

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

Debt help increasing

According to the Debt Advisory Centre, the number of homeowners receiving help with debt problems has increased by 52 per cent since 2008, raising the service's workload from this quarter from 25 per cent to 38 per cent.



The organisation, which is part of Think Money Group and provides debt management plans, has seen a more than 50 per cent rise in homeowners on its debt solutions website compared to five years ago. According to the Centre, the figures confirm that many homeowners have taken on mortgages they cannot afford to repay and added that some of them can only afford their mortgage payments currently as a result of low interest rates, meaning that they could "begin to struggle" when the Bank of England eventually increases its base rate, although according to new Governor Mark Carney this may not be until 2016.

A spokeswoman for the Centre said that debt problems are always worrying, but can be all the more serious for homeowners who fear they may lose the roof over their family's head. However, she added that there is nearly always a way to avoid things getting to that point if people act early enough. The fact that people are contacting the Debt Advisory Centre is a good thing, she said, as it means that they may be able to do something about their debts before the situation becomes irreversible.

The spokeswoman added that people struggling to make ends meet because

of large repayments could consider a debt consolidation loan, which could potentially reduce the amount paid out each month. In this case the time it takes to pay off the debt would be increased, but it could leave them with more financial breathing space.

It is always advisable to seek help as soon as financial difficulties begin to arise. Newman & Partners Insolvency can offer a wealth of professional guidance on insolvency matters to help your clients manage their financial situation.

Contact us for more information.

Business after Bankruptcy

Personal film business Kodak is about to have another ‘moment’, having emerged from bankruptcy leaner and in much better shape than it was in January 2012 when it filed for Chapter 11 bankruptcy protection in the USA.

Synonymous with personal photography since its founding in 1880 by George Eastman, the firm failed to react quickly enough to the shift from film to digital photography and, also weighed down with pension costs, crashed with debts of \$6.75bn (£4.34bn).

However, the new, streamlined company will emerge with about 8,500 employees, a fraction of the 145,000 it had at its peak in the 1980s, and plans to focus on commercial products, such as high-speed digital printing technology and printing on flexible packaging for consumer goods. Revenue is expected to total \$2.7bn (£1.73bn) this year.

This April the firm also resolved a crucial dispute with its British pension fund, which dropped a \$2.8bn (£1.8bn) claim against Kodak. The fund also bought the company’s personalised imaging and document imaging businesses,

to be named Kodak Alaris, for \$650m (£417.6m).

The UK differs from the US when a company gets into financial difficulties, as we do not call it bankruptcy for a firm; in the UK, only individuals can go bankrupt, while companies become insolvent. In the UK, when a company becomes insolvent, an insolvency practitioner is appointed who looks after the firm’s assets and the interests of creditors and has the power to trade the insolvent business and look for a buyer for it.

As an alternative, a firm might negotiate a Company Voluntary Agreement (CVA), which is a binding and legally regulated form of agreement between a firm and its creditors. Provided 75% or more in value of creditors agree, this will generally involve a reduced or rescheduled debt arrangement, which will allow the company to survive.



Specialist advice should always be sought on matters of insolvency. Newman & Partners Insolvency provide a range of solutions and expert guidance for your clients and their businesses.

For more information, please contact us.

Sound insolvency advice for directors with overdrawn loan accounts

With the news regularly containing stories about company directors being struck off or banned due to their improper actions, some have revealed significantly overdrawn loan accounts; the result of a string of poor decisions which have only increased their company’s financial failings.

Recent analysis of the insolvency industry has suggested that an excess of 6,000 businesses and 750,000 jobs were saved in 2012 as a result of calling in insolvency practitioners (IPs). If notified early enough, a professional adviser can provide solutions that can alter the outcome of a business in increasing financial trouble.

When consulted, insolvency practitioners are required to undertake a review of the director’s loan account since the last audited accounts. This can sometimes reveal that directors have taken drawings on the account which have not been repaid, leading to claims against the director which may include transactions at undervalue or preferences. In cases like these, the director must prove that the transaction was in

the best interests of the company and the creditors, which may not be easy.

The main priority of any UK insolvency practitioner is to explore all reasonable alternatives to formal insolvency and, wherever possible, to preserve that business. Sometimes the action taken by directors is taken too late, or the wrong action is taken, which can then have a damaging effect on a company’s creditors as well as its employees and stakeholders.

Getting the right advice from a professional adviser at such a critical stage is essential. IPs can help directors by providing them with workable solutions and useful advice which helps them to create a framework for managing their company.



At Newman & Partners Insolvency, our expert knowledge and tailored solutions have helped many directors to make important decisions regarding the future direction of their company. For more information about the way we work, contact us.

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