

# reins....

Recovery and Insolvency News

"Without exception, every case referred to Bailey Ahmad has been handled both with sensitivity and with utmost professionalism."

John Duggan ACA,  
Edwards Chartered Accountants

## in this issue

Spotlight on the referrer: meet Rick Parish  
Bailey Ahmad shortlisted for major award  
FREE seminars  
New website is a hit  
Who's David Perkins?



## where's the UK economy heading next?

As the new year progresses, we identify key economic factors which could have a substantial impact across all business sectors in 2011.

### 'Time to Pay' could be running out

When the 'Time to Pay' scheme was introduced in 2008, it allowed thousands of businesses to defer their tax payments and continue trading through the recession. Recent figures confirm that more than 370,000 businesses have entered into 'Time to Pay' arrangements with HMRC, with deferred tax payments totalling around £6.38 billion.

There is now anecdotal evidence that the scheme will be scaled down and subject to stricter criteria. These changes could see more businesses failing in the short term.

### Interest rates to rise?

No-one knows how long low interest rates will last, but one thing's for sure ... they won't be around forever. When they do rise, borrowers will feel the effects very quickly and this will result in businesses and individuals being put under greater financial pressure.

### Risk of double-dip recession

Whilst many support the Government's austerity measures, including cuts in public spending and higher taxes, these measures none-the-less put pressure on the economy. Add to this high unemployment and

a reduced demand for UK exports, and some forecasters predict that these factors combined could increase the chances of the UK suffering a double-dip recession.

### New year, new VAT high

The Chancellor's 2.5% increase in VAT came into effect in January, pushing VAT to 20%. It is too soon to tell how this will affect the demand for goods and services in the long term, but it is bound to put further pressure on cash flow in uncertain times.

**If any of these factors mean that your clients are facing financial difficulty, please call Paul Bailey or Tom Ahmad on 020 8662 6070 for friendly and professional advice.**

## spotlight on the referrer

Meet Rick Parish of Ellis Atkins Chartered Accountants

Rick Parish is the principal of Ellis Atkins Chartered Accountants of Dorking, a practice with two partners and around 20 staff specialising in taxation, consultancy and book-keeping.

"Above all, they were highly relieved that Bailey Ahmad had found a way to turn their situation around."



Early last year, two of Rick's clients (companies with common directors) were at crisis point following business acquisition and reduced trade due to the recession. The directors had invested large amounts of personal funds into both companies but they still owed substantial amounts to their creditors – primarily HM Revenue & Customs. HMRC subsequently issued a winding-up petition against one of the companies.

Rick explains why he referred his clients to us and what happened next (names and identifying details have been withheld in order to protect his clients' identities).

**Q** First things first – how do you know of Bailey Ahmad?

I met Tom and Paul when they came to my office and introduced themselves and their company. At the time, I didn't think any of our clients needed the assistance of Insolvency Practitioners but I kept their details.

**Q** What prompted your initial call to Bailey Ahmad in this case?

I was concerned that my clients were in a very vulnerable position. They had been struggling on and putting their own money into both companies to cover creditors, but weren't really addressing the fundamental problem.

**Q** What was Bailey Ahmad's assessment of the situation?

Given the economic outlook, and without a significant amount of external funding, it was unlikely that both companies could generate sufficient funds to trade out of their deficit position quickly enough to satisfy their creditors. At this point the directors had only very limited personal funds left and it was felt further investment would only delay the inevitable failure of both companies.

**Q** So what was the solution?

Bailey Ahmad assisted in the voluntary winding-up of both companies, which was driven by the directors and not the Court. They also agreed a sale-back of both companies' assets to the existing directors through a new company incorporated for that purpose, which was subject to creditor approval.

The directors were able to acquire the assets - and provide working capital for a new debt-free company - for far less than would have been required to make both of the previous companies solvent again.

**Q** How did your clients feel during this process?

They felt confident in the abilities of Bailey Ahmad and were pleased that the fundamental issues were being addressed. Above all, they were highly relieved that Bailey Ahmad had found a way to turn their situation around.

**Q** Were you equally impressed with Bailey Ahmad?

Absolutely. I found Bailey Ahmad to be very efficient and they demonstrated great skill at handling extremely sensitive issues. Our clients were never made to feel awkward that they had got into financial difficulties and no-one was demoralized. Instead, the whole process was very positive and the outcome meant that our clients and their creditors could look forward to profits in the future.

**Q** With the benefit of hindsight, do you think the solution provided by Bailey Ahmad was right for your clients?

Yes. My clients got a new company that was able to capitalize on ongoing trading relationships, but without any of the stresses and baggage that had been holding them back. Their time could be spent planning future growth, not juggling cash flow problems under the threat of failure.

