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Only a few months ago not many people had heard of Covid 19. Now, it's changed all of our lives, some more than others.

On the economic front the Government has acted quickly. Some new laws are already in place and there is a new proposed corporate and insolvency bill presently going through parliament. This is likely to be law very soon to support businesses through the global

pandemic and allow them the best chance of survival.

This e only newsletter is a summary of the major changes.

These measures will form part of a new regime that looks to assist struggling businesses through this difficult period. No doubt, further guidelines will be issued in due course.

Above all, directors still need to be mindful of the huge obligations they remain under. If the business was struggling before this crisis started it shouldn't be used as a reason for carrying on and incurring further liabilities.

Now's the time to take advice.

by Tim Corfield



UK INSOLVENCIES DOWN AS SUPPORT PLANS KICK IN



Figures show the number of corporate insolvencies in the UK have fallen by one third in April compared to last year, as the pandemic takes charge.

In the short term, at least, the Government support measures seem to be working.



SUSPENSION OF WRONGFUL TRADE

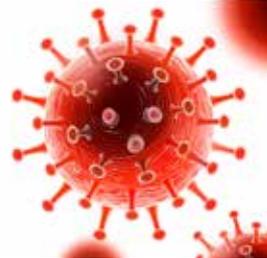
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COVID-19
CORONAVIRUS
NOVEL CORONAVIRUS



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KEEPING YOU INFORMED

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



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SUSPENSION OF WRONGFUL TRADE



What is wrongful trade?

Once a director of a company concludes (or should have concluded) that there is no reasonable prospect

of the company avoiding a formal insolvency they have an obligation to act diligently and minimise potential losses to the company creditors. If they don't, they run the risk of incurring personal liability for any increases in the losses.

In response to the current crisis wrongful trading has been suspended for three months with retrospective effect from 1st March 2020. This step incentivises directors, in such circumstances, not to commence insolvency proceedings and continue to trade and potentially incur further liabilities. This suspension offers directors limited protection.

Are these changes to the wrongful trade rules the best way of relaxing this complicated area of law? The existing wording of the (unamended) wrongful trade legislation does not seek to penalise directors who have acted conscientiously and reasonably, weighing up their decisions and taking advice from professionals.

Other insolvency legislation remains. Such as preferences, transactions at an undervalue, misfeasance and much more. Watch out!



NEW PROPOSED MORATORIUM PROCEDURE



This will bring in a new procedure that was under consideration before the present economic crisis.

A 'moratorium' would provide a 'breathing space' to a company under financial stress where creditors could not take any piecemeal action against the company. This 'breathing space' would give the company time to implement a rescue plan such as a restructure or refinance that would enable the company to emerge from the moratorium as a going concern.

The major points are;

- There is no need for a formal insolvency procedure.
- Available for companies that are insolvent or likely to become insolvent.
- It is a Court process – the court may make an order that the company should be subject to a moratorium, or may make any other order the court thinks fit.
- The court must be satisfied that a moratorium would achieve a better result for the creditors as a whole than would be likely if the company were wound up (without first being subject to a moratorium).
- There has to be a genuine reason why a moratorium

should bring about a better result for the creditors. If there isn't the company should simply enter an insolvency procedure (creditors' voluntary liquidation, administration of company voluntary arrangement) without delay and unnecessary cost.

- An insolvency practitioner (IP) is to monitor the process. Early involvement of the IP is essential.
- The moratorium comes into force when the relevant documents are filed in court.
- This procedure suspends any creditor action – such as lease forfeiture, winding up order made or petition presented, court writ procedure etc.
- The initial period of the moratorium is 20 business days commencing on the day after the moratorium comes into force and can be extended.
- The company will not be able to obtain credit over £500 without notifying the lender that a moratorium is in place (during the moratorium period).
- During the moratorium the IP monitor must assess continuously the company's affairs and be satisfied that the rescue of the company as a going concern remains likely.

On the face of this it appears to be a useful tool.

