



GRIFFIN & KING

LICENSED INSOLVENCY PRACTITIONERS

News and views from the Griffin & King team

BUSINESS RESCUE, RECOVERY AND TURNAROUND

WINTER 2020



Management team:

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

ENTREPRENEUR'S RELIEF – HOW LONG HAS IT GOT TO RUN?

By Tim Corfield



There's not many tax breaks these days. Entrepreneurs' relief is one. For now.

This applies when a company is closed down and the assets are distributed to the shareholders. The big tax break is that the rate of tax applied is only 10%.

This can apply to all companies and doesn't need to coincide with any formal 'retirement' of the proprietor.

It can apply to a 'service' company where the director is compelled to take up full time employment.

To obtain the relief a company would need to enter a formal solvent

liquidation – a members' voluntary liquidation. The procedure is straight forward and, of course, we would guide the directors through.

If you are aware of any solvent client company with significant cash at bank and no longer trading this may well be worth having a good look at – without delay!

Of course, sooner or later (and probably sooner) capital taxes will increase to start to pay for the pandemic. The withdrawal of this relief will be a very easy decision for the Chancellor. 



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WHAT IS GOING ON? By Tim Corfield



The Coronavirus Job Retention scheme (CJRS) was due to be phased out and replaced on 31st October by the Job Support Scheme (JSS). Despite all of the assurances

otherwise, all changed a few days before the end of October and the CJRS is set to continue at the full rate of support of 80% until March.

The “furlough” bonus to employers scheduled for February has now been also postponed.

An employer can now re-employ an employee made redundant prior to 31st October and put them on furlough. What?

“There is a risk that you end up supporting jobs which no longer are going to exist and that reduces efficiency of the economy. So, keep it simple, keep it in place, but the risk you are trying to manage is that we become a bit of a zombie economy”. The words of Lord Macpherson. He warns this will harm productivity of the economy for years to come.

Furlough is not free for employers. We all know employees receive 80% of their wages but employers still have to pay national insurance, pension costs and other employee costs. Holiday pay continues to accrue as do redundancy entitlements for employees.

Some questions spring to mind. If an employer has not taken back an employee after 12 months of furlough might the implication be that the job does not exist anymore? Is it healthy for an employee to do nothing other than sit at home for 12 months? Is it distorting the market by pretending that jobs exist, when in reality, they don't?

Who's going to pay for all this Rishi?

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HENRY'S BOUNCE BACK LOAN STORY By Tim Corfield



“I'd like you to liquidate my company” Henry said “I had a catering contact for a hotel that's been suspended indefinitely.

The staff I had have all left and I don't owe them anything. I'm broke but there are no other creditors, other than the bounceback loan”.

“Why does the company have to go into liquidation straight away?” I asked. “There are no creditors, including employees, only the BBL which doesn't start to be repaid until May next year. So, there isn't any creditor pressure at all. Things could change enormously over the next few months. The contract may be reinstated and the best way forward may be to pay the loan from the profit stream of the company over the next few years”.

“If we liquidate the company I'd also need to be paid. So, you'd be creating a personal liability of around £3,000 which you don't have at the moment and can't afford. Why don't you park it for four or five months and call me back in the Spring? I can't see you've got anything to lose”.

After a few minutes of further discussion Henry said “That sounds like a plan. I'll put your number in my telephone”.

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A FEW RECENT TESTIMONIALS



“Janet has been fantastic from the first point of contact; Having no prior knowledge regarding the process of liquidation I must say I was a little

apprehensive, however I shouldn't have been because Janet has been so helpful and knowledgeable throughout the whole process and made it stress free, so for that I cannot thank her enough”. **GN – 13 November 2020**

“I contacted Griffin & King to deal with the insolvency of our business. It is a very difficult time for me as a director with Covid having a large impact. In this time of uncertainty Mark took control of proceedings. He guided me through the process step by step and I could not be more grateful for his help. My whole experience with Griffin & King has been that of a positive one”. **AM - 26 October 2020**

“Facing the unknown when realising that my business was no longer viable, I reached out to Griffin & King, based on previous testimonials. Mike was very prompt in responding to my initial request and has been very helpful, responsive and efficient through this difficult period. I initially was very concerned as to what was to happen however, Mike’s excellent knowledge of the process and my position legally has made the liquidation a far less stressful experience than I originally imagined”. ME - 7 October 2020

“Griffin & King have been handling our Liquidation for our business specifically James and other staff have been superb.

