

DIRECTORS' INTRODUCTION

Welcome to the latest edition of Inquesta News.

The last 2 months has been a very busy period for us.

Following the announcement that Barclays, HSBC, Lloyds and RBS have agreed to pay appropriate redress to small and medium sized businesses that were misold interest rate swaps, we have had a deluge of enquiries to assist in these claims.

On 25 October, Rob Miller is presenting a Masterclass session on fraud prevention at the Public Sector Income Generation conference at the Barbican in London.

We are also opening up our newsletter to you. If you would like to publish an article in our newsletter, please contact either Rob or Steven.

The article, together with a profile on the writer will be published on the e-mail version of Inquesta News.

This is a great opportunity to get in front of over 1,000 businesses across the UK..

Rob & Steven

OUR SERVICES

Forensic Accounting

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Commercial Finance

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Forensic Insolvency

TECHNICAL REMINDER - ESC-C16

For those companies on the opposite end being zombie the withdrawal of the extra statutory concession c16 means that any company who wants to make a capital distribution in excess of £25,000 needs to be formally wound up by way of members voluntary liquidation.

Contact us for a fixed fee no obligation quote.

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ZOMBIE COMPANIES

With an rise in zombie companies, businesses are becoming increasingly under pressure that they may lose key customers and cannot afford for zombie companies to fail.

This is helped further by HMRC allowing companies to enter into time to pay schemes and banks freezing or reducing capital repayments

But in the wake of these zombie companies having just enough cash to survive they don't have sufficient resources to invest in long-term growth. Thus why it will be extremely difficult if not impossible for these companies to recover out of the recession which is an utter shame as directors are working extremely hard to try and make these companies a success but to no avail.

In ordinary circumstances (and this recession should be no different) these zombie companies would have either been restructured which included an element of debt write off or plainly closed down with their assets stripped down and liquidated. The directors and shareholders would have started up again making these companies more likely to be significantly healthier businesses than their predecessor.

The Association of Business Recovery Professionals known as R3 has conducted research showing that around 8% of businesses admit to only being able to service the interest on their debts never mind the capital repayments. So it could be that any significant increases in interest rates will finally see off the zombie companies.

Should you wish to discuss how businesses can be restructured or liquidated, contact our insolvency expert Steven Wiseglass.

MIS-SELLING OF INTEREST RATE SWAPS

An interest rate swap enables the banks to exchange fixed rate interest for variable rate interest over a set period of time. A company typically uses interest rate swaps to limit or manage its exposure to fluctuations in interest rates.

In essence, from around 2005 banks offered interest rate swaps to operate along side a business's existing variable rate loan.

They were sometimes sold on the basis that it would limit the business's risk of interest rate swaps rising and in many cases it was stipulated that a swap deal had to be entered into to obtain the finance.

All the major banks have accepted that these products were missold and have agreed with the FSA to provide redress to businesses based on an independent review.

Given the complexity of this issue, if you think that you may have a claim for a missold interest rate swap, we would recommend that you seek for advice on how to take it forward.

For further information, contact Rob Miller

WHAT ARE PRE-PACKS?

A pre-pack sale is when the assets of an insolvent business have been substantially agreed for sale to a company which is either operated by the same directors, shareholders or a third party prior to the company entering either administration or liquidation.

One of the issues regarding a pre-pack sale is that this can complete prior to the creditors meeting and without notice to creditors. This can be an area of concern which creditors can complain about as they may believe that an underhanded deal has taken place.

This has led to significant controversy and has resulted in some very negative publicity, however if this procedure is completed correctly in accordance with all the guidance, there is no reason why a successful pre-pack sale cannot be achieved.

For further advice about pre-pack sales contact our insolvency expert Steven Wiseglass

FRAUD REVIEW

To help your company assess its risk of fraud, Inquesta has developed a **FREE** Fraud Health Check.

To complete the Fraud Health Check, go to www.inquesta.co.uk/go/fraud



ROB MILLER

Rob is a Chartered Accountant and has over 7 years experience in forensic accounting. He has been instructed on numerous cases including fraud and other investigations, criminal defence and confiscation proceedings, commercial and contractual disputes, transaction dispute advisory and valuation matters.

CURRENT FRAUD TRENDS

The National Fraud Authority publishes its Annual Fraud Indicator each year.

In the latest version it estimates that fraud cost the UK economy £73 billion.

This is broken down as £45.5 billion in the private sector, £20.3 billion in the public sector, £6.1 billion to individuals and £1.1 billion in the not-for-profit sector.

Yet small and medium sized businesses continue to ignore the risk of fraud and brush it under the carpet.

In the current economic climate, can businesses really afford to continue to overlook it.

Simple to changes to internal controls can significantly reduce the risk of a fraud occurring.

For a free no obligation discussion on fraud prevention, contact Rob Miller



STEVEN WISEGLASS

Steven is a licensed Insolvency Practitioner with over a decade of experience. His core specialism is in advising directors of small to medium sized owner managed distressed businesses.

FREE INSOLVENCY HEALTH CHECK

Every Tuesday afternoon from 2pm until 5pm we are running a free insolvency advice clinic at our office in Manchester.

Specialisms include:-

- Administrations (including Pre Pack)
- Liquidations
- Company and Individual Voluntary Arrangements
- Bankruptcy

To book your appointment please either contact the office or email info@inquesta.co.uk.

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