

Do we need all the bank bashing?
Zombie Companies
Personal & Corporate insolvency numbers increase

Marketing corner
Signature dinners
Competition

NEWSLETTER



GRIFFIN & KING
LICENSED INSOLVENCY PRACTITIONERS



Do we need all the bank bashing?

Does anyone else get tired of Vince Cable's regular attacks on the banks? He has referred to their 'rip off' culture saying that 'banking is a structurally floored industry that has failed its customers, investors and taxpayers who stand behind it'. In last year's Liberal Conference speech he described bankers as 'spivs and gamblers' who had done more harm to the British economy than Bob Crow [leader of transport union RMT] could achieve in his wildest Trotskyite fantasies!'

I certainly do not have much sympathy with some bankers

and often their actions - certainly when it comes to recovery, a number of them seem short sighted.

But is this sort of rhetoric justified? Without a doubt, UK SME's have deleveraged during the past couple of years and credit conditions have certainly tightened for them. This is supported by the Bank of England's figures that show lending to UK SME's is dropping by £12 million a day and has fallen by £34 billion since the beginning of the credit crunch. But this doesn't mean the banks aren't lending.

I am surprised that the Bank of England Governor, Mervin King has

Zombie Companies will ultimately need Debt Forgiveness - Page 2



Personal & Corporate Insolvency numbers Increase - Page 4

Keeping you informed



- Company Voluntary Arrangement
- Individual Voluntary Arrangement - Consumer Debt
- Liquidation
- Individual Voluntary Arrangement - Business Debt
- Administration
- Bankruptcy

G&K ADVICE

ZOMBIE COMPANIES WILL ULTIMATELY NEED DEBT FORGIVENESS

Zombie companies are those companies that are presently being propped up by their bankers, not making sufficient profits to enable them to eat into their bank debt but unable to obtain any further finance and just simply struggling along.

Such companies are distorting the market by appearing to have growth prospects when they actually have none. While they trade all their available cash will be used on debt reduction rather than investment. They survive partly by low interest rates, but also rely on the support of banks and creditors who do not want to crystallise losses.

Such companies are submerged in debt borrowing when credit was easy to obtain. While they are trading, usually with a reduced turnover, they have no realistic strategy.

Zombie firms are unable to borrow from lenders or obtain further credit from suppliers and are therefore unable to grow.

The only realistic way that such 'Zombie Companies' can escape is via debt forgiveness or insolvent restructuring.

The lack of companies exploring these options suggest that decisions are being put off in the ongoing economic uncertainty. This leaves the problem to be addressed when the economy starts to pick up.



G&K



Bank bashing continued...

also joined in the chorus with comments like "it is heart breaking to see so many businesses going under because lenders refuse to supply them with the essential funds they need."

Research into SME finance shows that only fifty per cent of businesses have sought external finance in the past 12 months.

Straight talking entrepreneur Lord Alan Sugar, recently commented "moaning about the banks... winds me up. Get real! Banks are a business just like you. They are not a charity and they do not have to lend money to any Tom, Dick and Harry."

He went on to say "I can honestly say a lot of problems you hear from people who are moaning are from companies I wouldn't lend a penny to! They are bust and don't need a bank – they need an insolvency practitioner."

So what is really going on? Given the uncertainty of the economic climate, companies are hanging on to what cash they have and banks are not lending to companies who do not warrant support.

G&K

St Giles
Walsall Hospice

**Our chosen charity for the year 2011
is Walsall Hospice**

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

www.griffinandking.co.uk | email: enquiries@griffinandking.co.uk

What do we do?

We find solutions for businesses and individuals who have financial problems

SERVICES FOR LIMITED COMPANIES

Administration - This procedure protects insolvent companies from their creditors while a restructuring plan is completed.

Liquidation - To liquidate a company is to formally wind up its affairs – trade ceases, assets are realised and the liabilities quantified. If the debts exceed the value of the assets the company is insolvent. In this situation it is the creditors that control the liquidation process.

