



Cooper
Young

Chartered Accountants
Insolvency Practitioners



RESTRUCTURING & INSOLVENCY

Taking care of your business.

Dealing with Insolvent Clients
Guidance for accountants

☎ T: 020 8498 0163
☎ F: 020 8505 9797
✉ E: mail@cyca.co.uk
🌐 www.cyca.co.uk

TABLE OF CONTENTS

#	TITLE	PAGE
1	Introduction to Cooper Young	2
2	Is my client insolvent?	3
3	Engaging with Cooper Young	4
4	Helping you manage your clients	5
5	Frequently asked questions	7

INTRODUCTION TO COOPER YOUNG

How our expertise can benefit your practice?



ABOUT US:

Cooper Youngs' Restructuring & Insolvency team is an independent, well established provider of restructuring & insolvency services to small and medium sized businesses and individuals in the UK.

The firm was set up in 1986 and specializes in providing restructuring and insolvency solutions to small and medium businesses. We act as partners in your business. We might not have equity, but we are invested all the way, helping you to drive your business forward.

Our partners bring together extensive experience and a practical hands on approach to help our clients find a solution to their problems. Honesty, Trust and Integrity is at the heart of everything we do.

GEOGRAPHICAL SPREAD OF OUR UK BASED CLIENTS:

I have known Cooper Young for over 20 years and have always found them to be great professionals.

SME ACCOUNTANT, LONDON

We have been recommending work to Cooper Young since the early 2000's. The team is always available to help and are practical and commercial with their advice.

ACCOUNTANT, ESSEX

I have always found Cooper Young to be upfront and honest in their advice and able to deliver what they promise.

ACCOUNTANT, NOTTINGHAM

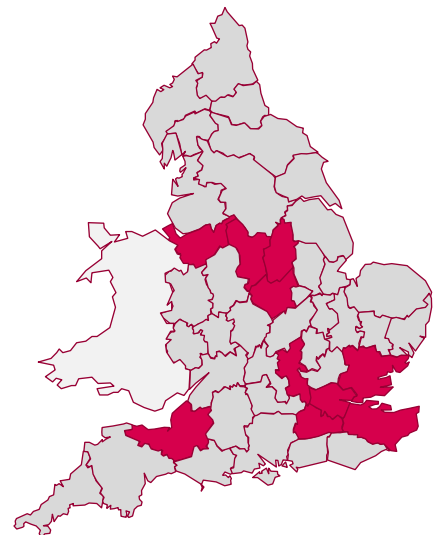
Why Cooper Young?

Free, no-obligation initial consultation: we offer a free, no obligation meeting to help understand your clients situation and discuss potential outcomes;

Confidential discussion and planning: all our conversations with you and your client will be highly confidential. We will let you manage the client relationship and communication in the way you feel most comfortable with;




Over 100 years of experience: our team has over 100 years of combined restructuring and insolvency experience. What ever the issues may be, we are likely to have dealt with these before;

Nationwide access: we operate from our offices in Essex, but are available to arrange and travel up and down the country to help your and your clients.












IS MY CLIENT INSOLVENT?

There will inevitably come a time when you are faced with a client whose business is struggling under intense financial pressure and has become insolvent as a result. We have outlined below some of the key signs to look out for and questions to ask of the Directors and shareholders to assess the situation.

 Stage of Distress	 Key signs to look out for	 Potential questions To ask your client
<p>Early Stages</p>	<ul style="list-style-type: none"> ▪ Cash-flow problems ▪ Continuously stretching creditors, and in particular HMRC ▪ Looking for additional funding ▪ Suppliers threatening ▪ Changing from suppliers with overdue balances 	<ul style="list-style-type: none"> ▪ Is there access to external funding? ▪ What does the cash flow look like over the next 13-18 weeks – is the business cash generative? ▪ Is a Time to Pay arrangement with HMRC a viable option?
<p>Cause for Concern</p>	<ul style="list-style-type: none"> ▪ Cant pay HMRC ▪ Significant loss of turnover ▪ Reduced profitability or loss making ▪ Avoiding suppliers ▪ Directors under stress, wellbeing adversely affected ▪ Significant cost reduction or change in business model 	<ul style="list-style-type: none"> ▪ Is the change in the business temporary or more fundamental? ▪ Is the cash flow sustainable over the next 2-4 weeks? ▪ Do the Directors/shareholders want to carry on
<p>Likely to be Insolvent</p>	<ul style="list-style-type: none"> ▪ Threats or ongoing legal action ▪ Intense creditor pressure ▪ Significantly overdue HMRC balances ▪ Suppliers issuing final demands or refusing to supply ▪ Overdrawn directors loan account 	<ul style="list-style-type: none"> ▪ What are the future objectives of the Directors/shareholders? ▪ What assets are there and how can these be protected?

WHEN SHOULD MY CLIENT ENGAGE WITH COOPER YOUNG?

By being aware of the warning signs, early actions taken to assess and control the situation can drastically improve the chances of a positive outcome for your clients

 Risk of personal Liability for Directors	 Likely options Available	 Need for Cooper Young to be Involved?
 L	<ul style="list-style-type: none"> ▪ Cash-flow planning & modelling ▪ Independent business reviews ▪ Operational review and cost reduction ▪ Review of exit options ▪ Informal arrangements with creditors ▪ Lender/Investor discussions ▪ Company Voluntary Arrangements 	 M
 H	<ul style="list-style-type: none"> ▪ Accelerated exit for shareholders ▪ Corporate restructuring and refinancing ▪ Company Voluntary Arrangements ▪ Administration ▪ Creditors Voluntary Liquidation 	 H
 H	<ul style="list-style-type: none"> ▪ Administration ▪ Creditors Voluntary Liquidation ▪ Compulsory winding up 	 H



HELPING YOU MANAGE YOUR CLIENTS

At Cooper Young, we will quickly assess the situation and propose practical and commercial steps that will help meet the objective of your client. Our aim is to help you support your client and to allow you to retain them.

