual interest per household would have been **£1,850**, and per person **£968**, **3.5%** of average earnings. According to the Office for Budget Responsibility's March 2019 forecast, household debt is forecast to reach **£2.425 trillion** in 2023-24. This would make the average household debt **£86,388** (assuming household numbers track ONS population projections.)

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

G&K

## A FEW RECENT TESTIMONIALS



"The decision to put my company into liquidation was very difficult, but G & K were extremely helpful, encouraging and knowledgeable, making the whole process painless and taking a huge weight off my shoulders".

**DH - 10 May 2019**

"The team at Griffin & King have been very helpful in what are difficult times personally". **RH 3 April 2019**

"Five star professional company, cannot praise Janet Peacock enough for all her help and patience. From the very first conversation Janet put me at ease and explained every step of the way what was happening. Janet has made this unpleasant situation more than bearable. Highly recommend this company and I thank Janet for all her help".

**NG - 1 April 2019**

G&K

# 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

### GOING THE EXTRA MILE!



On 28th April Tim Corfield ran the London Marathon raising over £2,500 for Lepra - a fantastic charity.

Thank you so much for all of your support. Tim's time was 4 hours 13 minutes which wasn't too bad considering he only started properly training in March (and age adds Janet) having recovered from plantar fasciitis (nasty foot inflammation) and had not run for 12 months!



"I think that's my marathon days over now" said Tim but he quickly added

"New York sounds good though!"

G&K

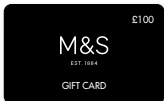


GRIFFIN & KING  
LICENSED INSOLVENCY PRACTITIONERS

## 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.



Good luck!

1. How many testimonials are dated March 2019?

\_\_\_\_\_

2. How many testimonials within the scrolling bar?

\_\_\_\_\_

3. What was the lead article in Winter2018/2019 G&K newsletter?

\_\_\_\_\_

Competition closes on 22nd July, 2019. 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

G&K



## GRIFFIN & KING LAST COMPETITION WINNER



The winner of the competition is Barry Talbot of Clear Accountancy

[www.clearaccountancy.co.uk](http://www.clearaccountancy.co.uk)

"It was a great surprise to find out that I had won the newsletter competition, I look forward to enjoying spending the vouchers and intend to buy a few nice bottles of wine to celebrate!"