

Small firms need not face winter of discontent

Submitted by: Chadwick Corporate Communications Ltd

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Owner-managers of struggling businesses should see liquidation as an opportunity to start afresh, not the end of the road, says a specialist insolvency adviser.

Damian Appleby believes many directors lose sleep, cash and self-confidence due to poor awareness of the opportunities presented by liquidation procedures and insolvency law.

“Businesses in difficulty can legally remove the pressure of unsecured creditors, while buying the assets back at rates that are competitive and entirely legal,” said Damian Appleby, senior adviser at insolvency consultancy DragonsClinic (<http://www.dragonsclinic.co.uk>)

“Lack of insolvency knowledge in the small business sector is a particularly widespread problem, often resulting in complications and legal issues for the directors that could otherwise have been avoided.”

Early-stage action is vital for a successful outcome. All too often, directors of troubled businesses leave it too late. This can lead to them unknowingly breaking insolvency laws, or making mistakes that exacerbate their situation.

“A common example is prioritising HM Revenues & Customs over other creditors when they should be treated in the same way as everyone else. In cases like these, it is common for the cash flow problems to become worse as the money paid to the Revenues & Customs is, in effect, dead money,” explained Damian Appleby.

“The importance of professionally preparing a business for liquidation is paramount to the future success of the directors, making sure that legal issues are smoothed out in advance and that all documentation is legally robust. In this way, nothing will come back later to haunt the directors, who are then free to pursue commercial life after insolvency.”

Liquidation advice and services include the management of voluntary liquidation, and company administration, as well as business receivership and voluntary receivership.

DragonsClinic was set up in 2005 to offer independent advice and services to directors of insolvent small businesses following the directors’ experiences in areas such as client services management at debt management firm Unique Business and marketing management at insolvency practitioners, Marsdens.

“The advent of strict money laundering legislation made it very difficult for directors of insolvent businesses to receive truly independent advice,” commented Damian Appleby.

“Unlike insolvency practitioners (IPs) who represent the creditors, and conventional ‘introducers’ who offer no added-value services, DragonsClinic delivers professional support services exclusively to the directors. We guide directors through the liquidation process best suited to their needs, as well as advising clients to ensure the problem does not happen again.”

The service is absolutely confidential and allows directors to retain full control. Contacting DragonsClinic will not trigger any procedure they cannot stop.

“We are insolvency professionals, but not IPs or accountants who are legally obliged to report a wide range of official information to the authorities. Because of this, we are uniquely placed to look after the best interests of directors, as opposed to creditors,” added Damian Appleby.

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Media inquiries: David Chadwick on 01204 497085, mobile 07905 859686

Notes to editors: Dragonsclinic provides independent professional advice and services to directors of insolvent companies, unlike insolvency practitioners (IPs) who are appointed by, and legally responsible to creditors. Dragonsclinic differs from conventional firms of introducers in that they deliver no added-value services to shareholders of distressed businesses.