

DATES FOR YOUR DIARY! Don't forget to note the following dates in your diary:

1st Feb 2012 - Birmingham
Trainee Members Regional Networking Events

24th April 2012
nara Part II RPR Exam Revision

8th Feb 2012 - London
Trainee Members Regional Networking Events

24th May 2012
nara Spring Conference

9th Feb 2012 - Leeds
Trainee Members Regional Networking Events

20th June 2012
RPR Exam

nara Training Days:
1st November 2012 (Huddersfield)
21st November 2012 (London)

Further details regarding speakers at these events, together with registration forms, will be posted on the **nara** website: www.nara.org.uk as they become available.

narator

The Newsletter of The Association of Property and Fixed Charge Receivers

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www.nara.org.uk

nara Council 2011-12

CHAIR

Mr Julian Healey
Lambert Smith Hampton
17/21 Hounds Gate Nottingham, NG1 7DR
Tel: 0115 950 1414
jhealey@lsh.co.uk

VICE CHAIR

Mr Daniel Hardy
Sanderson Weatherall LLP
25 Wellington Street Leeds, LS1 4WG
Tel: 0113 221 6000
daniel.hardy@sw.co.uk

HON TREASURER

Mr Ian Lerner
Strettons
41 Artillery Lane, London, E1 7LD
Tel: 020 7375 1801
ian.lerner@strettons.co.uk

HON SECRETARY

Mr Benedict Moon
BNP Paribas Real Estate
5 Aldermanbury Square, London, EC2V 7BP
Tel: 020 7338 4000
ben.moon@bnpparibas.com

COUNCIL MEMBERS

Ms Kerry Bailey
PKF (UK) LLP
3 Hardman Street Spinningfields Manchester, M3 3HF
Tel: 0161 832 5481
kerry.bailey@uk.pkf.com

Mr Robert Baldwin
Jones Lang Lasalle Ltd
30 Warwick Street London, W1B 5NH
Tel: 020 7493 4933
robert.baldwin@eu.jll.com

Mr Peter Beckett
Beckett & Kay
16 Savile Row London, W1S 3PL
Tel: 020 7439 6667
peterbeckett@beckettandkay.co.uk

Ms Maria Connolly
TLT Solicitors
One Redcliff Street Bristol, BS1 6TP
Tel: 0117 917 7777
maria.connolly@ttsolicitors.com

Mr Philip Edwards
Drivers Jonas Deloitte
6 Grosvenor Street London, W1K 4DJ
Tel: 020 7896 8000
phiedwards@djdeloitte.co.uk

Mr Mark Fennessy
Dewey & LeBoeuf
1 Minster Court, Mincing Lane, London, EC3R 7YL
Tel: 020 7459 5000
mfennessy@dl.com

Ms Denise Ford
Michael Parkes Surveyors Limited
Reading House, Waterside Court Neptune Close
Rochester, ME2 4NZ
Tel: 01634 294994
dford@michaelparkes.co.uk

Mr Andrew Glynn
TLT Solicitors
One Redcliff Street Bristol, BS1 6TP
Tel: 0117 917 7777
andrew.glynn@ttsolicitors.com

Mr Andrew Hughes
Alder King
Pembroke House 15 Pembroke Road Bristol, BS8 3BA
Tel: 0117 317 1000
ahughes@alderking.com

Mr John Hughes
Shakespeares
Somerset House, Temple Street, Birmingham, B2 5DJ
Tel: 0121 237 3000
john.hughes@shakespeares.co.uk

Mr Mark Ingram
GVA
3 Brindleyplace Birmingham, B1 2JB
Tel: 08449 02 0304
mark.ingram@gva.co.uk

Mr Colin Jennings
Edward Symmons LLP
Ground Floor Cloister House New Bailey Street,
Riverside Manchester, M3 5AG
Tel: 0161 216 9197
colin.jennings@edwardsymmons.com

Mr Stuart Jones
Savills (L&P) Ltd
2 Charlotte Place, Southampton, SO14 0TB
Tel: 023 8071 3900
sajones@savills.com

