

# INSOLVENCY BULLETIN

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### END TO ONLINE FORMS

The Insolvency Service's Online Forms Service, which allows for the electronic completion of bankruptcy winding-up petitions and statements of affairs, is currently being wound down. The service will close completely at 5pm on Tuesday 30 November 2010.

### Our services include:

- Corporate Recovery
- Members' Voluntary Liquidations
- Creditors' Voluntary Liquidations
- Compulsory Liquidations
- Administrations
- Company Voluntary Arrangements
- Administrative Receiverships
- Law of Property Act Receiverships
- Partnership Voluntary Arrangements
- Business Advice
- Advice to directors
- Bankruptcy

## Corporate insolvencies look set to rise

**The welcome decline in the number of corporate insolvencies in the second quarter of 2010 belies the current reality for many businesses, says John Travers.**

Latest figures from the Government's Insolvency Service suggest that the current low interest rate regime, has combined with the impact of HMRC's Time to Pay Facility to lead to the drop in liquidations and receiverships.

The 4,080 company liquidations in England and Wales during Q2, represents a drop of 19.1 per cent on the same period last year

and, of these, 1,169 were compulsory, while 2,911 were creditors' voluntary liquidations. The 302 receiverships during the quarter represented a drop of 12.5 per cent year on year. Administrations fell 24.3 per cent to 777, whilst individual insolvencies were

up five per cent year on year to 34,743.

"However," says John, "Many firms are already between a rock and hard place and we can expect to see a steep rise

in corporate insolvencies before too long as interest rates rise and Time to Pay is wound down."

*"Smaller firms are already paying more for their loans and overdrafts and are likely to be hit hardest."*

## Dodgy directors may get let off the hook

**Government moves to cut costs within the Insolvency Service** by axing more than 50 front-line jobs could allow directors who flout the law to keep their place in the boardroom. The mass job cut is likely to hit every regional office across the country, including the West Midlands, each losing around three Official Receiver Investigators, mostly, it is

understood, from within the Service's corporate division.

John Travers says that insolvency practitioners have long complained that the Insolvency Service should be doing more to discourage rogue directors.

"These redundancies will certainly stretch an already overloaded service to its limits," he adds.

## Report confirms further fall in bank lending

The latest monthly report from the Bank of England reveals that, in Quarter 2 of 2010, the stock of lending to UK business contracted across all the main sectors of the economy for the fifth consecutive quarter. The survey is produced in conjunction with all the major lenders and includes Banco Santander, Barclays, HSBC, Lloyds Banking Group, Nationwide and Royal Bank of Scotland, who together provide more than

65 per cent of lending to UK firms.

“In this new world where lending criteria are much stricter, owners and managers looking to the banks for support will need to plan ahead, and to let go of the idea that the banks will be taking all of any additional risk,” says John.

*Figures revealed an £8.6 billion drop in overall lending to UK business during Q2 2010.*

“Funding is still available, but businesses must be able to present a robust and achievable business plan in order to be successful.”

## Watch out for the signs of failing customers

### A thought to conjure with...

*The latest UK insolvency figures show pub sector insolvency levels remaining high in the second quarter of 2010, especially liquidations!*

**Suppliers need to be highly attuned to the trading position of their customers** to avoid the risk of a bad debt, an audience of Black Country business people was warned. Speaking at a Beacon4Business event in Sedgley, John Travers examined the symptoms of business failure, and outlined how suppliers can detect the early signs of financial difficulty among their customers.

“Any business providing goods and services on credit are actually contributing towards the funding of their customers and should view any extension of credit as such,” John said.

“It is too often the case that suppliers view the risk of non-payment for the provision of good or services as an acceptable hazard of trading when, if they were to view it as a funding exercise, they may well regard the whole issue of giving credit in a different light.”

### New ruling:

The High Court has ruled that successive Notices of Intention to appoint (“NOI”) by directors appointing administrators via the out of Court procedure is permissible. Paragraph 28(2) of Schedule B1 of the Insolvency Act 1986 states that the appointment of an administrator must be made within ten business days from the date on which the NOI is filed at court under paragraph 27(1). HHJ Purle QC held that paragraph 28(2) “does not ... prevent a fresh NOI from being served and filed, resulting in a fresh ten day appointment window”.

### JOHN D TRAVERS & COMPANY

LICENSED INSOLVENCY  
PRACTITIONERS  
BUSINESS ADVISERS

### Your views sought...

The Insolvency Service is seeking views on its latest batch of draft Insolvency Rules, due to take effect in 2012.

Responses from stakeholders and interested parties are said to be welcome, as part of the reform project which is modernising regulation. Responses are due by January 31, 2011.

The Insolvency Service is also asking for feedback from those who use its regularly produced official statistics. The ‘statistical user engagement exercise’ runs to 18 October 2010 and can be found at:

[http://www.insolvency.gov.uk/insolvencyprofessionandlegislation/con\\_doc\\_register/registerindex.htm](http://www.insolvency.gov.uk/insolvencyprofessionandlegislation/con_doc_register/registerindex.htm)

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