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EVER DECREASING CIRCLES

Cash Is King

When you think of Ali Campbell you think of ub40. Shane Filan, Westlife and Martine McCutcheon may bring back memories of “Eastenders”. What they all have in common is being made bankrupt, which goes to prove cash is king.



There is an old joke about the husband who did not report his wife's card stolen because the thief was spending less than she did. Excluding

mortgages, household borrowing in the UK rose to £198 billion and with car financing increasing by 15% and credit card debt by 10% this represents the fastest growth in debt levels since 2005. Statisticians suggest the average household could last just 32 days without any income and that more than 22% have savings below £500.

This depressing picture is indicative of how austerity has impacted on the general public. However, it does not reflect the true picture because reports on personal debt do not include “Hidden” liabilities such as personal guarantees for third party borrowing or directors over-drawing on their loan accounts. The worst case I have seen so far was a former partner of a failed legal practice whose Christmas present in 2014 were demands amounting to £11 million. Try explaining that to your spouse!

At PBC we see people with personal debts ranging from less than £10,000



up to the poor soul mentioned above. Regardless of the quantum of debt they all endure the same; demand letters, High Court Enforcement Officers, threats of bankruptcy etc. Admittedly, there are some who consult PBC where bankruptcy is the best option for that individual due to the overall circumstances. Others, like our client with the unwanted Christmas present, entering into an individual voluntary arrangement ("IVA") provided certainty and protected their career.

As implied, an IVA is not right for everyone. It is a deal with your creditors; a balanced compromise where there are benefits for both the client and their creditors and demonstrates being more beneficial

than bankruptcy. The key component from the client perspective is you must have something to offer, whether that is an income contribution or tangible offers, or a combination of both.

The principle message has (and will always be) take advice early. The longer you leave debt-related problems the more antagonised your creditors will become, the more cumbersome the debt and the less creditors will be persuaded to support any form of compromise you may wish to put forward.



FOCUS ON

Creditors' Voluntary Liquidation

Creditors' Voluntary Liquidation (CVL) is a procedure whereby the directors of an insolvent company can voluntarily take steps to wind up the company. A CVL is designed to realise the assets of the company and distribute proceeds to creditors. CVL's are the most common form of insolvency in the UK.

How does it Happen?

The directors of the company resolve to put the company into liquidation and instruct an insolvency practitioner

to convene a meeting of the shareholders (to place the company into liquidation) and invite creditors to appoint a liquidator using a decision procedure. The shareholders' meeting and the decision procedure are usually held on the same day, although the decision procedure can be held up to 14 days after the shareholders' meeting takes place. In the intervening period, the liquidator appointed at the shareholders' meeting has limited powers.

The directors of the company have a duty to prepare a statement of affairs, and a report on the company's history including reasons for its failure and send these to creditors. This is a job which PBC Business Recovery & Insolvency can undertake on behalf of the directors.

Recovery how to **Creditors** issued concerned practitioners
assets monies by other annual act af
Liquidation final **Distribute**
advise behalf duties shareholders preparation 4 liquidator accorda



The Liquidator's Role

The liquidator takes control of the company's affairs and all of the powers of the directors cease. The liquidator has the following duties:

- Realisation of the company's assets.
- Distribute monies after liquidation costs and expenses to the creditors.
- Compile and make a submission on the directors' conduct, in accordance with the Company Director Disqualification Act 1986, giving their view on the conduct of those persons who had been a director of the company in the period of three years prior to the liquidation.
- Prepare annual reports on the conduct of the liquidation until the liquidation is finalised
- Provide creditors with a final account and report of the liquidation.

What Services can PBC Business Recovery and Insolvency Undertake?

- We can advise directors whether a CVL is appropriate.
- Where appropriate, we will firstly assist the directors with the preparation of their report and statement of affairs and we will then act as liquidators.

We can act on behalf of creditors or shareholders concerned about a company and if appropriate advise creditors how to respond to paperwork issued by other insolvency practitioners

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paperwork
directors
creditors
company
and if
submission
respond⁵ can
Business



PBC SUPPORT

Ronald McDonald

article written by Kym Carvell

There are 14 Ronald McDonald Houses as close as is possible to specialist children's hospitals across the country, from Southampton to Liverpool.

They provide accommodation for families whose child is receiving treatment at the hospital, free of charge so parents can stay close to their children.


There is a telephone in each room with a direct line to the ward the child is on so that immediate contact can be made either by the ward to the parent or vice versa. There are staff and volunteers who run the house and provide much needed support for the families.