Mr Joseph Pitt
BNP Paribas Real Estate
5 Aldermanbury Square, London, EC2V 7BP
Tel: 020 7338 4000
joe.pitt@bnpparibas.com

Mr Peter Rowlinson
Aitchison Raffety
5th Floor 388-396 Oxford Street London, W1C 2JT
Tel: 020 7518 3440
Peter.Rowlinson@argroup.co.uk

Mr Anthony Salata
Jordan Salata
33 Cork Street Mayfair London, W1S 3NQ
Tel: 020 7025 1797
a.salata@jordensalata.com

Mr Frank Simms
F A Simms & Partners Ltd
Insol House 39 Station Road Lutterworth, LE17 4AP
Tel: 01455 555444
psimms@fasimms.com

Mr Stephen Skinner
Edward Symmons LLP
3 Lake Court Hursley Winchester, SO21 2LD
Tel: 023 8046 1630
steve.skinner@edwardsymmons.com

Mr Michael Steedman
Thomas Legal Group
Brunswick House, Gloucester Business Park
Gloucestershire, GL3 4AA
Tel: 01452 657950
michael.steedman@thomaslegalgroup.uk.com

Mr Peter Wiltshire
CMS Cameron McKenna LLP
Mitre House 160 Aldersgate St London, EC1A 4DD
Tel: 020 7367 3000
peter.wiltshire@cms-cmck.com

CHIEF EXECUTIVE:
Paul Batho MA FRICS FRGS
nara
P.O. Box 629 Oldham, OL1 9HH
Tel: 0870 600 1925
paul@nara.org.uk

ADMINISTRATORS
Mrs Carolyn Hirst (General Administrator)
nara
P.O. Box 629 Oldham, OL1 9HH
Tel: 0870 600 1925
carolyn@nara.org.uk

Mrs Teresa Horden (Conference & Training Administrator)
nara
P.O. Box 629 Oldham, OL1 9HH
Tel: 0870 600 1925
teresa@nara.org.uk

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Message from the Chair

Julian Healey
Chairman **nara**
Lambert Smith Hampton

2011 has been a demanding year for NARA and its members. We have seen a marked increase in membership and our November training days held in Huddersfield and the City were exceptionally well attended.

We are fortunate to have the excellent administrative and organisational support of Carolyn and Teresa in arranging such events and running **nara** on a day to day basis.

Our Chief Executive, Paul Batho, and I have been keen to develop our external relationships, especially with central government. Considerable focus is being placed in this area, as well as creating a long term strategy for **nara**.

2012 will see an increasing demand for the skills of the Fixed Charge

Receiver, with increasing pressure for innovative exit and holding solutions. Occasionally we will see a divergence of opinion between the views of the lender and the borrower; the role of the **nara** member, introducing the most appropriate solution on a case by case basis, cannot be underestimated in such circumstances. Their independence serves to underwrite and support the banks' commitment to "Treating Customers Fairly". Demonstrable compliance and clarity in this area will support the lenders and maintain credibility, reduce the risk of litigation and, importantly, mitigate the potential for government intervention.

Innovation, Treating Customers Fairly and independence will be the key themes for 2012: there is no doubt that the **nara** practitioner is best placed to meet these challenges.

I wish you all a happy, healthy and prosperous 2012.

In this issue

nara Training & Support Initiative

VAT
Andrew Hancock PKF

Licensed to Sell
Matthew Phipps TLT

Licensed Solutions in Hospitality & Leisure Markets - Steve Thick

NHBC Issues
Duncan Ward

Legal Workshop
Enterprise Chambers

Dates for your diary

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Training & Support

We are pleased to announce nara's initiative for 2012 to continue to support the increasing number of trainee members within our organisation and those that have recently qualified as Registered Property Receivers over the past 3 years. It is important to recognise the future of NARA and for that reason a sub-committee has been set up to represent this group of people striving to ensure our current high standards of professionalism are maintained. This is chaired by Russell Miller of Vail Williams and other members are Mark Ingram of GVA (NARA Council member), Gemma Dyball and Tom Webb of CBRE and Louis Furner of Jorden Salata.

