

Your potential, our expertise

Recovery Matters



“I predict a riot”!

Ian Robert, partner at Kingston Smith & Partners LLP, welcomes you to the winter edition of Recovery Matters

The Kaiser Chiefs played at my local music festival last year. While the song was possibly not, when penned, examining the ‘perfect storm’ hitting the high streets, it could have been.

It doesn’t take a rocket scientist to realise that, on the day the shops are all closed (Christmas day) and spending is higher than average, it’s not the high street where money is being spent.

Even without the online competition, high street retail has suffered for some time now due to landlord dominance, with increase-only rent reviews, higher rates and increased minimum wage. Costs are increasing while turnover is being whipped from under them.

With Brexit approaching, we are seeing a weaker pound, which is increasing the cost of supplies from Europe via the exchange rate. Perhaps more importantly, it could increase the cost of imports through trade tariffs and administration charges and also push back the lead times for supply. Smaller businesses, and indeed many larger ones, are unprepared and ill-equipped for changes should the UK leave the European customs union.

However, with Company Voluntary Arrangements being used to fight back at landlords, pressure on the government to relax rate bills for smaller businesses and the growth of online markets to support high street businesses, it’s possible that the worst may soon be over and a new high

street ‘equilibrium’ will emerge. But only after the mess from the riot has been cleared away. The make-up of our high street will have changed – gone will be the banks, clothes stores and household product stores; in will be coffee shops, craft shops and, I believe, ‘social/mobile office rental’ sites, to meet the need to support home and agile working.

Businesses and suppliers of those businesses will face difficult times. If you run a business, the likelihood of having a direct involvement in an insolvency will increase.

Please do contact us for advice. As Insolvency Practitioners, we can help you run a struggling business, finding bespoke solutions to avoid some of the pitfalls that can come when facing changing market conditions.

If you are a supplier or creditor to an insolvent business, we can offer advice both with the simple matters such as handling the paperwork you receive – from formalising and issuing your claim to completing proxy forms to enable you to vote at creditor meetings, but also the more complex matters such as claiming Retention of Title (ROT) over your stock to help you recover it from the Insolvency Practitioner. So be prepared, particularly if you are supplying the retail trade. Have your ROT documentation checked out, firm up on your credit insurance, and run current company checks on your key customer accounts.

A final thought: there are murmurings of a second referendum on Brexit. While this may be a sensible solution to some, it could be seen as a kick in the teeth for democracy. You can be sure it would be welcomed by some and resisted by others – by politicians in the House and the populace on the streets. So yes, in this scenario, I do predict a riot!

Predictions

for 2018 – how did I do?

1. A large retailer goes bust
Correct – unfortunately too many to list
2. A major bank leaves the UK
Incorrect – although several have geared up for this. Deutsche Bank has left and the Bank of England is warning of more to follow
3. Trump resigns, is impeached or assassinated or moves into the Celebrity Big Brother House
Not yet...
4. Prince Harry marries
Correct!

Predictions

for 2019

1. Condemnation of a second Brexit referendum leads to street rioting all over the UK
2. The Brexit withdrawal date of 29 March is extended
3. Mobile work/social sites pop up on the high street to facilitate agile working practices
4. Bryson DeChambeau wins a golf major or Tiger Woods again reaches no.1 in the world

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