Early advice may avert a compulsory liquidation

BUSINESS MATTERS

Lisa Thomas, an insolvency practitioner at Plymouth-based Neville & Co, says that while the number of firms becoming insolvent is falling, for those in difficulties, a 'CVL' can often be a less painful process than a compulsory liquidation

The number of companies that fell into formal insolvency has fallen. On average one in 166 active companies went into liquidation in 2013. That was a rate of 0.6% and to give it some perspective at the end of the last major recession in 1993 the rate was 2.6%. The figures also show that the construction industry and retailers were the most likely to go into liquidation in 2013.

We clearly seem to be coming out of recession and normally you would expect the figure to be higher but I think there are a number of factors helping businesses to survive that did not exist in 1993. One of these is much lower interest rates which have been held at 0.5% now by the Bank of England for five years. Another is creditors; namely the suppliers, banks and HM Revenue & Customs who are owed money are much more willing to consider taking a lower repayment over a longer period of time.

One of the best ways to keep a company going that is facing insolvency is to actually deal with the problems and try and find a solution rather than just let it happen. It is often a surprise what creditors faced with the reality of losing all or most of their money they are owed, will accept.

Directors who ignore their problems will eventually be served with a statutory demand. Once a formal statutory demand has been served, the company has 21 days to deal with it and if the company fails to deal with it in that time then the creditor can then apply to court for a petition for the winding up of the company.

Once winding up proceedings have been started they can be very expensive and difficult (but not impossible) to stop and can cause all sorts of problems.

Once a petition is advertised (at least 14 days before the court hearing) the bank will pick up on this and freeze the bank account of the company. After the petition has been issued any disposal of the business' assets is void (unless later approved by the court).

At the winding up hearing a judge could order that the company be put into compulsory liquidation forcing the company to cease trading and triggering the redundancy of all the employees.

It can be upsetting for the director when we see them and they have left it too late to be able to avoid liquidation, especially if I can see that had we been consulted at an earlier stage, liquidation might have been avoided and we could have possibly helped to save the business.

Sometimes the issuing of a winding up petition is the final straw but in the circumstances a liquidation procedure is actually the right option for the company. It may be that a creditor's voluntary liquidation (CVL) might the better route to go down to ensure the company's affairs are wound down in an orderly manner rather than a compulsory liquidation being enforced through the court.

A CVL can often be better less painful process than a compulsory liquidation because it is usually cheaper. In a compulsory liquidation there is a flat fee (a tax) of 17% of all assets sold plus there are still all the liquidators' costs as well. This 17% does not apply in a CVL.

With a CVL procedure we will hold the directors hands throughout the process and assist with liaising with the creditors and employees.

If your company is struggling to meet its creditors and you think it might be time to take some professional advice then please feel free to contact me for a free initial meeting without any obligation.

NEVILLE & CO

If you, or someone you know, needs advice or guidance, contact Lisa Thomas on 01752 786800

Royal and Ancient part-funding university's £100,000 golf facility

Plans to construct a £100,000 short game practice golf area at the Sports Park on Streatham campus, have been unveiled by University of Exeter Sport.

The proposed facility will make use of vacant space behind the university's covered tennis courts, with the aim of making golf more 'accessible and affordable' for players from across the local community.

It will include two contoured, all-weather artificial greens, a standard practice green and putting green.

Work has already begun and is due for completion in April.

The facility is being partly funded by golf's national governing body, the Royal and Ancient, alongside the university's Alumni Fund and Annual Fund.

It follows a substantial investment in sport at the university, which opened the £6.5 million flagship Russell Seal Fitness Centre at the sports park in September.

Crediton Dairy has made a major investment in this new high-speed filler

Dairy business completes £2.2m plant investment

A dairy business has completed a £2.2 million investment in hi-tech equipment at its Devon base.

Crediton Dairy, which underwent a management buyout from Arla Foods last year, has invested in a high-speed filling line which has been made in Japan.

The equipment is capable of filling at a rate of 14,000 litres per hour and is the fastest such system in the UK.

Crediton Dairy will use the new equipment to produce its range of long life flavoured milk drinks, which is one of the fastest growing areas of the dairy market.

The latest investment follows a spend of £10 million which has gone into processing equipment at the site since 2010.

The dairy plans to launch a new range of milk drinks over the next 18 months and is currently working with packaging firm Elopak to ensure that its production process is as efficient as possible.

Managing director Tim Smiddy said: "The installation of this new filling line is an important part of our strategic plan for the growth and development of Crediton Dairy. It gives a further major boost to our processing capacity and capabilities and, most importantly, will equip us with the necessary balance of scale and agility to respond to the needs of customers and consumers alike."

Crediton Dairy is behind milk products including long life milk brand Moo; Flora pro activ; Mars Family Refuel and Galaxy chocolate milk.

The business has a turnover of around £70 million and a processing capacity of processing capacity of 200 million litres.

It supplies all the main supermarkets including Tesco, Sainsbury's, Waitrose, Marks & Spencer and Morrisons.

Law firm's city office lease is a £35m vote of confidence

BY LIZ PARKS
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Law firm Bond Dickinson has renewed the lease on its Plymouth building in a move which it believes will inject at least £35 million into the city's economy.

The business, which was formed from last year's merger of Bond Pearce and Newcastle-based Dickinson Dees, has signed a lease on its Ballard House base until 2020.

"For any business, particularly for the legal market, the norm is for a three to five year break clause to try and keep things as flexible as possible which we are not doing because we see it as a significant investment in Plymouth," said partner Gareth Kagan.

The firm estimates that with staff costs and investment in equipment such as video conferencing technology it will be investing a minimum of £35 million in the city's economy over the next six years.

Bond Dickinson now employs 188 people in Plymouth with seven partners and 13 specialist teams including onshore wind, regulatory, commercial litigation, employment, corporate finance and property.

Bond Dickinson's regional clients include Babcock, Eden Project, Princess Yachts, Flybe, Plymouth Community Homes, Brittany Ferries, Plymouth University, Devon Waste Management, Midas and Gilletts.

Lawyers based in Bond Dickinson's Plymouth office also work with national names such as the HSE, Royal Mail, Lloyds, British Gas, B&Q, Friends Life, 3 Mobile and AIG, New Look, Sainsbury's, Post Office, the HCA and ECF.

Following the merger, the business has a turnover of £100 million with a network of nine offices stretching from Plymouth to Aberdeen.

As a result of the deal, the business is now able to offer a broader range of services, including specialist skills which are available in other offices.

Partner Craig Moore said: "I think the main change is the opportunities that are out there. What struck me was that when it was just ourselves we thought we were good at everything. When we doubled

> 'We see it as a significant investment'
>
> Gareth Kagan

in size and we were going for tenders we realised how much had been added by the merger."

Mr Kagan added: "There's something about being a £100 million business rather than a £50 million business that means that we get onto clients' radar that we have not been on before. There's a huge strength and depth there."

The recession has seen many large corporates change the way that they procure legal services, reducing the number of firms they use in order to lower their cost base.

This, said Mr Moore, meant that law firms were coming under pressure to provide a complete range of services.

"You have got to be bigger to cope with the variety of work and to cope with the greater volume you have got to be able to do that in an efficient way," he added.

After a tough few years for the legal sector as a result of the recession and changes as a result of the Legal Services Act, Mr Moore said that work levels were now on the up.

"I think it's a case of steady as she goes but being quietly confident. Activity levels are definitely on the up and people are more optimistic. We're not on our way to a boom but there is steady, sustainable movement in the right direction," he added.