The house at Alder Hey hospital can accommodate 84 families a night & has welcomed over 16,000 families

since it opened in 1993. It costs £600,000 per year to run the house and last year that target was short by £150,000. The house is open 24 hours a day, 365 days a week, is full 94% of the time and looked after 1,723 families last year.

My baby grand daughter was born 10 weeks premature with a number of health issues, some of which the family were aware of before her birth, some they weren't and some caused by her early arrival. She was airlifted to Alder Hey children's hospital in Liverpool on the day she was born and my son joined her the same day. Her mother was quite poorly and not allowed to travel until she put her foot down the following day and joined them!

By comparison, my grandson required surgery at Addenbrookes in Cambridge when he was born in 2013 and no such accommodation was available for my younger son and his partner. There is no Ronald McDonald House at Addenbrookes. The accommodation there had to be



booked in advance and cost £50 per night with no facilities or direct telephone line. Few young people just starting family life can afford that, certainly not for any length of time, hence why the Ronald McDonald charity does what it does.

I am in no way, comparing the hospitals, they are both amazing places but I do have direct experience of the difference the Ronald

McDonald charity has made. It is because of this experience that PBC have chosen it as its charity of the year. Alder Hey in particular, treats children from all over the UK, Isle of Man and Europe, over 270,000 young people were treated there last year, hence its association with the Ronald McDonald charity. A lot of the patients and their families are miles away from home, 143 miles away in my case!



Now when I hear the name Ronald McDonald, I no longer associate it with a burger chain but with grateful families facing tough, emotional and uncertain times with their very poorly children. In an ideal world, there would be a Ronald McDonald House at every hospital and I hope we can help with that.



CHARITY WALK

Completed!

Northampton is within easy reach of London Euston – unless you choose to do it the way Kym Carvell and Jamie Cochrane did it. Spurred on by the excellent support Ronald McDonald House has provided to Kym and her family since Kym's granddaughter Billie-Marie was born last August, the pair walked from Euston over four days in July.

They have currently raised (at the time of writing) over £1,900 and are still hopeful of reaching their target of £2,000. Kym's daily blogs, reproduced below, provide the highlights of their four days walking:



Day 1) "I've learned that London cyclists are rude"

I've seen Wembley Stadium, Regents Park, Grenfell Tower (so sad), nesting moorhens with chicks and swans with cygnets, a green woodpecker, some handsome dogs (shame about some of the owners) and a lorry driver about 3ft away mount the pavement and take out a bollard (male naturally)! I've learned that London cyclists are rude and my efforts to teach them manners whilst amusing for me, were largely wasted, Jamie can't multi task and his attempts to look at his glasses while holding a drink meant that I would end up wearing it! I've learned that Billie-Marie is back in Alder Hey which has made us more determined and that there are a lot of generous people out there, thank you so much to everyone who has donated.



Day 2)

"Tough today as the heat made it hard!"



Today we've seen 3 herons, a red kite and a couple of guys appearing to be picking nits from each other's hair! It was a more picturesque walk today along the canal path, a lot less pavement pounding. Well-mannered cyclists, friendly people except one rude guy at Watford where we also saw the days first builders bum and thankfully the only one! Is that really necessary? Must be quite uncomfortable and draughty!

Jamie is suffering nasty blisters today and I have put the blister pack "in a safe place" but can't remember where! Sorry J!

Our other silly moment was forgetting to pay for parking in Northampton! Oops! Half way through now time wise though a few more miles to cover the next 2 days so early start tomorrow for day 3!

We can do this!!





Day 3)

“Off to an early start today at Tring”.

As my back and shoulders are surprisingly sorer than anything else I've decided to ditch the back pack, use a bum bag and let Jamie carry the weight! Not sure this look will catch on again so may try to up the game tomorrow and rock in socks and sandals as well! The new waist attire has taken a soaking with Jamie's 2nd throw of a drink over me as has my phone! Today I've seen the most beautiful countryside and my senses have been assaulted by the less pleasant aromas that come with it! I've seen horses running together, a couple of boat cats, stunning wildlife and a doberman belly flop into the canal to chase geese which naturally flew away leaving the dog unable to get back out again! Help was at hand and all ended well but it was funny. Everyone we've met has been lovely despite Jamie's groans of pain about his blisters! In fairness they are really bad poor lad. My legs are feeling it now but we're almost there and I'm determined to finish even if I do so on my hands and knees.

Day 4)

“Off to an early start again and just finished!”