We are delighted to confirm that drinks receptions to launch this initiative have been organised in London, Birmingham and Leeds with the help of our generous sponsors, targeted at this group of nara members to facilitate networking and discussion of current issues affecting our industry. Eligible members will be receiving invitations shortly.

Birmingham 1st February 2012 - 6pm,
The Old Contemptibles, 176 Edmund Street, Birmingham, B3 2HB
Sponsors: **GMS**

London 8th February 2012 - 1pm,
Jamies Wine Bar, 18-22 Creechurch Lane, London, EC3A 5AY
Sponsors: **Towergate**

Leeds 9th February 2012 - 1pm,
All Bar One, 27 East Parade, Leeds LS1 5BN
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For further information please contact: TandS@nara.org.uk



A lively workshop was led by barristers Tim Calland, Olivier Kalfon and Tony Beswetherick, who challenged delegates with a number of possible scenarios, before providing solutions summarised below.

*** The status of a residential property's occupier is unknown, but a vacant property would bring a better sale price.**

In taking reasonable steps to achieve the best price, a receiver needed to weigh up the time and cost of clarifying an occupant's status against what had been done already and the effect the uncertainty might have on the price.

From sending letters to knocking on doors and talking to the neighbours, it was advised that the receiver must not rely on "rules of thumb", but must use their judgment and experience to decide if enough has been done in each case. This reasoning must be documented to enable clear justification should the decision be challenged.

*** The occupier of a charged property has an Assured Shorthold Tenancy (AST) without the required consent from the lender.**

In this situation, potentially the receiver could act in the name of the lender and seek possession on the basis that the lease was not binding. The consequence of this, however, would be that the lender would become mortgagee in possession and assume all the obligations and liabilities that this entailed.

Usually, as the borrower's agent, the receiver was bound by any lease agreement and must wait for the AST term to end or seek other means of early termination e.g. financial settlement with the occupier or identification of breach of terms (always remembering that demanding rent may waive a breach).

*** The charged property is commercial, the occupier has an outstanding rent review and has paid rent to the borrower post appointment.**

The receiver should review the lease and obtain advice on relevant clauses, such as whether "time is of the essence". He/she should trigger the rent review, if appropriate.

On appointment, a receiver should notify an occupant that only he/she could give a valid receipt for rent. Nevertheless, whether or not they had paid the borrower, the occupant was still liable to the receiver. The occupant's remedy is to recover such monies from the borrower.

*** A second mortgagee is already in possession and has granted a lease to a new tenant, from whom it is collecting rent.**

Although the rights of a receiver appointed by a prior lender should overreach those of the second lender, in law this situation was considered complex. No clear answer could be given, other than that the receiver would be entitled to this rent.

It was suggested that the first lender be encouraged to take possession, to force the position.

*** The receiver wants to sell a development site at auction, but the borrower demands he/she apply for planning permission and threatens an injunction to stop the sale.**

It was stressed that, while the receiver is deemed the borrower's agent, he/she was not under the borrower's control and the primary aim was to repay the lender.

A duty to act in good faith did not mean the receiver must spend money to improve the property's value. It could be sold in its current condition, and whenever the receiver decided.

The receiver however, must be proactive in preserving the property's value and must get the best price reasonably obtainable at the date of sale. If he/she decided to manage the property, due diligence must be exercised. It was recommended that all decisions be clearly documented.

*** The receiver intends to sell at auction, the borrower complains the guide price is too low and threatens court. After the sale, the borrower argues the sale was at undervalue.**

Generally, the borrower should not be able to prevent such a sale. A guide price is not a reserve price, but a marketing tool used to attract bidders. Also, it would be argued that an auction was usually the best way to determine market price. Damages would normally be an adequate remedy for the borrower if the property were sold too cheaply.

However, it was pointed out that, in practice, borrowers often did get interim injunctions to stop sales, when the receiver was unable to attend court at short notice and explain the situation (and often the relevant law to often non-specialist judges).