They are efficient, knowledgeable, helpful and never get tired of answering any questions and concerns we may have during this difficult time. Griffin & King really do take the stress from you and give you clear advice and instruction on what is needed but have incredible professionalism and empathy and without them steering things it would really be so much more stressful. I cannot recommend them highly enough - particularly James who is dealing with us and the efficiency and promptness of his work is such a high level - something which is very rare today. We will always be thankful to have used him and the team during such a difficult time”.

EB - 7 September 2020

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STRIKING NUMBERS - OCTOBER 2020



Everyday in the UK...

- The population of the UK grew by an estimated **990** people a day between 2018 and 2019.
- On average, a UK household spends **£4.16** a day on water, electricity and gas.
- **230** people a day are declared insolvent or bankrupt in January to March 2019. This was equivalent to one person **every 6 minutes 16 seconds**.
- In Northern Ireland, there were **4.8** insolvencies per day and in Scotland **21.5** insolvencies per day.
- Citizens Advice Bureaux in England and Wales dealt with **2,033** debt issues every day in the year to July 2020.
- **1** property was repossessed every day in April to June 2020 in the UK, or one every **24 hours and 15 minutes**.
- The number of UK mortgages with arrears of over 2.5% of the remaining balance fell by **7** a day.
- The number of people unemployed in the UK grew by **1,500** per day in the three months to August 2020.
- **2,467** people a day reported they had become redundant in June to August 2020.
- Net lending to individuals and housing associations in the UK grew by **£99.4 million** a day in August 2020.
- Government debt increased by **£624 million** a day in the year to August 2020.
- Borrowers paid **£124 million** a day in interest in August 2020.
- It costs an average of **£22.92** 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 **£28.16** per day.
- **2** mortgage possession claims and **2** mortgage possession orders were made every day in England and Wales in April to June 2020.

- **33** landlord possession claims and **7** landlord possession orders were made every day

Arising from Coronavirus pandemic

- **-9.2%** Amount the UK economy shrank from February to August 2020 (ONS).
- **6.8 million** Number of employees furloughed as on 30 June 2020 (HMRC). At the peak (8 May 2020) 8.9 million were furloughed.
- **+49,000** Increase in official unemployment of people aged 18-24 in the three months to July 2020 (ONS).
- **-238,000** Fall in employment of 18-24 year olds between February and August 2020 (ONS).
- **1.9 million** Number of mortgage deferrals offered by UK lenders up to June 2020 (one-sixth of all mortgages) (UK Finance).
- **27 million** Number of interest-free overdrafts offered by UK lenders up to June 2020 (UK Finance).
- **87%** Proportion of those earning £50,000+ per year who receive full pay when off work due to illness (TUC/BritainThinks).
- **34%** Proportion of those earning up to £15,000 per year who receive full pay when off work due to illness (TUC/BritainThinks).
- **-34.3%** Fall in cash machine transactions in the year to September 2020 (LINK).
- **227,000** Number of redundancies in the three months to August 2020 (ONS).
- **28.1%** Internet sales as proportion of all retail sales in August 2020 (up from around 20% at the beginning of 2020) (ONS).
- **227,000** Number of private renters who have fallen into arrears since the beginning of the pandemic and are at risk of eviction (Shelter).
- **+ 2 million** Increase in the number of people with low financial resilience since February 2020 (FCA).
- **31%** Proportion of adults experiencing reduced income as a result of the pandemic, with income falling by a quarter on average (FCA).

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

We have assisted many people with personal debt in the UK - view our testimonials here <https://www.griffinandking.co.uk/testimonials.php>

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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

(VIRTUAL) BAKEOFF UPDATE!



You might recall that Tim was disqualified from the Victoria Sponge challenge. How could this possibly happen, our readers have asked?

The other contestants argued that Tim had nobbled the judge (Mrs Corfield, very senior, alias the next Mary Berry). A rumour went around that the judge had been scoffing Tim's Victoria Sponge entry and when the attached photo



went viral on social media just before the winner was announced Tim's position in the competition became untenable.

Who needs the excitement of VAR?



GRIFFIN & KING
LICENSED INSOLVENCY PRACTITIONERS

GRIFFIN & KING COMPETITION

Win £50 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. Summer 2017 - What was the title of the lead article?

2. Summer 2016 - What was the title of the lead article?

3. Autumn 2015 - What was the title of the lead article?

Good luck!

Competition closes on 31st January, 2021. 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



The winner of the last Griffin & King competition is – David Ellis of Higgs & Sons

www.higgsandsons.co.uk

"Many thanks for your most welcome call on Friday. It is always a pleasure to speak with you, but to be called on a wet Friday 13th in the middle of lockdown, with the news that I had won the competition really made my day".