

Credit Crunch - A Bumpy Ride Ahead? Are you Ready?

Everyday the media is full of stories suggesting that the international credit shortage or 'crunch' is having an increasingly harmful effect on UK businesses and that the future is likely to be gloomy. By being pro-active you may be able to minimise your risk of being affected by the 'crunch'.

'Knock on' effect of business failure

Your own business may be solid, but what about your key suppliers and customers? How would you cope if a key customer became insolvent and owed you a large amount of money or if a key supplier became insolvent at a time when you had paid for, but not received a large order? It is unlikely that you can ever fully protect your business against such problems, but with properly drafted terms and conditions of business and sale and purchase agreements you can minimise the affect they might have. If you don't have appropriate documents in place or haven't had them reviewed for a while then now is a good time to get them checked.

Healthy Cash Flow - the Importance of Efficient Debt Collection

By operating efficient debt collection procedures you can minimise the risk of being effected by the failure of a customer's business. Are you aware of your statutory right to claim interest on overdue payments? We can help encourage timely payment of debts by using both out of court and court based recovery strategies.

Director's duties

Are you a director of a limited company? Are you aware of the duties imposed on you by common law, Companies Act 2006 and the Insolvency Act 1986? Are you aware that if you fail to comply with these duties you may commit a criminal offence and you may also be personally liable for your company's debts? If you fail to act appropriately, you may also become disqualified from acting as a Director. Creditors are increasingly making claims directly against the directors of insolvent companies to recover unpaid bills. We can provide you with a health check about your

company's current practices and also advise you about your duties, particularly if you are facing cash flow or other solvency problems.

Redundancies

Do you need to downsize your operation to ride out the storm? Making redundancies is a complicated process - get it wrong and you could make your problems worse. We can provide an overview of the procedures you need to follow or even guide you through every stage of the process.

Business Turnaround Options

Does your business need to restructure to minimise the impact of a loss making or less efficient division. There are a number of tax efficient schemes available, you using these schemes, we may be able to help you turn around your business without the need for formal insolvency procedures (such as liquidation) in order to minimise the effect of a loss making or less efficient division.

Formal Insolvency

If your business has cash flow problems and you are having to ask suppliers for extended payment terms or, you are being sued for unpaid debts, your company is already likely to be technically insolvent. Once this happens it is important that you take specialist advice quickly as your primary duty is to protect your company's creditors. If you fail to do this, you will leave yourself open to personal financial and other risks. With prompt action, we may be able to help you take advantage of one of the formal rescue measures available such as administration or a voluntary arrangement. If liquidation or bankruptcy is unavoidable then there are still steps that can be taken to diminish the impact on you.

For further information on any of the areas mentioned above, please contact Simon Dakin on 0115 9 100 200 or email enquiries@actons.co.uk



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This press release summarises the law on issues which we believe may be of interest to you. It is not a comprehensive review of the subject and accordingly is published without responsibility for loss occasioned to any person(s) acting or refraining from action as a result of information published.

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