There are two types of formal process to deal with an insolvent Liquidation;

- **Creditors Voluntary Liquidation (CVL)**
- **Compulsory Liquidation (CL)**

The key difference between a CL and a CVL is that a CL is driven by a creditor or creditors through the courts. A CVL is driven by the directors.

Company Voluntary Arrangement - (CVA)

A CVA is a procedure by which a company can approach its creditors with a proposal to pay back the debts owed, in full or in part over a period of time.

Members Voluntary Liquidation - (MVL)

This is a solvent liquidation. A company ceases to trade, all assets are realised, the liabilities quantified and paid in full within a twelve month period.

SERVICES FOR CONSUMERS, SOLE TRADERS & PARTNERSHIPS

Individual Voluntary Arrangements – (IVA)

Consumer Debt An IVA is a tailored proposal by a debtor to his creditors to repay debt over an extended period of time. Typically, a percentage of debt can be written off.

Business Debt When a business is unincorporated a proprietor is personally liable for all the business debts. This means that an unincorporated trader has unlimited liability and may have to dispose of all of his assets to meet the amounts due to his creditors. When a proprietor or partners of a business cannot pay the debts of the business as they fall due it is said to be insolvent. An IVA is a tailored proposal by a debtor to his creditors to repay debt over an extended period of time. Typically, a percentage of debt can be written off.

Business briefings

Our next seminars



Seminars:

A Week in the Life of Tim Corfield...!

Shrewsbury - 1st November 2011
12:30-2:30pm, Shropshire Food Enterprise Centre, Vanguard Way, Battlefield Enterprise Park, Shrewsbury SY1 3TG

Walsall - 8th November 2011
12:30-2:30pm, The Village Hotel, Walsall

to reserve a place email:

janet.peacock@griffinandking.co.uk

or book online at www.griffinandking.co.uk

Places limited! Book early

Signature Dinners

These exclusive Signature Dinners will be 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. Participation at these Signature Dinners is by invitation only.

Forthcoming Signature dinner dates

Last Thursday in the month:

November 24

For further information email:

janet.peacock@griffinandking.co.uk

THE LAST WORD...

Marketing Corner

Building a Business you need: Vision - Strategy - Deliver

Vision

- Define success
- What do you do?
- Define your standards and values

Strategy

- Understand your market & customers
- Select the best products and services
- Calculate and plan the financials

Deliver

- Develop your processes
- Build a great team
- Measure and improve

7 Key Lessons from the experts:

- 1 It takes longer than you think
- 2 A POSITIVE attitude is essential
- 3 Be very disciplined with your time

- 4 Get a routine to establish a work pattern
- 5 Invest in clearly defining what you do and who your target customers are
- 6 Develop your network, and be genuinely interested
- 7 In this current market – go for great, good enough just isn't



Scan here for our website if you have the app on your mobile device.

Personal & Corporate Insolvency numbers Increase in Q3 of 2011

The quarter on quarter increase in personal insolvency case numbers by 1.2% (up from 30,145 to 30,513) is only to be expected. This reflects the job cuts and compulsory redundancies in both the public and private sector.

Thirty per cent of people do not have any savings, according to R3's latest personal debt snap shot, with many households failing to have a contingency plan for any drop in income or increased outgoings.

Tim Corfield comments 'any change in circumstances such as losing a job is likely to have pushed many individuals to insolvency. In reality, the statistics may be even higher as the numbers do not include the figures for those in informal insolvency procedures such as debt management plans'.

The consecutive quarter increase in corporate insolvency of 2.7% (up from 4,121 to 4,233) is unsurprising given the latest GDP figures revealing lower growth rates.

G&K

Competition

WIN A GRIFFIN AND KING HAMPER!

1. Who is the MD of Griffin and King?

2. What do Griffin & King do?

3. Who is the Senior Corporate Manager?

4. Who is the Compliance Manager?

5. Who is the Personal Insolvency Manager?

6. Who is the Business development/ Marketing Manager?

7. What is the Title of the Seminar due to be held on 8th November 2011?



Good luck!

Winner of Summer 2011 Competition

The Bottle of Champagne went to Jilly Edge of Events with the Edge.

Simply answer the questions opposite. 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