To avoid the expense of court, it was advised that receivers consider sending a standard letter to the borrower's legal advisors under such circumstances, explaining their actions were proper, the basis and authority by which they acted and pointing out that the letter should be submitted to the judge as part of an applicant's duty to be frank and open with the court.

Finally, the importance of keeping records was reiterated, in the event of a post-sale challenge.

*** A borrower intimates a claim for loss of personal property left at a property sold by the receiver. The lender wants the borrower to account for the sale proceeds and the receiver considers whether to keep a retention against the borrower's claim.**

If a receiver were subject to a claim by a borrower who alleged he/she had sold property over which he had no charge, the receiver was counselled to be wary of making any retention from the proceeds of the charged property.

The receiver's job was to deal only with the charged property, so any costs incurred in relation to uncharged property would not be a valid expense. There may however be grounds for covering the legal costs to deal with the claim.

It was suggested that also, such personal property might be retrievable but that it would be best if it had not been sold in the first place!



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Once appointed, a fixed charge receiver would need to consider the following issues when considering whether or not to continue trading: licensing, supplier continuity, management controls, existing staff liability, financial reporting and compliancy. On licensing, Steve said that, in the event of any local authority prosecution, magistrates would view the hiring of a company such as

Licensed Solutions as a degree of due diligence in itself. He also advised that specialist licensing solicitors be used. He stated that while it was impossible to be fully compliant, Licensed Solutions would always be due diligent. Steve recently closed down a property before weekend trading after the health and safety expert he had brought in advised it. Another potential problem was

averted when he created a company, registered with the Security Industry Authority, to make certain a group of freelance doormen had adequate insurance. Steve said: "Once appointed, the receiver is on the ticket. It's personal. But at Licensed Solutions, we will be due diligent and we will cover the appropriate receiver to an extent whereby they're comfortable."

The policy has three sections:

Section 1: taken out pre-completion by a builder, developer or receiver to cover, in the event they cannot follow through, the lesser of 10% or £100,000 of a deposit taken from the homebuyer. It's more likely however, that receivers would want to see the building through to completion and sale.

Section 2: the first two years from legal completion when the builder or developer has liability for any problems

Section 3: the period from year three to year 10, when liability is held by NHBC. Note this covers structural issues such as foundations, walls and roofs but not fittings such as bathrooms and kitchens.

In addition to Buildmark, NHBC's services include residential and commercial building control, acoustic services, air leakage testing, BREEAM, energy performance certificates, health and safety and training. A licence to inspect properties was granted to NHBC in 1985 and it is by far the largest approved inspector outside local authorities, said Duncan.

Insolvency

Since 2008, Duncan said there had been an increase in builder insolvencies, but added the number of registered plots had begun to rise again, to 112,000 units last year from 89,000 the year before.

"There is a bit of confidence in the market that things are improving. Some major customers have started up work again on previously mothballed sites. We're expecting a further rise in registered units this year of about three to four per cent."

As soon as NHBC is notified of a builder's administration, bankruptcy, receivership or liquidation, it deletes their name from the register. They are unable to complete or sell the home and original warranties on properties may be affected.

Cover would remain unaffected only if the home is complete, sold and insurance certificates issued. However, the original warranty cover would no longer be valid if premiums had not been paid or the property were unsold whether not built, partially built, or completed.

Options for the Receiver

These are the three options facing LPA receivers if they wanted to sell the homes with the benefit of Buildmark cover:

1. become a registered builder or developer who goes on to sell the home to a homeowner. The warranty would be in the name of the receiver, who would be liable for

Section 2. They may be charged additional fees and would need to contract an NHBC registered builder for any outstanding work.

2. contract a NHBC registered builder or developer to complete the project the most viable option for LPAs. NHBC would transfer the plots to the new builder who would offer cover on the receiver's behalf, accepting all liabilities under their own registration. This option may also incur extra NHBC fees. It should be noted that some builders could be unwilling to take on another builder's site because any claim made during years three to 10 could affect their NHBC premium rating.
3. sell the unsold or unfinished plot as is appropriate when funds are needed quickly. The plots **must** be sold to an NHBC registered builder for them to sell to a homeowner. Again, the builder or developer has the plots transferred and takes on all liabilities.