Woohoo 80 miles over 4 days completed with lots of laughs and groans of pain along the way. Today I managed to spill my own drink on me, thought I'd give Jamie a break from doing it! We've had donations from strangers including the owners of Zack the greyhound who took a liking to me, seen beautiful views including common terns, had a close encounter with a heron and learned that the names Rosie and Jane appear on more barges than any other name.

I have asked myself over the last few days why I accepted this fundraising challenge from someone almost 30 years younger than me but we've done it! Would I do it again, hell yes! Growing old is compulsory growing up and acting your age is optional and the latter is

Woohoo!

*80 miles over 4 days
completed with lots of
laughs and groans of
pain along the way.*





my choice and the way I plan to continue. Most importantly, we've almost hit our target for Ronald McDonald House which is an amazing charity that gives so much help to families of sick children, more than I can begin to explain. Heartfelt thanks to everyone who has donated and to you all for your support and encouragement, much appreciated.



“

Gary is a trusted partner who can be relied on for obtaining the best outcome. Gary gives sound, practical and objective advice whilst taking care to look after people at the same time”

Keith Willett – Lloyds Bank

“Myself and my fellow directors are very grateful for all the assistance Natasha and Gavin have given as the MVL has progressed. It has all gone far more smoothly than we could have hoped. We definitely made the correct decision when we elected to appoint PBC to act for us”.

Company Director





HOW CREDITORS MAKE DECISIONS

Post 6 April 2017

Insolvency practitioners were well versed to creditors' meetings as the way in which creditors made decisions about a company or individual who is insolvent and how the process is managed.

However, from 6 April 2017 the profession and creditors had to get used to a completely new way of operating as a result of the one of the

changes made by The Insolvency (England & Wales) Rules 2016.

Creditors will still be the decision makers in the insolvency process but physical creditors' meetings are no longer the main method at which decisions will be made by creditors. There are now four 'decision procedures' specifically defined by the rules, namely: virtual meeting, correspondence, electronic voting and physical meetings. Physical meetings may only be used in exceptional circumstances.





In addition, deemed consent can be used to obtain a decision from creditors but it is not a 'decision procedure'. This distinction is critical as only decision procedures can be used for the approval of remuneration.

A virtual meeting is one where creditors are not invited or allowed to attend a physical location but may participate by way of telephone or video conferencing.

Electronic voting is an electronic system whereby creditors may vote without having to attend a physical location by a specified decision date. Systems like Survey Monkey or similar would best fit this process.

When seeking a decision by correspondence, creditors will be sent various proposed resolutions and will then complete and return the voting form by the decision date.

A physical creditors' meeting may only be called if the "10 10 10" rule is met. After notice of a decision making

process has been sent to creditors, a physical meeting can be requisitioned if either of the following conditions is

met: 10% of the value of creditors request a meeting, 10% of the total number of creditors request a meeting or 10 individual creditors request a meeting. These physical meetings will operate in much the same way as they used to.

Virtual Meeting

A virtual meeting is one where creditors are not invited or allowed to attend a physical location but may participate by way of telephone or video conferencing.

Alternatively, an office holder may send creditors a notice of resolutions by deemed consent. Creditors are deemed to have consented to a decision or resolution after notice of the decision or resolution is sent to creditors and fewer than 10% in value have objected to it. If objections are not received by the decision date creditors will be deemed to have consented to the decision or resolution.

Obviously it will take a while for creditors to become accustomed to these new processes and therefore PBC will gladly assist anybody in explaining the new processes.



MEET THE TEAM MEMBER

Lisa Parker



First up in this section is Lisa Parker,
who is the Directors' Assistant



Joined the firm in 2005.

The organiser of the office
the glue which holds us together.

Enjoys walking and camping
with her husband Kim and Reggie the dog.

Loves all animals.



lisaparker@pbcbusinessrecovery.co.uk



THE TOP 7 REASONS

for businesses or individuals to phone PBC

1.

You are receiving threatening letters from creditors or suppliers.

2.

You have VAT or PAYE arrears.

3.

Your bank is bouncing cheques.

4.

You can't sleep at night because of unmanageable credit card bills.

5.

You have CCJs.

6.

Mortgage arrears are putting your home at risk.

7.

Threat of bankruptcy or liquidation is affecting your health, family or business.



PBC offers a free initial meeting to all, which is confidential and impartial.

If you have any questions, however small, we will always be happy to help.

For example an accountant asked if we could help his client fill in the new insolvency forms he had received because a customer had failed. It took five minutes but we were happy to help.

PBC has offices in both
Northampton and Coventry and be contacted on:

Northampton:
01604 212150

Coventry:
02746 158234



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