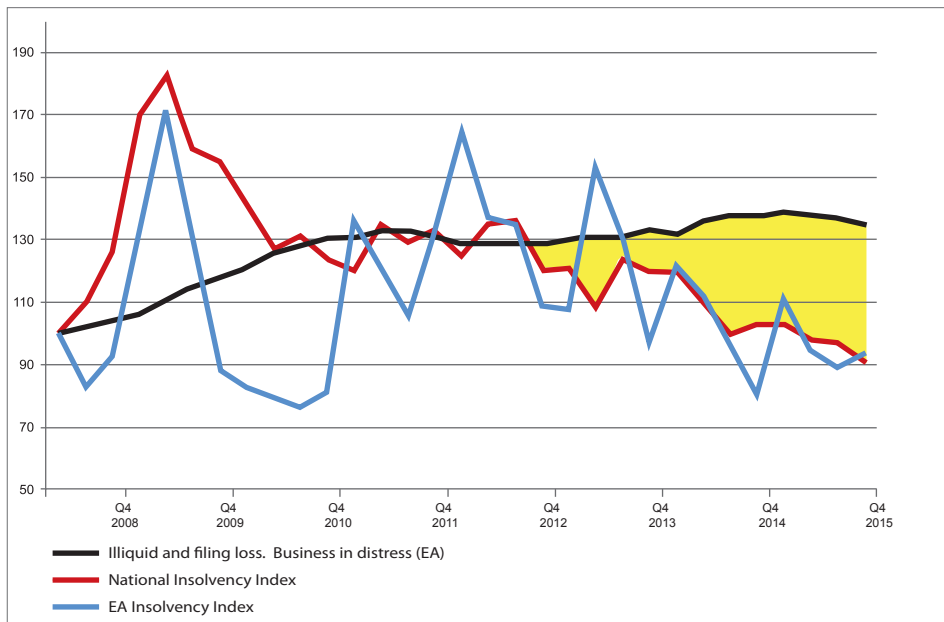


mind the gap



- Changing course to navigate round wrongful trading and its associated personal liability
- Keeping personal guarantee liabilities to a minimum
- Being able to salvage the business before it is run into the ground
- Avoiding unnecessary stress and heart ache from struggling on in a hopeless situation

Our goal is always to help clients avoid a formal insolvency process if we can. We advise over 250 businesses a year and over 80% do not end up in any form of insolvency process. Directors that leave it too late end up in the minority of companies that are not so fortunate. To help clients beat any recession speak to us or email us on info@mw-w.com.

Corporate insolvencies in the UK are at an all time low thanks to a slow growth economy and ultra low interest rates that create the perfect sweet spot for struggling businesses, but an interesting trend has emerged.

If you overlay McTear Williams & Wood's Insolvency and Distress Indexes (above) there is an obvious and widening gap between the number of companies showing signs of distress and the number of companies going bust.

While the number of corporate insolvencies has dropped from a peak in 2008/9 the number of businesses in distress has increased. This divergence has created a significant credibility gap that suggests that many more companies are teetering on the edge of insolvency than might be imagined.

If the past economic downturns are any guide, when the tide turns business failures can

produce a domino effect across industries and the economy generally. Except next time it looks as though there will be an unusually large cohort of weakened businesses that will not have the resources to trade on for long and could quickly tip over.

Right now the economy is currently ticking along just fine and directors and business managers still have time to restructure and strengthen their balance sheets.

Long gone are the days when liquidation was an inevitable consequence of consulting an insolvency practitioner. Given time and room for manoeuvre these days there are many more options that can be deployed. However, if a business is simply putting off an inevitable demise taking advice and early intervention can lead to much improved outcomes by:

- Avoiding a run up in creditors and the criticism that goes with that

inside...

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Our expansion continues as we gain clients in London and beyond.

technical
updates page 3

A round up of the latest legal and technical updates, plus some of our recent cases.

at
home page 4

New faces and home news.

every referral counts

Our recent 15 year anniversary celebrations provided an opportunity to reflect on the trust placed in us. Unlike most firms of accountants we don't have recurring client work so every referral from our professional contacts is highly valued.

A recent move to new offices in Norwich, the opening of our new London office and successes with new channels to market taking us further afield all bode well in what has been an extremely quiet market.

As the number one business rescue and insolvency specialist in East Anglia it would be easy to assume that McTear Williams & Wood is only interested in larger headline grabbing cases. However, the reality is quite different.