Duncan concluded: "I suspect that Option 2 is the preferred option in the room, as you don't want the liability that comes with Option 1 and Option 3 is probably not going to reclaim enough money."

When receivers contact NHBC dedicated insolvency team, they will need to provide their own contact details and nature of their involvement, the name and address of the builder or developer, the site name and which option they wish to take up.

In return, NHBC will give information on properties registered to the company, policy references, the inspection stage, any payments made and due, the level of cover in place and details of Building Control Authority status.

Duncan advised receivers to ask NHBC for the premium rating held by both the previous builder and the proposed new contractor. He also warned that NHBC may ask to do opening-up works or decline to provide cover if they have missed too many inspections. "Alarm bells should ring if we say we've only done the foundations inspection and you can see the roof is on," he said. Finally, he highlighted that NHBC can also act as surety for road and sewer bonds for larger customers and that it would ask receivers to discharge them from this liability.

Contact NHBC on 0844 6331000 or e-mail insolventbuilder@nhbc.co.uk or visit www.nhbc.co.uk/insolvency

And all that VAT

Andrew Hancock,
Group Manager,
VAT Services, PKF LLP

nara chair, Julian Healey, likened it to the world of Alice in Wonderland and even the experts admit it's complicated. So, we asked group manager of VAT services at PKF and ex-customs man, Andrew Hancock, to take us down the rabbit hole of insolvency property and VAT.

Andrew has 25 years in the field, but warned it would be impossible to cover VAT and Property in one session because it was "possibly the single most complex area of VAT".

With that, he began with an overview of VAT liability on land and property and what qualifies for exemption, standard, reduced and zero ratings. He warned it was dangerous to confuse exemption with the zero rating, as the latter means VAT can still be recovered on related costs.

Option to Tax

Andrew first set out the basic reasons for taking the Option to Tax and warned of huge backlogs at HMRC on processing applications.

He went on to explain that one of the criteria for the disapplication of Option to Tax would be if the property were a capital item, in accordance with the Capital Goods Scheme (CGS). This would be where the property cost £250,000, ex VAT, or more, and was part of a project incurring VAT in the last 10 years, reclaimed wholly or partially. The project must have been the purchase of interest in land or a building, the construction of a building, extensions and alterations (where 10 per cent or more of the original building was affected), civil engineering or capital refurbishments.

Andrew dispelled some common misconceptions surrounding the Option to Tax, stressing that buildings were not registered for VAT and the option stayed with the owner, even if subsequent owners did not opt to tax. It was not automatic, each new owner must make his or her own application and it was advisable to ask to see the owner's Option to Tax to satisfy VAT charge validity.

It was not always beneficial to opt to tax. Input VAT may not necessarily be at risk the buyer may prefer to pay extra on the selling price, it could put up stamp duty and the market could shrink to only VAT-registered businesses. A residential developer may refuse where the sale were of a commercial property, the buyer would serve a certificate making the supply exempt, if he were intending to rent the property without vatable income.

Andrew then flagged up some potential pitfalls created by the CGS, introduced in 1990 to close a loophole enabling businesses to avoid VAT, by inflating vatable income in the first year.

CGS now required that businesses monitor the usage of buildings or works that cost more than £250,000 over a 10-year period and make adjustments to their original claim.

In what is known as the "elephant trap", this meant if vatable usage went up during that time, the business could expect a windfall but adversely, additional liability would be incurred if it went down.

Andrew gave an example: a company builds a £5m plus VAT commercial building in 2005, which is then taken on by an IP in 2007, who rightly sells it in 2008 with no VAT charged, because there's no Option to Tax and it's more than three years old. However, the property is now deemed to be used for exempt purposes for seven out of the 10 years and the IP must repay 70%, or £612,500, to HMRC. An Option to Tax would be beneficial here.