We understand that as an accountant, you may be faced with a demanding client, who is under stress and giving you limited time to think and react. This is where our significant experience in dealing with such situations will come in handy and allow you to:

- Support your client, experiencing financial or operational difficulties
- Retain your client
- Generate additional income in assisting with the case and general accountancy requirements
- Recover unpaid invoices

Our aim is always to help you and your client through, what might be an extremely difficult period for them and find the most appropriate solution that helps your client meet their objectives. Where additional accounting, tax or auditing work is required, we will refer this back to you where appropriate.



OUR PROMISE:

We pride ourselves on providing exceptional service to our fellow accountants and their clients over the past three decades. Some of our contacts have been referring work to us since the 1990's, demonstrating our ability to deliver and maintain long and sustainable relationships. This has only been possible through dedication to client service and commitment to professionalism and integrity. All our relationships are based on the following promise:

- We will allow you to manage the client relationship: we will allow you to manage the relationship and client communication where possible. We are happy to take a "back seat", assuming we can satisfy our ethical, legal and professional requirements;
- You will always be the "star": we like to work hard and deliver, but are more than happy for you to take the credit on achieving a successful outcome.
- We will never poach: our long-term relationships with accountants is testament to the importance we place on our relationship with you. We never provide services to a previous restructuring or insolvency client.

FREQUENTLY ASKED QUESTIONS:

It is strongly advisable that you engage with a licensed insolvency practitioner as soon as possible to allow us to achieve the best possible outcome for your clients

Is my client insolvent?

The answer is yes if your client cannot settle their liabilities as they fall due. This is likely to be the case where they are already being threatened by suppliers, HMRC or having difficult discussions with your bank or other lenders. Its important to note the signs early and take engage with licensed insolvency practitioners to help safeguard the business



Can Liquidation be avoided?

Timing is critical and depending on how quickly you and your client act will determine the options available and allow us to propose non-statutory options to safeguard the business

I am meeting a client: Can I discuss the situation and options available with you?

We provide potential clients free insolvency advice on a daily basis and recommend our contacts to call us as and when required. All insolvency situations are unique and therefore it is important we can discuss the facts of the situation to enable us to provide you with the best possible outcome for your client. Please contact us at 0208 8498 0163 or by mail at mail@cyca.co.uk.



FREQUENTLY ASKED QUESTIONS:

It is strongly advisable that you engage with a licensed insolvency practitioner as soon as possible to allow us to achieve the best possible outcome for your clients

My client is insolvent, but refusing to engage with me or an IP – what should I do?

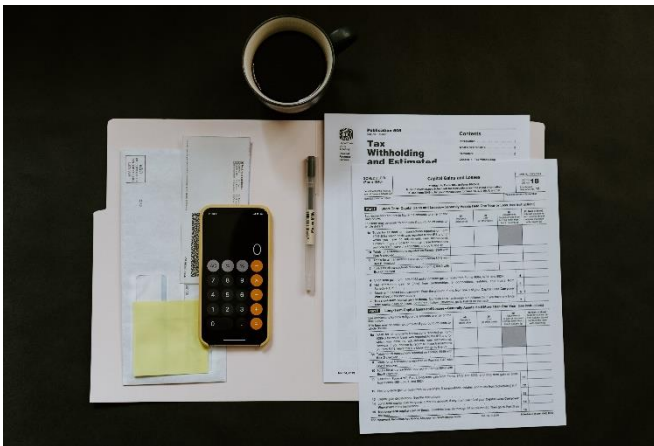
Faced with insolvency, a number of Directors and shareholders look to bury their heads in the sand and refuse to listen to the advice of professional accountants and IPs. Resigning as an accountant is likely to do more harm than good to your firm and your client. In such circumstances, we recommend that you follow up your advice in writing and make the directors aware of the possibility of personal liability arising due to the Company trading whilst being insolvent.



My client is insolvent. What are my duties and requirements as an accountant?

Prior to appointment, we will request you to complete a pre-insolvency questionnaire and provide up to date information regarding the Company in order for the relevant paperwork to be completed and filed.

Following formal appointment, the office holders (liquidator, administrator, etc.) will request you to provide all information that you hold in respect of your client. It is important that you comply with such requests.



I am owed fees by the client. Should these be settled prior to insolvency?

Any settlement prior to the insolvency appointment may be considered as preference and therefore subject to insolvency legislation. We therefore recommend that you speak to us prior to requesting payment, in order to ensure you do not fall foul of the law.



FREQUENTLY ASKED QUESTIONS:

It is strongly advisable that you engage with a licensed insolvency practitioner as soon as possible to allow us to achieve the best possible outcome for your clients

My client may want to re-establish a similar business going forward – can this be achieved?

Subject to restrictions included in the insolvency legislation, this may be possible. However it is important that a licensed insolvency practitioner is introduced to the situation as early as possible in order to advise you and the client adequately



My office is the registered address for the Company – will I still need to deal with the post?

No. Following our appointment, we will update the Company's registered address to our office address. Should you receive any mail, we would kindly request you to redirect it to us.

How much do I need to be involved in during the process?

It all depends on your preference. We have accountants who prefer to be involved in every step of the way or have clients who require their involvement; at the same time we deal with Companies where other than the initial introduction the accountant is not involved with the insolvency process.

