

## **CABINET – 18th March 2010**

### **Report of the Deputy Director of Programmes and Resources**

ITEM 16            Write Off Report for Business Rate Properties

#### Purpose of the Report

To seek Cabinet approval to write off irrecoverable debts in line with Financial Procedure Rules.

#### Recommendation

That the debt of £10,255.42 owed by JS Childrenswear Ltd be written off.

#### Reason(s)

The normal enforcement / recovery and tracing of this debt has been exhausted and Write Off is now the only alternative. The Council's financial procedures require any debt over £10,000 be approved by Cabinet.

#### Background

JS Childrenswear Ltd have traded at 2-3 Market Street, Loughborough following a buyout of Adams Childrenswear Ltd on 14<sup>th</sup> February 2009. Adams Childrenswear Ltd entered into administration on 31<sup>st</sup> December 2008 due to trading losses and JS Childrenswear Ltd have now entered administration themselves with effect from 22<sup>nd</sup> January 2010. The new company maintained rate payments until November but the account has since gone into arrear. The administration prevents the Council from taking any further enforcement action to secure the outstanding debt. Whilst the administrators have not given any indication of the prospects of a return for creditors it is rare that any return is made to unsecured creditors.

The Business Rates team have concluded that the outstanding sum identified should be written-off because it is no longer appropriate to retain the debt in the accounts as an asset to the Authority. Provided that the Auditors approve Council write-offs, then the written-off amount is taken off the balance that Charnwood pay to the Government (into the NNDR pool). There is no direct financial cost to the Council, as long as we have been 'diligent' in our write-off actions.

There seems no prospect of the Council collecting the debt and so it seems prudent to write-off now rather than carry a debt which is very unlikely to be recovered. In the scenario that we do receive some payment towards the debt, the write-off would be reduced to take account of any payment received.

	Outstanding Rates	Outstanding Costs	Total Balance	Liable Period
Account 96187167 JS Childrenswear Ltd 2-3 Market Street, Loughborough	£10,255.42	-	£10,255.42	1 <sup>st</sup> April 2009 to 21 <sup>st</sup> January 2010

Key Decision: No

Background Papers: none

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