Another "trap" might be if there were a shortfall between the VAT reclaimed and paid on the sale. For example, a property is bought in 2005 for £5 million and VAT claimed for £875,000. It is sold in 2008 for £4 million plus VAT (£700,000) and HMRC uses CGS to claw back £175,000.

Andrew said that the scheme mainly affected partially exempt businesses, but could saddle fully vatable businesses with unexpected liability. "This can happen more often than you think."

Business as a Going Concern

There is a provision in VAT law that allows the transfer of a business's assets to be VAT-free, provided some basic conditions are met. These are that it is the same kind of business, the transfer is immediate or consecutive with no significant break in trading, it is VAT-registered and in a part transfer, must be able to operate alone. There are some extra rules, namely that the purchaser must opt to tax if the vendor has opted to tax, by the date at which the property grant is deemed to have taken place. The buyer must warrant that the option to tax will not be disapplied and, if buying a commercial building less than three years old, an option to tax is required. Any CGS requirements, such as usage monitoring, are transferred to the new owner.

Andrew's next topic was at the heart of current issues facing LPAs in practice and of discussions between *nara* and HMRC the differences between LPA receivers and administrative receivers and how customs view them.

He confirmed that HMRC treated administrative receivers as the taxable person. The administrator took over VAT registration, was liable to submit VAT returns and was entitled to recover input tax relating to his taxable supplies.

LPA receivers, however, were treated as agents of the borrower, with no entitlement to offset input tax against VAT payable. Appointed under the Law of Property Act 1925, they would rarely be allowed to register separately for VAT. Instead, the director or trader retained

responsibility for their own VAT registration and all taxable supplies made by the business or receiver must be accounted for on the VAT return.

An LPA receiver's appointment may only cover certain assets and the receiver had no control over the remaining assets or affairs of the company, Andrew said. He was therefore expected to make arrangements with the registered person so that tax was accounted for under the existing VAT registration.

"That is not always easy, especially if there is acrimony, Andrew acknowledged, "LPA receivers will need to advise the person in control the VAT return, of all vatable sales, and VAT incurred on relating expense and come to an arrangement on the net payments in good time for the VAT return to be submitted.

"If the VAT on your expenses exceeds the VAT due on income, you have to come to some arrangement to get the payment back, which is not satisfactory."

If a person had disappeared, he said there was a possibility that the registration could be amended to "care of" the LPA receiver's address and, in exceptional circumstances, he had known the registration to be cancelled and a new one made in the form of a borrower company at the LPA receiver's address.

Andrew concluded: "There is no consistency generally with how customs treat LPA receivers." He acknowledged *nara*'s ongoing negotiations with HMRC and suggested the solution might lie in Section 47(3) of VAT Act 1994. This would work by treating the LPA as an agent, where all sales would be seen as being made to and by him. He would then reclaim expenses on his own return and recharge them to the borrower. If borrower does not pay or the proceeds won't cover the VAT, bad debt can be reclaimed after six months.

The rules for bad debt relief would differ from those under the LPA Act, as payment would need to be allocated to the earliest debt, generally the mortgage, rather than to the newest selling costs.

Andrew added that if the solution were adopted, assuming it were a vatable transaction, VAT would have to be reclaimed on the following: legal and estate agency fees, LPA receiver charges (except where VAT on costs is recovered through borrower's VAT return) and build-out costs.

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NHBC Issues

Duncan Ward NHBC

All LPA receivers have experienced trying to get the appropriate cover for buildings in their charge. Duncan Ward, Assistant Commercial Manager of long-established industry body, NHBC, clarified how the organisation and its warranties work.

National House-Building Council (NHBC) celebrates its 75th anniversary this year. Set up in 1936 as an independent body to tackle the sub-standard building following Government slum clearances, it is the UK's largest provider of cover for new and newly converted homes. A non-profit distributing company limited by guarantee, its chief aim is to help builders build better houses and to protect homeowners. It has an executive board which reports to a 62 strong council comprising mortgage lenders, members of the Law Society, consumer groups, surveyors, house builders and homeowners. Last year it had 15,000 builders and developers registered on its books and dealt with £70m of claims.

