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Bankruptcy

The UAE has recently introduced the concept of bankruptcy in everyday working life; but the method of dealing with such a matter could be described as very stringent.



From Bankruptcy to success

Bankruptcy in many cases is not a crime and, in most cases, it is a matter of circumstance: the crime is in the manner in which the person made bankrupt is being treated. One of the best known names in American Manufacturing was declared bankrupt twice yet still went on to become a household name worldwide for his products. He learned from his bankruptcy and he prospered. Who was it? Henry Ford, the founder of the Ford car business.

Hershey was also declared bankrupt before he founded his chocolate empire and as was Walt Disney before he became famous for his films. In each case bankruptcy was a starting point for something greater- let it be the case in the UAE.

Is Bankruptcy a criminal act?

It has been suggested that there are many reasons why people go bankrupt and only one of those is criminal: the other suggested causes are bad planning, change of business environment, cash flow and so on which are all matters of regret, but not for punishment. In other parts of the world when people and/or businesses cannot pay their debts, there are systems in place to help them get back on a stable financial footing and it is when these procedures fail that bankruptcy ensues. So, what are these procedures and will they help rectify the ugly concrete monstrosities that part built buildings have become? It is these buildings, darkening the city skyline and adding dust and grime to the city streets, that are the cause if many financial hardships and potential financial failures.



Modern day Financial engineering

If we use one building as an example of the way modern methods of financial engineering may assist rectify the building, making it into something clean and finished; a building of which to be proud and which will repay the investors over time. A building which will add beauty to the skyline rather than deduct from it.

How is this done? How can SGP help in this? By introducing the SGP Administration and Insolvency arm.

Cool off period and protection

The UAE already has a bankruptcy Law; we now need to add on to this the ability for companies and individuals to go into a period of administration whilst a Court appointed administrator takes control of the property and finishes the building off to the requirements of the market.

Initially, each building will be surveyed with the intention of determining whether:

- ◆ 1. It is fit for purpose
- ◆ 2. It needs remedial work before any activity can take place (structurally sound but with work required)
- ◆ 3. The concrete has corroded and the building is not structurally sound.

Taking each in turn we would then:

- ◆ 1. advise that there was little that we could do to assist in such a case
- ◆ 2. calculate the cost of stabilising the building before we could join it with those in the next section
- ◆ 3. deem it ready to move on to the next stage

Once the buildings have been inspected and classified into the various groups, as above, we would take them into public control to be free to turn them from useless structures into buildings that are able to repay any outstanding debt and turn into a profit.

SGP would decide how best each building should be renovated and the use or uses to which each building should be put, be it farming, storage, solar, turbine or all four.



The future of redundant buildings

From the top:

The roof would have wind turbines for electricity generation; this would power the electricity needed for the building lights and power supply with the residue being fed into the grid, in return for payment. The electricity is needed to operate the coloured lighting needed to grow the crops to their full potential.

The electricity would also drive the water processes to feed the plants on a rotational system so that all crops get the nutrition they need to help them grow.

On relevant sides where the light is good enough and the building is not in the shadow of any other structure, we would erect solar panels to assist as in the wind turbines as above.

On the lower floors of each building would be our farm land: erected on circulating trays, fed by water on a circulating system. Nutrients would be added to the water for the crops but which would be cleaned during the recycling process so that the water is pure in the tank. Due to the system to be used little water will be lost in this process.

On the higher floors of the building there would be the ability to have safe and secure document storage for business and private individuals.

Each of these suggestions, the turbines, the solar panels, the farms and the storage, would carry a cost to the end user. As has been suggested, the Turbines and the Solar panels would receive a payment from the grid for surplus electricity. The farms would sell their produce into the local market at a premium due to the freshness. Storage would be in high demand and again at a cost.

All this income would initially be received by the Administrator who would have his schedule of creditors and from this schedule, once current suppliers had been paid, dividends would be distributed to the original owners and builders until either all are paid or the building is sufficiently profitable and subsequently able to float on the market.

Time, effort and innovation from all involved will be required in order to transform the many buildings but with good will and the utility of funds, possibly provided from organisations such as the World Bank or Emirates Development Bank, it is possible that these redundant structures could pave the way for the new farming techniques of tomorrow.