**Q** How are your clients doing now, over a year later?

Now that the directors are able to focus solely on making money and maximising future growth, their company is doing well. They have a sustainable business model to continue trading on and the future is looking good.

**Q** Would you use Bailey Ahmad again?  
I already have.



## FREE seminars offer valuable insight on insolvency issues

The world of insolvency and recovery can seem overly complicated and daunting, unless you have the benefit of expert and sensitive guidance. With this in mind, we plan to run a number of seminars in the near future to 'debunk' some topical insolvency issues. If you would be interested in attending these seminars, please register your interest by emailing your details to [info@baileyahmad.co.uk](mailto:info@baileyahmad.co.uk) and write 'free seminars' in the subject line.

reins... was talking to Rick Parish of Ellis Atkins Chartered Accountants.

Tel: 01306 886 681 [www.ellisatkins.co.uk](http://www.ellisatkins.co.uk)

If you think any of your clients could benefit from our insolvency or recovery services, please call **Tom** or **Paul** on **020 8662 6070**.



## Bailey Ahmad shortlisted for Corporate Recovery Firm of the Year



We were delighted to have been shortlisted for Corporate Recovery Firm of the Year (small firms) in the 2010 Insolvency & Rescue Awards. These awards are the most prestigious in the industry and recognise firms and individuals who have demonstrated excellence within their sector.

Paul Bailey, Tom Ahmad and their team have worked hard to develop a practice which delivers exceptional service and value to clients, whilst adhering to strong ethical principles. We are extremely proud that our achievements have been recognised by the industry in this way.

To find out more about what makes Bailey Ahmad an exceptional practice, please call **Paul** or **Tom** on **020 8662 6070**.



## new website proves a hit

We're getting great feedback about the new Bailey Ahmad website, which is easy to navigate and written in a highly accessible way. It looks great too! Next time you've got a few minutes to spare, why not visit [www.baileyahmad.co.uk](http://www.baileyahmad.co.uk) and add us to your favourites.

## coming up ...

Some of the hot topics in the next issue of reins include:

- Limitations on re-using the names of companies that enter liquidation and how these can be overcome;
- The issue of illegal dividends, when dividends taken cannot be supported by profits;
- Who's Tony Connor?

**If there are any subjects you would like to see in future issues, please email Tom at [tahmad@baileyahmad.co.uk](mailto:tahmad@baileyahmad.co.uk)**



## who's who at Bailey Ahmad?

Founded by Paul Bailey and Tom Ahmad in 2007, Bailey Ahmad has grown to a strong team of approachable and highly-qualified professionals. All are dedicated to providing a sensitive service for those in financial difficulty, and in this issue we invite you to meet our newest member: David Perkins.

## contact us

### Beckenham

t : 020 8662 6070 f : 020 8662 6071  
257b Croydon Road Beckenham  
Kent BR3 3PS

### Guildford

t : 01483 310020 f : 01483 331021  
3000 Cathedral Hill Guildford  
Surrey GU2 7YB

### Kings Hill

t : 01622 522010 f : 01622 522011  
26 Kings Hill Avenue  
Kings Hill West Malling  
Maidstone Kent ME19 4AE

### Enquiries

t : 020 8662 6070  
e : [info@baileyahmad.co.uk](mailto:info@baileyahmad.co.uk)  
[www.baileyahmad.co.uk](http://www.baileyahmad.co.uk)



### Accreditation

Bailey Ahmad are licensed and regulated by the Association of Chartered Certified Accountants and are a member firm of R3 – the Association of Business Recovery Professionals.



### Who's David Perkins?

David's previous professional appointments – including an insolvency practice specialising in personal insolvency and a top-10 accountancy practice – have given him a variety of skills he can utilise for the benefit of his clients at Bailey Ahmad. In particular, David has been involved with many formal Administration appointments across a range of sectors and has extensive experience of property issues (having dealt with numerous LPA Receivership appointments). He has also assisted with the solvent winding-up of companies with asset values ranging from a few thousand to several million pounds.

Here at Bailey Ahmad, David continues to be involved with all manner of insolvency appointments. He also manages our regulatory compliance and quality assurance systems, to ensure that we always deliver a first-class service to all clients.

David comments: "Since joining Bailey Ahmad, I have been especially impressed with the relationship between staff and clients – without exception, the team fully appreciates and sympathises with the enormous stresses facing company directors and debtors in these difficult times. Also, their investment in systems and I.T. allows Bailey Ahmad to operate a very streamlined and cost-effective practice."

Away from the office, David enjoys listening to music, eating out and looking after a pack of retired greyhounds. He lives in West Sussex.

If you think any of your clients could benefit from our insolvency or recovery services, please call Paul or Tom on 020 8662 6070.

Whilst we have made every effort to ensure that the information contained in this newsletter is both accurate and current, it is intended for guidance only. Please contact us for professional advice before taking any action.

making the difference...