**SIP2 – INITIAL ASSESSMENT CHECKLIST**

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| **Case Name** |  |
| **Case Code** |  |
| **Type of Appointment** |  |
| **Date of Appointment** |  |
| **IP Name(s)** |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Key Compliance Steps** | **Yes** | **No** | **N/A/Don’t Know** |
| 1 | Have we secured the Company’s books and records? If not, have we documented our attempts to collect these in (including any electronic records)? Ensure list of records secured is held on the case files |  |  |  |
| 2 | Have copies of the Company’s bank statements been obtained and reviewed? If not, document steps taken to secure these in the conclusion section of the assessment.  If these were not available from the Company’s records, have we taken steps to obtain these directly from the Company’s bankers and have these been received? |  |  |  |
| 3 | Have we invited creditors (and any committee if formed) to bring any matters to our attention regarding the director(s) conduct or potential asset recoveries? |  |  |  |
| 4 | Have we issued conduct questionnaires to the directors and have they been returned? (If not – ensure these are chased prior to submission of the report on the directors’ conduct) |  |  |  |
|  | **Initial Review and Analysis** | **Yes** | **No** | **N/A/Don’t Know** |
| 5 | Comparing the last available accounts with the statement of affairs, are you happy that the directors have made full disclosure to us in respect of the Company’s assets?  If there are any unexplained differences between the SoA values and the last accounts, have these been explained? |  |  |  |
|  | **Creditor and other feedback – from questionnaires** | **Yes** | **No** | **N/A/Don’t Know** |
| 6 | Is there concern that the Company may have been trading whilst insolvent? |  |  |  |
| 7 | Has Crown debt been used to finance the Company’s trading activity (excluding any time to pay arrangements)? |  |  |  |
|  | **Creditor and other feedback – from questionnaires** | **Yes** | **No** | **N/A/Don’t Know** |
| 8 | Any concern shown regarding preferences and TUV’s? |  |  |  |
| 9 | Any indication that assets may have been misappropriated? |  |  |  |
| 10 | Any indication that assets have been used by a connected company or phoenix operation? |  |  |  |
| 11 | Have creditors advised that they have been misled by the directors? |  |  |  |
|  | **Specific issues** | **Yes** | **No** | **N/A/Don’t Know** |
| 12 | **Bounce Bank Loan (BBL) Scheme & other Covid-19 financial support schemes**  Have you identified if the Company benefited from a BBL prior to insolvency? If yes, review whether there are any indicators of potential abuse of this scheme or other Covid financial support schemes such as a ***Coronavirus Business Interruption loan*** (CBIL), including fraudulent applications  Indicators of potential abuse (per Chapter 29 in Dear IP Issue 135, August 2021) may include:   * failure to disclose a BBL in the SoA * minimal creditors (eg, only a BBL and bank overdraft, and/or HMRC) * funds not being used for the benefit of the business * where there was no intention after receipt of the BBL to carry on trading or make attempt to repay * businesses not trading in the UK or resident for UK tax * businesses not trading as at 1 March 2020 * company dormant (ie, filing dormant accounts for 2019 and/or 2020) * sole traders falsely declaring start date of trading * businesses overstating turnover by more than 25%, or a loan of more than 25% of turnover * multiple applications to different lenders for a BBL (which could include other Covid support loans such as a CBIL but funds from this should have been used in part to repay the BBL), or where more than one relevant loan was obtained, for example a CBIL and a BBL (without the BBL being repaid), or a company having obtained more than one BBL in one entity * knowledge of insolvency prior to application * applications close to, or after, insolvency event, including post-petition or post-liquidation * sole traders who were bankrupt, in an IVA or DRO at date of application |  |  |  |
| 13 | Did the Company make use of the Government’s ***Coronavirus Job Retention Scheme*** (support for employees on furlough) during the pandemic? |  |  |  |
|  | **Specific issues** | **Yes** | **No** | **N/A/Don’t Know** |
| 14 | Did the Company apply for and obtain, any other Covid-19 financial support schemes during the pandemic, including   * Small Business Grant Fund * Retail, Hospitality and Leisure Grant Fund * Local Authority Discretionary Grants Fund |  |  |  |
| 15 | Where use of **any** of the schemes in Points 12-14 above by the Company are identified, you should review these to ensure no potential fraud or misuse is identified  If concerns **are** identified in relation to any of these schemes, or abuse is suspected, these should be reported via DCRS when the online return is submitted (or subsequently if awaiting bank statements, etc and investigations are not concluded in this regard)  See point 17 below on reporting any suspected fraud to HMRC  The DCRS reporting template now includes specific questions in relation to directors’ conduct concerning financial support schemes and these are covered off in CVL705(C) which you should refer to when considering conduct here  If the concerns are not covered by the online return, then report either via the DCRS contact button or via email to [DCRS@insolvency.gov.uk](mailto:DCRS@insolvency.gov.uk) (Nb, queries regarding reporting potential misconduct and the DCRS can also be sent to this email address) |  |  |  |
| 16 | Record in the conclusion section at the end of this checklist, brief details of any apparent abuse suspected, or further investigations that may be warranted to establish the position and ensure this is followed-up on when submitting the D return via DCRS in due course  The overall outcome of your review of any schemes identified should be recorded on CVL709 in support of the investigations carried out and reporting undertaken |  |  |  |