In addition to its robust provision of house building warranties and insurance its standards are more comprehensive than local Building Regulations. NHBC works with the wider construction industry, from striving to achieve the 2016 Zero Carbon target to holding free roofing seminars for contractors.

After giving this brief background to NHBC, Duncan explained its products and the options open to LPAs to ensure the right kind of cover is in place.

Products and Services

NHBC's key product is Buildmark, launched in 1988 and currently covering 1.6 million homes, representing 80% of the UK market. In the last 40 years, it has protected more than 30% of existing homes.

Did you know?

that Fellows of NARA can have a short profile of their work displayed against their name on The Practitioner Locator pages of the NARA website. A glance at the London area option will show how a profile is incorporated against the member's name. Should you wish to add a profile against your name, please e-mail to teresa@nara.org.uk using no more than 250 characters (including spaces).

changing
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licence holders could use the threat of licence surrender as a negotiation tool.

How to Keep Going

A premises licence lapses from the moment of the insolvency not from when receivers find out about it. Matthew reiterated that it would be unlawful to continue trading without one. He confirmed that, in most cases, the administrator's objective would be to seek the licence's immediate reinstatement for continuity of trade, so it could be sold as a going concern.

If the licence were allowed to lapse, Matthew cautioned, there would no longer be an ongoing business and a new application would need to be made with all resulting delays. He added that following a "sea change" in post-general election attitudes towards public disorder, it should no longer be taken for granted that new licences would come with the same conditions: "Two or three years ago, I could be cavalier about getting back trading until, say, 1 am on Friday and Saturday nights, but I can't any more. If there's any history of enforcement activity or antagonism with its residents, you cannot expect to get anything like the hours and permissions.

"You do not want to lose these licences if you can possibly avoid it."

Matthew went on to set out the practical steps to be taken to reinstate licences. Receivers could either apply for a transfer or an interim

authority the latter not advised by him, as it only last for three months and carried full liability for the administrator applying for it.

Transfers

Transfers must be made within 28 days, request immediate effect and do not take effect until the application is "received". The difficulty here was that, while many local authorities now accepted e-mailed applications, most have decided they would not count until the fees had been paid. The task of making payment to an authority was a significant hurdle, particularly at, for example, 3.30pm on a Friday afternoon when licensing officers were hard to get hold of.

Matthew reported that a few authorities were more "relaxed" and would accept an e-mailed application promising a cheque to follow. Some accepted credit card payments, but many demanded the cheque in which case couriers should be used to deliver them. Another solution was to send an anonymous cheque ahead of the application, to avoid disclosure before the event, and accompany it with a note requesting the payment be married with the next day's application.

Additional Permissions

Rules surrounding other permissions such as marriage or tables and chairs licenses were less stringent and more forward thinking. Although

there is an obligation to notify of any change of circumstances, permission does not lapse for 28 days.

Gambling licences are only needed if a premises has more than two slot machines or similar, though authorities should be notified.

Tighter Ruling

Expanding on his point earlier about the tightening of trading conditions, Matthew referred to the Police Reform and Social Responsibility Act 2011. The licensing authorities had now become the responsible authorities, creating a risk of their being both judge and jury.

There was also potential for the introduction of a late night levy based on non-domestic rateable value on all premises with permission to trade beyond midnight whether in use or not. Matthew explained zones may be created, in which a blanket early morning restriction order would apply meaning those already holding a licence might enjoy something of a monopoly. Finally, he warned that authorities would revoke licences much more readily if premises fell out of line. Stricter rules meant if just two underage purchase tests failed in three months, fines had doubled to £20,000, the guidance for magistrates was to increase tariffs to prosecute sellers and the authorities were to revoke licences.



LICENSED TO SELL

Matthew Phipps,
Head of Licensing Team, TLT Solicitors

licence and continuing to trade selling alcohol renders you liable to a criminal prosecution that could result in a custodial sentence."

This was Matthew's stark warning about the implications for business recovery professionals under the Licensing Act 2003.

