

PARTNERSHIP VOLUNTARY ARRANGEMENT (“PVA”)

A FIRM OF SOLICITORS

BACKGROUND

This firm of solicitors had practiced for many years and had currently two offices, faced financial difficulties due to bad debts and changes within the legal aid system for working capital. The partnership relied on finance provided by their bank as fees earned were often subject to Court taxation which led to delays in payment affecting the firm's cash flow.

As the cash flow difficulties increased, partnership liabilities accrued and additional bank charges were incurred. Capital had previously been introduced by one of the partners but this was insufficient to effectively finance the firm and they sought to conclude the partnership in the most effective manner.

ACTION TAKEN

Following a review and analysis of the partnership, the following steps were taken: -

- Successful negotiations were undertaken to reach an agreement which resulted in the partners being able to establish new firms or employment.
- The above agreement key staff to remain in employment.
- The Supervisor remained in constant contact with the Law Society and Solicitors Indemnity Fund throughout in order to ensure there was no intervention or encumbrance in the day to day operations of the winding up of the partnership.
- As a result of the PVA, two partners were able to enter into individual voluntary arrangements and avoid bankruptcy, which allowed them to retain their practising certificates.
- Mediation between creditors and the partnership to ensure smooth conclusion to the partnership and completion of work in progress.

END RESULT

Work in progress was completed and thereafter uncompleted cases were successfully transferred for agreed consideration. Some £450,000 was recovered from continued trading and collection of debts. Realisations in total exceed £700,000 allowing preferential creditors to be paid in full and a dividend to be paid to unsecured creditors.

UK Recovery Helpline

If you need assistance Freephone: -

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