| 17 | Any suspected fraud in relation to HMRC-administered coronavirus relief schemes (such as the Job Retention Scheme) should be reported directly to HMRC via:  [www.gov.uk/government/organisations/hm-revenue-customs/contact/report-fraud-to-hmrc](http://www.gov.uk/government/organisations/hm-revenue-customs/contact/report-fraud-to-hmrc)  A ***Suspicious Activity Report*** (SAR) should be submitted in order to comply with anti-money laundering requirements, where you are aware, or have any suspicions, of any criminal activity resulting in the company being in possession of proceeds of crime  If you intend to deal with the assets, or make any payments from, a company that you know, or suspect includes proceeds of crime, then consideration as to whether a ***Defence Against Money Laundering SAR*** needs submitting to the ***National Crime Agency*** (NCA) to obtain consent before proceeding with the transaction  See Chapter 29 in Dear IP Issue 114, December 2020 for information on the above |  |  |  |
|  | **Specific issues** | **Yes** | **No** | **N/A/Don’t Know** |
| 18 | Can any of the Company’s charges be challenged – particularly those created in the previous 2 years? |  |  |  |
| 19 | Have any payments been made to any party (e.g. a director / an associated company or one or more creditors) in preference to another in the 6 months prior to appointment (or 2 years for creditors connected to the Company or its directors)?  **Outline below the work undertaken in reaching this conclusion:** |  |  |  |
| 20 | Does it appear any assets have been sold/transferred for less than their true value in the 2 years prior to appointment?  **Outline below the work undertaken in reaching this conclusion:** |  |  |  |
| 21 | Are there any ‘shadow directors’?  If yes, record details: |  |  |  |
| 22 | Are any directors (including shadow directors) carrying on a successor business?  If yes, record details: |  |  |  |
| 23 | Do we consider that the directors were trading the company whilst insolvent? |  |  |  |
| 24 | Have dividends been taken when no distributable reserves were available? |  |  |  |
| 25 | Have any of the directors been acting whilst disqualified and/or bankrupt? |  |  |  |
| 26 | Have directors co-operated fully with the IP? |  |  |  |
|  | **Specific issues** | **Yes** | **No** | **N/A/Don’t Know** |
| 27 | Are directors’ causes of failure reasonable and justified? |  |  |  |
| 28 | Has any director been involved in a previous insolvency including personal bankruptcy or an IVA?  If yes, record details: |  |  |  |
| 29 | Are there any investigations or proceedings by any regulator underway (eg, FCA/police)?  If yes, record details: |  |  |  |
|  | **Crown Departments** | **Yes** | **No** | **N/A/Don’t Know** |
| 30 | Has Crown debt been used to finance the Company’s trading activity (excluding any time to pay arrangements)? |  |  |  |
| 31 | Does the Crown debt constitute more than 50% of total unsecured creditor claims? |  |  |  |
| 32 | Is the nature of this business such that the Crown would ordinarily be the Company’s largest unsecured creditor e.g. labour intensive businesses? |  |  |  |
| 33 | Is the Crown debt more than 12 months old? The Disqualification Unit considers non-payment of 4 quarters (VAT) or 12 months (PAYE / NIC) to be a sound basis to claim unfit conduct, particularly if other unsecured creditors have been paid during that period. |  |  |  |
| 34 | Is there any prima facie evidence of the Crown being treated less favourably than other creditors? |  |  |  |
| 35 | Has the Crown written to us drawing particular areas of concern to our attention? |  |  |  |
| 36 | Did previous insolvencies of the directors, if any, have material Crown debts? |  |  |  |
|  | **Review of books and records** | **Yes** | **No** | **N/A/Don’t Know** |
| 37 | Are there any large unexplained payment(s) from the Company’s bank account? |  |  |  |
| 38 | Any unexplained personal expenditure on Company credit cards? |  |  |  |
| 39 | Has any excessive remuneration been drawn by directors? |  |  |  |
| 40 | Have customer deposits been used to fund trading when it appears the directors ought to have known the Company was insolvent? |  |  |  |
| 41 | Is there any other public interest in the insolvency? |  |  |  |
|  | **Overall Assessment** | **Yes** | **No** | **N/A/Don’t Know** |
| 42 | Do any of the issues identified relating to the conduct of the directors require further investigation? |  |  |  |
| 43 | Do we think that prior transactions by the Company, or the conduct of any person involved with the Company, could give rise to a recovery for the estate if pursued under the relevant legislation?  Nb, this may include recoveries from the directors for any abuse of Covid-19 financial support schemes that have been identified |  |  |  |
| 44 | If the answer to 43 above is "Yes", are funds available in the estate to make further investigations and pursue recoveries for the benefit of creditors? |  |  |  |
| 45 | Alternatively, if the answer to 43 above is "No", have major creditors been consulted to ascertain if they are prepared to contribute to the costs of taking further action? |  |  |  |
| 46 | Is there a reasonable prospect that further investigation will lead to the recovery of funds for the benefit of creditors as a whole? |  |  |  |
| 47 | Is there any likelihood of third-party funding (creditor or other) being made available? |  |  |  |

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| **IP REVIEW AND CONCLUSION**  Does this Initial Assessment indicate that further investigations might be appropriate in this case?   |  |  | | --- | --- | | **YES** | **NO** |   **Record the matters affecting this decision below:**  ***Where suspected abuse of any Covid-19 financial support schemes is identified, capture the detail above or prepare a separate note for the file identifying concerns and record what further investigations or action is proposed, or may be warranted.***  Commence the completion of the online CDDA return (which must be submitted within **3 months** of appointment via the DCRS system – see CVL705)  Detail further steps to be taken (if any) regarding investigations (append pages as necessary):  **SIGNED:**  **(Manager)**  **DATE:**  **SIGNED:**  **(IP)**  **DATE:** |
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