Most of our insolvency appointments are small family/lifestyle businesses with a handful of employees that have come to the end of the road but with consequences no less devastating for those involved. We understand that better than anyone and work with directors and business managers to achieve the softest landing possible.

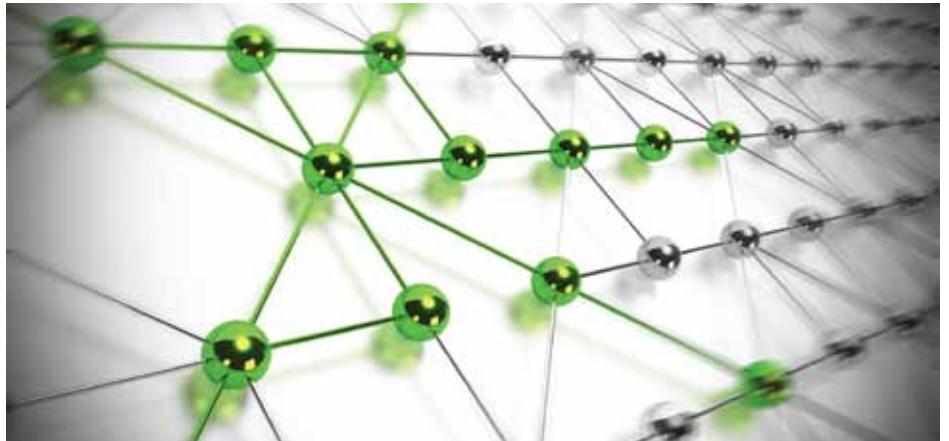
The takeaway here is that every referral counts and no client is too small.



new service for directors

We are seeing more instances where insolvency practitioners have to pursue claims against directors. To meet growing demand for a specialist mediation service for claims taken by insolvency practitioners, Cambridge based partner Chris McKay has qualified as an accredited mediator. For further information visit www.insolvencymediation.co.uk

working further afield



As more and more insolvency work is won online our original unique selling point - geographic location - has become less important. This presents both challenges and opportunities. Our competition can no longer be counted on the fingers of one hand yet at the same time we increasingly find ourselves working all over the country particularly from our London base.

This was underlined when we were approached by an internet business to business lender that wanted national coverage. We needed to think how we could provide a national service.

It quickly became obvious that the quickest and most effective way forward was to collaborate with like minded insolvency firms in other parts of the country. Having established relationships with smaller firms in Bristol, Leeds and Belfast we began to realise that there are actually very few firms quite like us.

Below the large national firms the insolvency profession quickly becomes fragmented with very small firms doing most small cases and there are actually very few medium sized independent firms able to do the spread of work we enjoy.

This is perhaps because East Anglia is unusual in not having one major regional centre where big firms can plant a large team and squeeze out smaller competitors. Also the business community is made up almost exclusively of SMEs and companies that are locally managed and we have been able to tailor our services to match that landscape.

So with that advantage we have been able to grow more, specialise more and handle a wider spread of cases. The challenge now is to work hard to capitalise on that, as the internet and new national relationships break down old barriers.

London calling

Anthony Davidson joined us as a licensed insolvency practitioner and an appointment taking partner. He started his career at PwC and until recently was an insolvency partner at Shipleys. Mike Barker also joined from Shipleys as an associate in a senior business development role.

We have increasingly found ourselves being drawn into London and having a London based team was an obvious next step for us.



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recent cases

national retailer



Based in the Lake District, this was a pre-packaged administration involving 22 stores. Four unviable outlets were closed and the assets were immediately sold for between three and four times break-up valuation. During the 12 month administration moratorium period the purchaser has since done deals with most of the landlords and is now operating successfully in 16 locations. Subsequently, after extensive marketing and having to commission specialist flooding reports – as the site is in the middle of a flood plain – we sold the company's freehold warehouse to the new entity.

two man band



We recently handled the liquidation of a traditional barber shop with a sole director and one other employee. Operating from very small leased premises in Norwich the debts were mostly to the landlord and HMRC.

