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It's a funny old game

Given the problems that football clubs are having, I shouldn't really share the following jokes with you.

Jokes like: Portsmouth – the only club where they encourage you to throw coins at the players; and the chief executive of Portsmouth has a meeting with the tax man who says, 'I am such an admirer of the club, I am going to let you off your multi-million pound tax bill'. 'Really?' says the chief executive, to which the tax man replies, 'No, I'm winding you up'.

We all know that many clubs are suffering from debts that cannot be paid as and when they fall due, but dealing with a football club with financial problems is not straightforward.

Firstly, to maintain their place within the Football League, there is a rule that says that the football creditors must be paid in full first before the other creditors.

This appears to fly in the face of the Insolvency Act, which says that all creditors must be paid equal amounts in proportion to their debt.

Not surprisingly, HM Revenue & Customs has challenged this football creditors rule in court but was unsuccessful back in 2004.

Secondly, the Football League insists that the only way out of administration must be a company voluntary arrangement (CVA).

This arrangement will allow for the club to make payment to its historic non football-related creditors over a period of time, but usually for only a proportion of the amount owing.

For the CVA to succeed, 75% of creditors who vote at the meeting must agree to it.

I understand that HM Revenue & Customs will now vote against any CVA where its debt is more than 25% of the amount owing.

You can probably see where this is heading.

Given the tough economic climate, surely it can only be a matter of time before a high-profile club is wound up and ceases to be (my apologies to the die-hard Chester City fans who will say that it has already happened).

As an insolvency practitioner, part of me says that this is the only way out for some businesses.

However, as a passionate football fan, I think it is time that HM Revenue & Customs, the Football League and the clubs got together to try to avoid such a scenario.