



Managers:
Cheryl Gray, Janet Peacock, Emma Wallis, Richard Owen.

TOUGHER NEW RULES FOR DIRECTORS

by Tim Corfield

On 26 March, new rules were enacted which will be phased in over a twelve month period.

The new rules “will introduce measures to modernise and strengthen the director disqualification regime to give the business community and consumers greater confidence that wrongdoers will be

receive compensation.”

From April 2016, there is a new process of reporting by an Insolvency Practitioner (IP) under the Company Directors Disqualification Act 1986. Under existing rules, an IP is required to file a report to the Secretary of State on the conduct of the insolvent company’s directors within 6 months. This period is to be shortened to 3 months to maximise the opportunity for successful disqualification proceedings. The time limit for bringing proceedings after insolvency is to be increased from 2 years to 3. IP’s will now be required to report on the ‘suspicion’ of director misconduct, rather than on their ‘evidenced belief’ under the current regime.

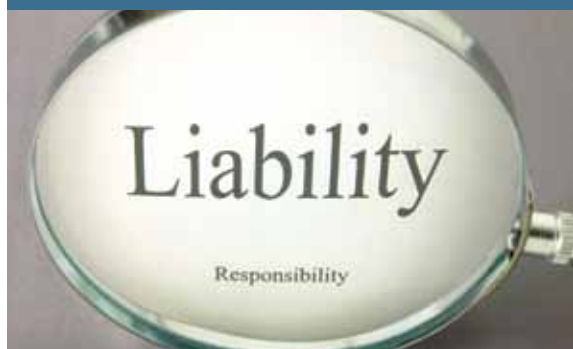
Increased powers will be also be given to the Secretary of State to request information relevant to a person’s conduct as a director of an

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barred as directors. This will lead to an increase in confidence in the director disqualification regime, greater transparency of the conditions that can lead to disqualification and more opportunities for creditors who have suffered from director misconduct to

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insolvent company from any person, whereas currently, information and records can only be requested from insolvency office-holders. This should help to streamline the process.



Other changes are;

- powers will be given to Administrators to bring wrongful and fraudulent trading claims which are currently only available to Liquidators.
- IP's will be allowed to assign claims that currently only they can pursue to a third party.
- IP's will be able to exercise certain statutory powers, particularly in relation to issuing legal proceedings, without requiring the sanction of creditors.
- The courts will have the power to order directors to pay compensation to the victims of their misconduct, where their poor conduct has resulted in a quantifiable loss.

Will these changes make a difference? They are a step in the right direction but, ultimately, more resources are needed to make a real difference. Let's wait and see!

WRONGFUL TRADE. WHAT SHOULD DIRECTORS DO TO AVOID PERSONAL LIABILITY?



A director of a company that is wound up because it is insolvent can be made personally liable for the debts of the company, if there has been 'wrongful trading'. There has been wrongful trading if, at some time beforehand, a director knew (or 'ought

reasonably to have concluded') that there was no reasonable prospect of avoiding the insolvent company winding up, but did not take 'every step' to minimise the potential loss to the company's creditors.

The aim of the wrongful trading laws is to make directors of companies that are getting into financial trouble, who might otherwise try to trade out of trouble, stop and think carefully about whether they are being overly optimistic about the company's prospects.

So, if a company director is concerned that his company is insolvent, what steps can he take to minimise any risk?

- Ensure he always have adequate and timely financial information.
- Be alert to danger signs, such as pressure from creditors.
- Draw conclusions from the circumstances that a reasonably prudent business person would have drawn.
- Hold regular board meetings to discuss/review the company's situation.
- Ensure he considers the interests of creditors as well as comply with his statutory director's duties.
- If there is a prospect of insolvency, do not incur new liabilities as if there was nothing wrong.
- Record conclusions.
- Consider stopping trading and starting appropriate insolvency proceedings before creditors do.
- BUT MOST OF ALL - Take specialist, professional advice, consider it carefully and follow it unless there are very good reasons not to.

For advice on insolvency issues call us on your local number opposite

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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

STRIKING NUMBERS – May 2015



- The population of the UK grew by an estimated 1,223 people a day between 2003 and 2013.
- It costs an average of £29.91 per day to raise a child from birth to the age of 21.
- On average, a UK household spends £2.91 a day on water, electricity and gas.
- 231 people a day are declared insolvent or bankrupt. This is equivalent to one person every 6 minutes 13 seconds.
- 34 million plastic card purchase transactions were made every day in January 2014, with a total value of £1.574 billion.
- 8.50m cash machine transactions were made every day in March with a value of £340m.
- 1,765 Consumer County Court Judgements (CCJs) are issued every day, with an average value of £2,527.
- Citizens Advice Bureaux in England and Wales dealt with 6,407 new debt problems every working day during the year ending December 2014.
- 58 properties are repossessed every day, or one every 25 min 2 seconds.
- The number of mortgages with arrears of over 2.5% of the remaining balance fell by 76 a day.
- The number of people unemployed for over 12 months fell by 504 per day.

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:

**June 25th, September 17th,
November 26th.**

For further information email:

janet.peacock@griffinandking.co.uk

- 1,163 people a day reported they had become redundant between December and February.
- Government borrowed £238m a day during March 2015 (£2,759 per second).
- Net lending to individuals in the UK increased by £100m a day.
- Borrowers would repay £151m a day in interest over a year, based on March 2015 trends.
- 77 mortgage possession claims and 54 mortgage possession orders are made every day.
- 377 landlord possession claims and 298 landlord possession orders are made every day.

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

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THE LAST WORD...

We welcome Paul Johns who joined the team on 18 May



Paul is a very experienced insolvency administrator, a graduate, and has passed his Certificate of Proficiency in Insolvency (CPI). Paul will be working in our corporate department.



Amelia has been horse riding for the last 27 years and recently decided to test her abilities/knowledge and take the BHS' stage exams. There are 4 stages and she has just taken stage 2 which was 9 exams in one day, riding 4 horses, (2 of the horses over a 2'6" show jumping course) and 7 non-riding units. The hardest part for her was learning the skeleton and different types of feed.



Bertie (Cake Protection Supervisor) the staff member who has recently been in sick bay!! He is now on the mend after a minor operation.

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Good luck!

GRIFFIN & KING LAST COMPETITION WINNER

Regret no winner, no correct entries, so the prize for this competition has doubled!!!

GRIFFIN & KING COMPETITION

Win 12 bottles of Champagne or the equivalent in 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. How many testimonials in March 2015?

2. How many Griffin & King brochures can you download?

3. Who won the Griffin & King competition in the spring 2014 newsletter?

Competition closes on 30th June 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

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