



## Landmark decision on GAME approaches



A landmark Court of Appeal case due to start this week could have far reaching consequences for the insolvency and property industries.

Gaming and electronics retailer GAME entered administration in March 2012 resulting in the closure of approximately 300 stores and leaving landlords unpaid on millions of pounds worth of rent claims.

The results of the Court of Appeal case, in which a consortium of some of the UK's biggest landlords has brought the action against GAME, could lead to a change in the law regarding the treatment of rent as an administration expense.

The implications of such a change could have dramatic consequences on Insolvency Practitioners, landlords and other creditors of businesses that enter administration.

Current insolvency law states that administrators can legally trade businesses in administration from a rented property for as long as three months protected from landlord enforcement action.

The consortium of landlords including Land Securities, Hammerson and British Land will argue that the timing of the administration meant that GAME effectively traded rent free for the first three months of its recovery. GAME filed for administration the day after rent for the quarter was due. The outcome of the case could see rules amended in favour of greater priority for property companies.

Alastair Lomax, legal director at Pinsent Masons, believes the court decision cannot come soon enough.

He explained: "It is corrosive and counter-productive for the law in this area to encourage debtors, the insolvency profession and landlords to engage in a 'winner takes all' game of poker over when a corporate rescue procedure will be implemented.

"The insolvency expenses regime is there to provide a measure of protection to third parties who continue to be affected by the formal process post-appointment; it should not be a tool to be used by any party to gain advantage through the timing of the appointment.

"Many will feel that the fairest solution lies in reverting to the proportionate 'pay as you go' approach which many had assumed to apply in the years preceding that decision."

Since the collapse of electrical retailer Comet the Government has been under pressure to tighten the laws surrounding administration. The Court of Appeal action against GAME is now being seen by many as a test case which could influence future changes.

GAME was bought out of administration by OpCapita in 2012 and has recorded a 90% increase in sales over the recent festive period; boosted by the release of new generation games consoles.

The retailer is reportedly on the verge of a £300m IPO, there is some speculation that the current case has the potential to damage the flotation if pay-outs to landlords are awarded.

### The Latest UK Personal Debt Statistics

- £54,332 was the average household debt (including mortgages) in December
- £162 million was the daily amount of interest paid on personal debt in December
- 1,227 people were made redundant every day between September and November
- 7,015 debt problems were dealt with by the CAB each working day over the year to September
- £1.487 billion was the daily value of all purchases made using plastic cards in November
- 839,000 people had been unemployed for over a year between September and November
- Every 18 minutes 15 seconds a property is repossessed
- £11.0 million of loans are written-off daily by UK Banks and Building Societies
- Every 5 minutes 3 seconds someone is declared insolvent or bankrupt

Stats from The Money Charity

## Fines for 710,000 missed tax returns



Hundreds of thousands of people are due to receive an automatic fine at the end of the month for failing to submit their tax return by midnight on 31st January deadline.

Some 10 million forms were completed but an estimated 710,000 returns were still outstanding said HMRC.

Fines start at £100 but increase over time if returns are not submitted and tax remains unpaid.

The busiest day for submitting online returns was the deadline day itself with 21,027 leaving it until the final hour to submit their return.

The number of outstanding returns has fallen in the past two year from 730,000 last year and 850,000 the year before that.

Anyone that is able to offer HMRC a reasonable excuse for failing to submit their return on time, such as a home or business being flooded, could see the penalty waived or refunded.

David Cameron announced yesterday in a number of measures to aid the recovery of recent flood hit areas that businesses affected by floods are to get "longer to pay their taxes".

Here are just a few reasons we should be your first choice for debt and cash flow problems

- Service – not only a great service, but an unrivalled one. Qualified and experienced staff with a 'can do' approach to getting the job done. A single point of contact for both referrer and client
- Cost Effective – higher targeted performance, free meetings and fewer costs
- Reciprocal Work – we believe in supporting those who support us and we do not compete
- Full range of financial, insolvency and restructuring solutions available
- Big enough to cope with the large jobs but small enough to care for everyone
- Experienced and qualified board of directors who care passionately about what we do and how we do it
- Focus Business Club – quarterly corporate events, newsletters, updates and blogs

### FIG Blog - 'Zombie Company' Review

We've been tracking the phenomenon of 'zombie companies' for some time now and we were pleased to read recently that R3, the insolvency trade body, reported that the zombie population fell during 2013.

At the height of the problem in the November 2012, 'zombie companies' topped 160,000, now they have settled at 103,000, around 6% of UK business with a turnover of over £50,000.

You can catch up with our latest blog and [read the full article](#) on our website

### Free Debt Advice Service

We pride ourselves on being large enough to provide a partner lead national business and yet small enough to offer tailored and bespoke personal service. Always open and approachable, we subscribe to the ethics of 'Best Advice' therefore our advice is always free and totally objective.

Simply call or email us today to discuss a case or arrange a meeting. Any initial discussion or meeting can be arranged at a time and place to suit your client and is completely without obligation.

For more information please contact Andy Platt on 01257 257038 or email [a.platt@focusinsolvencygroup.co.uk](mailto:a.platt@focusinsolvencygroup.co.uk)

## Contact Focus Insolvency Group

If any of your clients have been affected by the stories in our newsletter or need advice on any other matters, please feel free to contact us on 01257 257030 or email [a.fisher@focusinsolvencygroup.co.uk](mailto:a.fisher@focusinsolvencygroup.co.uk)

Focus Insolvency Group deals with corporate matters, whilst Debtfocus helps struggling businesses and consumers and Moneyfocus raises finance on the general market. Our restructuring arm, Phil Stone Consultancy, can help businesses internally to restructure the company with or without formal insolvency proceedings.

We pride ourselves on being the experts of choice for anyone struggling in business or with debt.

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