Since 2005, applications for liquor and entertainment licences have needed to be made to the local authority (and copies sent to responsibility authorities such as police and fire). Matthew explained there were two essential elements to getting permission to sell alcohol a premises licence and a personal licence and how they worked:

A **premises licence** can be held by an individual/s or a company and is required whether the alcohol sold is for consumption on or off the premises meaning they are not only needed for hotels, casinos, pubs, clubs and bars but also for corner shops, supermarkets and newsagents. It also requires a personal licence holder to be the Designated Premises Supervisor (DPS), usually the manager. In the not uncommon event of this person walking out, a new DPS must be found quickly. Licences also carry operating conditions, such as opening hours.

Under Section 136 (1a) of the Licensing Act, a breach of these conditions renders any person who provides activity unlawfully liable to prosecution, imprisonment and a £20,000 fine.

A **personal licence** is also essential for authorising the sale of alcohol and requires the applicant to be checked by the Criminal Records Bureau (CRB), hold an NLPCH and to apply for it to his or her home authority, as opposed to that of the licensed premises. Matthew recommended the Disclose Scotland website as the quickest way to get a CRB check, taking about 10 days.

Under Section 27 of the Law, premises licences lapse upon surrender, mental incapacity, insolvency or death of the holder. Matthew warned of situations where married couples hold their licence jointly.

"A lot of licensed premises are trading unlawfully, not through the real fault of anybody but because the husband or wife has died and the last thing the other half would think of at a time of bereavement is the status of their licence. But this should be a consideration for you," he said.

He also warned that in adversarial situations,



Licensed Solutions

Steve Thick, Senior Consultant for Licensed Solutions

included overseeing the operations of a 28-strong group of entertainment-led bars, clubs and restaurants, Steve has encountered most situations in the business. He explained that Licensed Solutions deals with any property with a premises licence, from petrol forecourts to clubs, and currently manages 2000 properties for businesses with turnovers ranging from £300,000 to £12 million.

"Our key driver is to improve the prospect of a sale and to maximise recovery of stakeholder debt," he explained, "We don't own properties. Although there are quite a few companies out there who do, to us there is a conflict of interest we're not comfortable with."

To give a flavour of the wide range of issues that can occur to affect the ongoing operation of a licensed business, Steve said he had dealt with a "floatel" that sank after the authorities decided to cut the power to the bilge pump for health and safety reasons. Also, business owners had cut their own telephone lines and sabotaged a brewery. He had had to assist one client with reputation management following a media-created furore and spent one Boxing Day in minus 18° in a Birmingham cash and carry warehouse.

To bring to LPAs' attention to the issue of assets, he referred to a time when he counted koi carp in a hotel lake to reach their valuation at £10,000 and when another hotel owned a field of cattle next door.

"If you take over the premises as an LPA, these are the assets that would need to be taken

care of," said Steve.

In a brief overview of the market, he said London hotels were thriving and would be further boosted by the forthcoming Olympic games. Business squeezes had led to reduced travel expenses to £50 to £60 per night, meaning budget hotels were doing well. But business in the provinces was tough, with "big ticket items" coming up regularly.

Lenders were faced with the options of administration and short term sale, solvent debt restructuring and sale, value enhancement and sale or medium to longer-term hold and sale. He said administrators were finding it difficult to get assets away due to lenders' stringent requirements and that lenders were coming down hard on "errant" customers.

He said: "The lenders are looking for imaginative ways of dealing with the assets, which means they don't necessarily have to realise the full loss at this time.

"We are seeing more medium to long-term holds for sales. People like West Register are taking more and more properties to three-year management contracts."

He said lenders recognised future values mirrored EBITDA performance and were weighing up the risks of holding the costs of infrastructure, compliance, and operational exposure, for example against finding stronger operational management to improve EBITDA.

More than money is at stake for receivers failing to understand their obligations when dealing with insolvencies in the licensed trade; it could be their liberty. Matthew Phipps, partner at TLT solicitors, talked through the potential pitfalls and solutions.

"If anyone has worked with leisure premises, they will be aware that, upon the insolvency of a liquor licence holder, there is no premises