

# CLARKE BELL

LICENSED INSOLVENCY PRACTITIONERS & BUSINESS RE-START SPECIALISTS

# CLARKE BELL

LICENSED INSOLVENCY PRACTITIONERS & BUSINESS RE-START SPECIALISTS

## Free review for anyone in a Debt Management Plan

We keep seeing cases where people are trying to resolve their long-term debt problems by using a Debt Management Plan (DMP).

A DMP does have its place in dealing with personal debt problems - but only in the short-term, to provide breathing space for a few months.

Research from R3 estimated there could be as many as 700,000 people in a DMP, of which:

- 35% weren't told about the other ways to deal with their debts
- 44% were still being contacted by their creditors for the money they owed
- 35% said their creditors threatened to take action (e.g. sending bailiffs round)
- On average the plan lasted an incredible 8 years.

For anyone who has been in a DMP for more than 6 months, either an Individual Voluntary Arrangement (IVA) or Bankruptcy is almost certainly a better option for them to deal with long-term debts.

Also, some debtors have been told that by being in their DMP for 1 year they now "qualify" for an IVA. This is rubbish! There is no "qualifying" period for an IVA.

This is merely a ruse for Debt Management Companies to charge a fee for setting up a DMP, and then charge another fee for setting up an IVA.

If any of your clients are in a Debt Management Plan, they can have a FREE review of their situation to see if it really is the best solution for them.

Clarke Bell

are Licensed Insolvency

Practitioners with

particular expertise in:

- Organising finance for distressed businesses
- Administrations
- Liquidations
- Members Voluntary Liquidations
- Company Voluntary Arrangements
- Individual Voluntary Arrangements
- Bankruptcy Counselling Advice

## CLARKE BELL

Licensed Insolvency Practitioners & Business Re-Start Specialists

Parsonage Chambers, 3 The Parsonage, Manchester M3 2HW

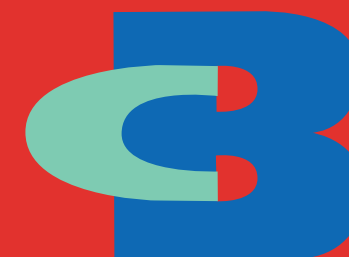
Tel: 0161 907 4044

E-mail: [info@clarkebell.com](mailto:info@clarkebell.com)

[www.clarkebell.com](http://www.clarkebell.com)

Nationwide coverage, with a Head Office in Manchester

Clarke Bell is a member of ICAEW, R3 and the IPA



CLARKE BELL

## Members Voluntary Liquidations (MVLs)

Our fee for **simple MVLs** is **£995 (+VAT, +disbursements)**. This has raised a few questions from Accountants, including:

### Who might benefit from an MVL?

Since 1st March 2012 changes to the ESC C16 mean that any distribution to shareholders upon closure of a company over £25,000 must be treated as income, and therefore taxed accordingly.

By using an MVL the funds can be distributed as capital, thereby reducing the tax burden. This can result in considerable tax advantages for the director(s) of the company.

A typical scenario would be where a consultant decides to return to full-time employment, and wants to close down their company and take out their money in the most cost-effective way. Or where a director is retiring and closing the (solvent) business down.

In determining if an MVL would be right for a particular situation, we would leave the tax calculations to the Accountant. Where it is deemed that an MVL is the best solution, an Insolvency Practitioner must be used.

### Is there a 'closure fee' for the Accountant?

You can charge your client for the whole closure process, including our fee and your fee for the work you do in closing their company. Then, you pay us for the MVL aspect.

Also, we are more than happy to deal **directly with you** rather than with your client / the director(s) of the company - as that tends to be easier for everyone.

### What is a 'simple' MVL?

Essentially, this is where:

- the company's only asset is cash at bank
- any liability owing to HMRC has been paid

If there is an overdrawn loan account, we still consider this to be a 'simple' MVL.

### What are the 'disbursements'?

#### Statutory Adverts

Throughout the course of the MVL we have to take out 4 Statutory Adverts in the London Gazette to comply with legislation and best practise. The cost of these is (4 x £73.00 +VAT): £350.40

#### Statutory Bond

A compulsory bond needs to be taken out. This provides you with 100% security whilst funds are under the control of Clarke Bell. The bond fee is dependent on the cash-in-bank that is to be distributed, for example:

Asset Value (£)	Premium (£)
25,001 - 50,000	150
50,001 - 100,000	200
100,001 - 250,000	300
250,001 - 500,000	600

### What is a 'Declaration of Solvency' fee?

Upon the company being placed into MVL, the directors are required to attend a solicitor's office to swear a Declaration of Solvency. This can be done by any local solicitor, normally for about £10.

### Do Clarke Bell give tax advice?

No. We are not tax experts, so we do not give any tax advice.

However, we can refer you to a tax solicitor who is an expert on MVL-related tax issues. (And there is no danger of them trying to poach your client).

## Supporting the Sole Practitioner Conference 2013

Clarke Bell are delighted to be supporting the ICAEW Sole Practitioners Conference (North West) for the third year running.

This one day conference is designed specifically for Sole Practitioners and the issues that they face. As well as providing CPD, it is also a great way of meeting other Accountants.

The event is on 14th November at Haydock Park Racecourse.

## Virtual Meetings at your desk

To make life more convenient for everyone involved, Clarke Bell are able to host meetings on-line.

These could be the initial meeting to determine the strategy for the client, through to the Creditors Meeting for a Liquidation.

As their Accountant / Business Advisor, you will be able to "attend" the meeting with your client, from the comfort of your own office. From your point of view, this can be considered as **chargeable time for you**.

To attend an on-line meeting all you would need is to be able to access the Internet using your tablet, laptop, PC or mobile phone.