Particularly with a smaller company, are they likely to secure finance or bring about a reconstruction when in a moratorium? Presumably, they would have tried before the moratorium. There would need to be a very clear plan put together with an exit strategy. Effectively not being able to take credit and the responsibilities placed on the monitor does put the directors in a fairly tight straight jacket.

We'll see.



COVID 19 – WHAT’S NORMAL ABOUT THE NEW NORMAL?



I don't know about you, but I still wake up most mornings thinking about that nasty nightmare I've just had. But, of course, after a few seconds, I remember it isn't a nightmare.

And then I turn on the radio. Imagine if 12 months ago we'd heard just a few minutes of one of the 24/7 coronavirus current broadcasts. Its either another Q and A session, the Government briefing, BBC update, one expert talking about the financial effect on the economy, another expert talking about the mental effect on individuals, and other experts talking about just about every aspect of the disease, most of which we'd never even thought of.

We'd have thought we were on another planet.

What we need is something to cheer us up. Something like, the soccer season being restarted or Laura Kuenssberg being furloughed.

At least there's some good news on the football front but no such luck about Laura.

In the meantime, life must go on. We're here, as usual, getting used to the 'new normal'.

No doubt you may have many questions about your clients' financial position either now or over the next few months.

Don't hesitate to contact us either by email or telephone, at any time, if you think we could help. Hopefully, we'll soon be able to be have meetings, but in the meantime we're finding video conferencing and conference calls very helpful.

Here's a list of our contact details – I look forward to speaking to you soon.

Me (Tim Corfield) mobile: 077869 65009

Me (Tim Corfield) email: tim.corfield@griffinandking.co.uk

Janet telephone: 01922 722205

Janet mobile, text, Whats App: 07545 806 531

email: janet.peacock@griffinandking.co.uk or janetpeacock@iresource.co.uk



HERE'S SOME STATS...

- UK banks have granted almost 1.5 million payment holidays on credit cards and personal loans. Banking trade body UK Finance report that 877,800 customer accounts had received a payment freeze on their credit cards and another 608,000 customers received holidays on personal loan payments by 21st May.
- Almost one in five people experienced a reduction of household income during the first full month of lockdown.
- Nationwide has recently expressed the view that a borrower's credit file should be marked if such a holiday is taken.
- The first day the 'Bounce Back' loan scheme was introduced banks received around 100,000 applications. Barclays received 200 applications in the first minute and Lloyds 5,000 within three hours.
- The 'Bounce Back' scheme is open for loans of up to £50,000 to all businesses owners who simply have to self certify that their business has been adversely effected by Covid 19 and that the finance of their business was not in financial difficulty at 31st December 2019.

A FEW RECENT TESTIMONIALS



"Griffin & King have helped us through a tough time. They have been non-judgemental throughout the process. Despite having to work during the restrictions implemented due to Covid 19 they have been extremely helpful. I would be more than happy to recommend Griffin & King".

CN - 20 May 2020

"Working with Griffin & King has been a really positive experience so far. Janet from their team has done an excellent job of making sure all the documents are in order through this stressful period and keeping us alerted to everything that we need to do. Thanks so much guys!"

DS - 18 May 2020



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

WHAT HAVE YOU BEEN DOING IN LOCKDOWN?



We've all had to come up with ideas for breaking the monotony of lockdown. The Corfields have had a weekly Saturday bakeoff which has proved to be very competitive. Tim was controversially disqualified a few weeks ago when he appeared to be a clear favourite to win the 'Victoria Sponge' challenge. Here's Matt and Freddie's winning fudge brownie and Tim's attempt at Minion cupcakes!



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GRIFFIN & KING COMPETITION

Win £100 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. In the video gallery how many videos about Creditors Voluntary Liquidation (CVL)? _____
2. How many G & K testimonials in January 2020? _____
3. How many Videos on the testimonial page of the G & K website? _____
4. Personal Insolvency - How can we help you – How many videos? _____

Good luck!

Competition closes on 30th September, 2020. 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 Joe Lister, Director of SLP Accountants.



www.slpaccountants.co.uk