



The Griffin & King 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

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 application - the most important of which are that the company has not

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



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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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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. 


CHANGES PROPOSED TO PERSONAL INSOLVENCY



The Business Minister, Jo Swinson has recently announced changes to debt relief orders (DRO's) and the level of indebtedness for which a creditor can commence bankruptcy proceedings. These reforms are set to come into force on 1st October 2015.

The maximum level of debt for a DRO will increase from £15,000 to £20,000. The DRO asset limit has also been raised to £1,000, plus a vehicle – worth no more than £1,000. It is estimated that these changes will allow 3,600 more people every year to enter a DRO. A DRO is a low cost alternative to bankruptcy for those debtors with low value assets and low income and have debt which they cannot afford to repay.

The minimum level of debt for which a creditor can issue a bankruptcy petition against a debtor is to be increased from £750 to £5,000. The level of £750 was last revised in 1986.

Giles Frampton, president of R3, the insolvency trade body, said "We are really pleased the Government has listened to the concerns of the insolvency profession and others about debt relief orders and bankruptcy."... "The rise in the creditor petition threshold is welcome, although £5,000 is far higher than expected. It is right that the petition level be increased - £750 was an entirely inappropriate level and the protection it offered debtors had been steadily eroded by inflation over the last three decades".... "The rise in the petition threshold will require creditors to look at other options for the pursuit of low value debts. While a bankruptcy petition is not always the most proportionate tool for this, it is very important that the insolvency regime maintains a balance between protecting the interests of both debtors and creditors. How the new threshold works in practice should be monitored closely." 

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 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

A WORD ABOUT RELATIONSHIPS – LIFE AND BUSINESS by Tim Corfield



Well we've done it! Twenty five years married to Julie.

Don't tell Julie, but I couldn't have run a successful business for the last 30 years without her. And then there's the not inconsiderable matter of bringing up a family. Both James and Matthew have

now left the family home and are finding their feet out there....I know I'm biased, but they've developed into fine young men and can look forward to fantastic futures which makes me very proud. And, they're all Wolves supporters...what more could any husband and father want! So, we enjoyed a well earned glass of champagne (maybe two!) on Tuesday 20th January!

Teamwork. Give and take. Horses for courses. Call it what you like – it's finding the right combination that works in any particular relationship.

DO RELATIONSHIPS MATTER IN BUSINESS?

I'd say so. Again, I know I'm biased but I'd say the most important relationship a business owner has is with his accountant. Most successful businesses have an accountant or a 'beanie' very close – and a successful relationship will last for years and help the business evolve.

A business owner should use his accountant as a sounding board as he will get to know the business inside out and often offer a different perspective to a situation.

I see many business people that have a failing business. Sometimes a failing business cannot be helped – the market changes so fast, especially these days, what worked a couple of years ago might not work now. The best accountant in the world can't change that situation. But, a good accountant will be close to his client and guide him quickly in the right direction. If the business is failing what's the point of pumping more (very hard earned) money into a business and losing it?

I've been dealing with a company recently where the director

Business briefings

NEXT SEMINAR Tuesday 6th Oct 2015



The Village Hotel, Inspiration Suite, Tempus Drive, Tempus Ten, Walsall, WS2 8TJ.

12.30-2.30 pm. Full details to follow.

Please check for availability. To reserve a place email: janet.peacock@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 2015


Last Thursday in the month:

February 26th, April 30th,
June 25th, September 17th,
November 26th.

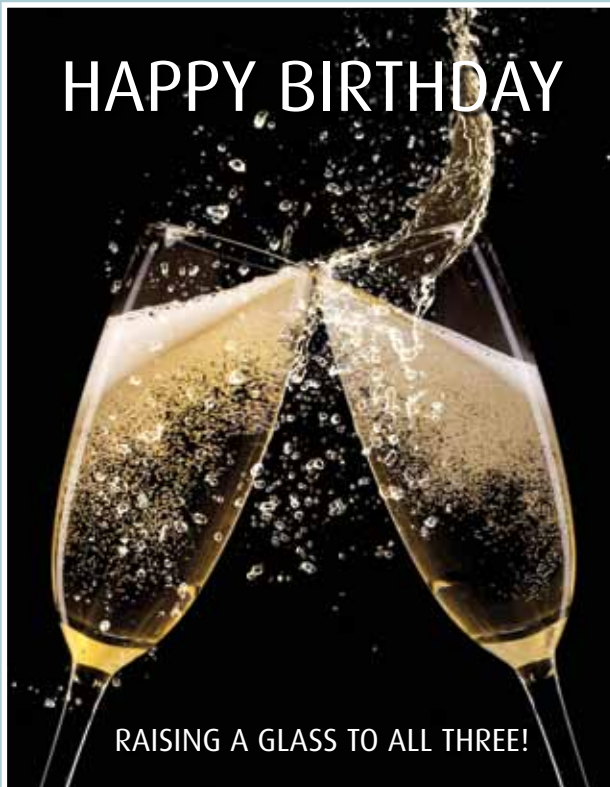
For further information email:

janet.peacock@griffinandking.co.uk

has injected around £500,000 into his business over the last few years and it's now all lost. He didn't have any faith in the company accountant and certainly didn't have a close relationship. The accounts weren't up to date and nobody really knew how the company was performing... other than badly! Now, if he'd trusted and had worked closely with his accountant...? I think things would have been different.

So, if you find you have a client that shows any financial warning signs please call to ask for my/our comments and advice. Any chat or meeting would be free and confidential and I'm sure it would help! In most cases a formal insolvency can be avoided – the sooner we get involved, the sooner we can help put a survival plan together. 

THE LAST WORD...



Tim & Perminder, both celebrating being 60!




Amelia, celebrating being 30!

It's the Big 60 for both Perminder (9th January) & Tim (14th February).

Perminder works within the personal insolvency team, and has been with the company 4 years.

Tim says about being 60 "that's 40 years of practise being 20!"

It's the Big 30 for Amelia (13th February) Amelia is a case manager in the Corporate Insolvency Department, and has been with the company 5 years. Amelia has many hobbies that she is passionate about and this is one of them and her in action. 

GRIFFIN & KING COMPETITION

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



Good luck!

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

1. How many testimonials are dated 14 January 2015?

2. How many testimonials are within the scrolling bar?

3. Business Debt Solutions Glossary - how many terms are explained?

Competition closes on 30th April 2015

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 Competition winner Tony Taylor, of Anthony Taylor & Co.



"Delighted to win your competition - Having done all my tax returns before Christmas and having just got back from a fabulous holiday in Mauritius with my family, I look forward to six happy occasions to drink my champers!"

www.accountsandtax.com