With more competition hairdressing has become a cut throat (excuse the pun) business and with sales down and costs rising the business model no longer made sense. It had become a worry for the director and the liquidation brought closure.

solar park company



Based in London with solar parks in Cornwall, Devon and (at the time) the largest solar park in the UK in Leicestershire, the business got into trouble when its parent company in Germany filed for insolvency. We acted for the largest creditor who petitioned the Court to get us appointed administrators. We sold the remaining solar farm for £8 million to a venture capital fund and are currently pursuing a claim against the German parent company and a sister company for £29 million. If that is successful creditors could be paid in full.

pre-packs

To help address creditors' concerns about pre-pack sales in administrations to connected partners prospective purchasers have to be invited to seek 'approval' for the sale from a Pre-Pack Pool and IPs have to follow 'Marketing Essentials' including a requirement to market a business online or explain themselves.

MWW comment: The changes are bound to lead to fewer administration pre-packs and more sales of liquidations particularly given the more favourable TUPE treatment in liquidation.

personal liability

Directors' risk of personal liability notches up with the High Court wrongful trading case of Brooks v Armstrong where the Court placed the burden of proof on directors to show that they took every step to minimise potential loss to creditors as soon as they knew, or should have known, that liquidation could not be avoided.

MWW comment - 'every step' is a high hurdle to meet and this is a herculean task. In such situations the best answer will be to act on professional advice.

technical & legal updates

IPs' remuneration/fees

From 1 October 2015 insolvency practitioners must provide an estimate of their fees which will then act as a cap on fees without further creditor approval.

MWW comment: We welcome greater transparency but whether this will lead to more engagement with creditors remains to be seen.

debt limit

Debt limit for creditor's petition for bankruptcy has been raised from £750 to £5,000. This is a sensible change.

MWW comment: Making someone bankrupt is a massive step and shouldn't be forced on debtors for such a small debt. For a company the limit remains at £750, which is a shame, but the bankruptcy move was a political decision and companies can't vote.

coming in April 2016

No more creditor meetings unless requested by creditors. The insolvency profession is up in arms about this as they think it will lead to even less creditor engagement.

MWW comment: We don't agree. Creditors' meetings are already poorly attended and this should save costs. Creditors can always contact us directly if they have concerns.

also coming soon

From 1 April 2016 creditors owed less than £1,000 will not have to formally register a claim in insolvency procedures to receive a dividend.

MWW comment: For once common sense has prevailed.

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in the community

bowling for housing



Thirteen teams of professionals (definitely not bowls professionals!) from across the eastern region battled for the McTear Williams & Wood Bowls Individual Challenge Trophy at the Diss & District Bowls Club earlier this year. The event was organised by McTear Williams & Wood's associate Roger Barnbrook who plays locally

for Diss & District Bowls Club and plays in representative matches around the country for the English Indoor Bowling Association.

This year's individual winner was Joseph Long of Nicholsons Solicitors, based in Lowestoft, who specialises in corporate/commercial law and commercial property.

With matched funding from McTear Williams & Wood more than £2,400 raised from the event went to St Martin's Housing Trust, which offers emergency direct access accommodation, residential care, support and development to homeless people in Norwich to enable them to achieve a greater level of independence and reach their full potential. The cheque was presented by McTear Williams & Wood partner Chris Williams to Derek Player of St Martin's Housing Trust.

charity boxing match

A fight broke out between Anthony Davidson and Mike Barker – both based at McTear Williams & Wood's London office – but all in a good cause. They fought each other at the Lily Fight Night 3 at The Clapham Grand, London to raise funds for The Lily Foundation. This charity had helped Anthony's friend's daughter born with Mitochondrial disease and who lost her fight for life in 2009, aged just 4. Mitochondrial disease causes the body to not produce enough energy for organs to work properly, which inevitably leads to early death as there is currently no cure.



Later in the year Fiona McAlpine a secretary based in Norwich won her White Collar Boxing tournament in Norwich in aid of Street Child.



our people

tony harrison



Tony has been promoted to associate. Having been the financial controller at an iron foundry that we guided into liquidation 11 years ago Tony joined us as a case administrator and has never looked back.

Until recently he led our team specialising in administration appointments and in his new role will focus on business development and providing initial advice to clients in Norfolk.

sophie wright



Sophie has joined us as a senior administrator. Having trained as a chartered certified accountant with a 'big four' firm specialising in

audit Sophie qualified in 2014 and decided to follow a different career path using her accountancy experience to assist with forensic investigations and work on trading administrations.

rebecca, kirstie & katrina



Rebecca MacIntyre, Kirstie McEwen and Katrina Southgate have all joined us as trainee administrators in the last year. They join a long list of over 30 mainly school leavers that have joined us over the last 15 years without any previous work experience and are working a well trodden path up our career ladder.