

Newman & Partners

Licensed Insolvency Practitioners

FOCUS ON INSOLVENCY BULLETIN

Welcome to the latest issue of our Focus on Insolvency Bulletin, designed to keep you up-to-date on insolvency matters that may be of interest to you. If you have any feedback on this bulletin, or would like to know more about our services or how we can help you, please contact us on **020 8357 2727** or at insolvency@newmanandpartners.co.uk

Insolvency fees increase

The Insolvency Service have increased its fees “in line with inflation”. The increase came into force in April and affects fees and deposits paid in creditor and company winding-up petitions in England and Wales, although the deposits for people petitioning for their own bankruptcy will stay fixed.



A statement from the Insolvency Service said that the fee increase takes into account “inflation since the last time fees and deposits were put up, in 2010 and 2011 respectively.” Under the new fee structure, bankruptcy debtor petitions and creditor petitions fees have risen by 7.9 per cent to £1,850, while company compulsory winding-up fees increase by 7.4 per cent to £2,400. Meanwhile, deposits for bankruptcy creditor petitions and company compulsory winding-up increase by 7.1 per cent

and 7.3 per cent, taking them to £750 and £1,250 respectively. However, the deposit for a bankruptcy debtor petition will remain at £525.

Business Minister Jeremy Willcott said that the increases will ensure that the Insolvency Service continues to provide a high quality of service to those in debt and will continue to represent good value for money. He added that people petitioning for insolvency are expected to pay their fair share of the cost and that the

taxpayer should not be responsible for the fee, though only the deposit is paid upfront and the remainder of the fees are collected once assets are realised.

It is always recommended that individuals in financial difficulty should seek professional advice as soon as problems arise. At Newman and Partners Insolvency, we can offer assistance to businesses and individuals on the most suitable options available to them. For more information, please contact us.

Common insolvency principles proposed across EU

In March the European Commission (EC) set out a series of “common principles” for national insolvency procedures for businesses in financial difficulty, with the objective of shifting the focus away from liquidation towards encouraging viable businesses to restructure at an early stage in order to prevent insolvency.

With around 200,000 businesses across the EU facing insolvency and 1.7 million individuals losing their jobs each year as a result, the Commission wants to give viable enterprises the opportunity to restructure and stay in business.

According to the EC, reforming national insolvency rules would create a “win-win” situation, keeping viable firms in business and safeguarding jobs whilst at the same time improving the environment for creditors, who will be able to recover a higher proportion of their investment than if the debtor had simply gone bust.

The recommendations aim to allow the firms in difficulty to request a temporary stay of up to four months which could be

renewed up to a maximum of 12 months before creditors can launch enforcement proceedings, giving them the time to adopt a restructuring plan. In addition, post-bankruptcy, “honest entrepreneurs” should be given a second chance because evidence shows that they are more successful the second time around.

The recommendation follows a public consultation in 2013 on a European approach to insolvency and a proposal to revise existing EU rules on cross-border insolvencies, which recently received the approval of the European Parliament. The EC has given member states one year to put the “appropriate measures” in place and will assess their progress after 18 months.



At Newman and Partners Insolvency, our experts can provide tailored solutions in line with the latest legislation for businesses and individuals who may be at risk of insolvency. For more information, please contact us

Failing to disclose funds may mean prison for bankrupt individuals

Following an initial investigation by the Insolvency Service, an individual who went bankrupt in 2010 has been jailed for two years for failing to disclose assets at the time of his bankruptcy and for being unable to account for payments made in the year prior to it. Commenting on the case, Deputy Chief Investigating Officer Mike Williams of the Department for Business, Innovation and Skills (BIS), said that the sentence is a reminder to other potential offenders that in bankruptcy, there are severe penalties for failing to provide a full and honest disclosure to the Official Receiver.

As with anyone thought to be acting dishonestly in bankruptcy, the individual in question was the subject of an investigation which was then passed to the relevant prosecuting body, in this case the BIS, and finally referred to court.

The court heard that not only did the man have more than £33,000 in his possession around the time of the bankruptcy order, despite saying at the time that he had no assets and had been on benefits for a number of years, but that he had been running a haulage business prior to going bankrupt and could not account for £97,000 in cash

movements from his bank during that time.

There are a number of restrictions around being made bankrupt, including not being able to create, manage or promote a company without the court’s permission, or borrow more than £500 without telling the lender that you are bankrupt.

In this case, the individual declared that he had borrowed the £33,000 from relatives but they were then unable or unwilling to corroborate his story in court. He also said that he had asked a friend to manage the haulage business for him but it was clear from

his bank statements that many of the transactions related to him personally, such as maintenance payments to his ex-wife. Breaking any of these restrictions is a criminal offence and can lead to custodial sentences, as in this case, as the BIS will always take action against fraud.

At Newman and Partners Insolvency our experts are fully qualified to advise on both corporate and personal insolvency cases should individuals find themselves in financial difficulties. For more information about the guidance we can offer in all insolvency matters in line with the latest regulations, please contact us.

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