

# **AZCOM LTD**

## **Report for Meeting of Creditors (Section 98 Insolvency Act 1986)**

**06 August 2015**

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**Private & Confidential**

(This Report is for use by the Members and Creditors of the Company only and must not be published or provided to any other party without the written permission of DCA Business Recovery LLP)

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DCA Business Recovery LLP  
2 Nelson Street  
Southend-on-Sea  
Essex  
SS1 1EF  
United Kingdom

DCA Business Recovery LLP have not carried out anything in the nature of an audit of this information nor sought to verify the existence of, title to and value of the company's assets and liabilities. We have however discussed a draft of this report with the Directors and they have confirmed that there are no material errors or omissions.

**SEEN AND  
APPROVED**

*Dace* 06/08/2015

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## Introduction

Mrs Irina Dove, a director and 50% shareholder of this Company will be acting as Chairman of the Meeting. Mrs Irina Dove will be assisted by Deborah Ann Cockerton who was appointed Liquidator at a Meeting of Members held earlier today. Deborah Ann Cockerton has had no prior involvement with either the Company Director or its Shareholders other than since the initial meeting with the director on 23<sup>rd</sup> April 2015.

The Meeting of Members was held at 2 Nelson Street, Southend, Essex, SS1 1EF on 6 August 2015 with Members unanimously agreeing to short notice. Notices were dispatched on 22<sup>nd</sup> July 2015. At the meeting the shareholders resolved to place the company into liquidation and passed a resolution appointing Deborah Ann Cockerton as Liquidator. She consented to Act.

The Director gave instructions for the Meeting of Creditors to be convened on 22<sup>nd</sup> July 2015 and notices were dispatched that same day.

The Director has agreed that DCA Business Recovery LLP should receive a fee of £1,750 plus VAT and disbursements for assisting in the preparation of the Statement of Affairs and £1,750 plus VAT for convening the Meeting of Creditors. The sum of £3,500 plus VAT has been received on account of these fees. No other fee has been paid by the Company or its Directors to DCA Business Recovery LLP in the period since that firm were first consulted by or on behalf of the Company or its Directors.



## Statutory Information

**Company Number:** 05784783  
**Date of Incorporation:** 19<sup>th</sup> April 2006  
**Nature of Business:** Sale of Office Equipment

**Registered Office:** Formerly:  
105 Chandlers Way  
Temple Farm Industrial Estate  
Southend on Sea  
Essex  
SS2 5SE

Changed to:  
2 Nelson Street  
Southend-on-Sea  
Essex  
SS1 1EF

**Trading address:** 105 Chandlers Way  
Temple Farm Industrial Estate  
Southend on Sea  
Essex  
SS2 5SE

<b>Directors in the last 3 years:</b>	<b>Appointed</b>	<b>Resigned</b>
Irina Dove	25 February 2013	To Date
Gavin Dove	27 August 2008	25 February 2013
Steven Dove	25 February 2013	8 July 2014
Rambai Williams	19 April 2006	25 February 2013

<b>Secretaries in the last 3 years:</b>	<b>Appointed</b>	<b>Resigned</b>
Gavin Dove	26 February 2008	25 February 2013

**Debentures:** None

**Authorised Share Capital:** -

**Issued Share Capital:** 2 Ordinary £1 Shares

**Shareholders:** Irina Dove – 50%, Steven Dove – 50%

**Associated, Parent or Subsidiary Companies:** None

**Principle Activity:** Sale of office Equipment

## Director's Report on the History of the Company

The company commenced trading in the second quarter of 2006 to provide a service to companies wishing to purchase second hand furniture.

The company grew steadily on the back of obtaining key contracts with the Ministry of Defence and the business was profitable.

Unfortunately the contract with the Ministry of Defence was lost, which equated for approximately 50-60% of the sales of the company, and with it a large proportion of the profit of the company.

The business made efforts to obtain a replacement contract and to downsize their premises, however neither of these routes have materialised quickly enough and the business is currently making losses.

The director obtained advice from their accountant who in turn advised that they should seek the advice of an Insolvency Practitioner. DCA Business Recovery advised the director of her options and that Liquidation would be the best route.

It was decided that the business would cease trading and staff would be made redundant forthwith.

1. The Company commenced trading on 19<sup>th</sup> April 2006. Statutory Accounts have been prepared for the Company for the Period Ended 30<sup>th</sup> June 2014 and extracts of which are set out below. No further accounts for the Company have been prepared.
2. Ken Lammas of General Auctions has provided a valuation of the stock on a break up basis which takes into consideration the costs of removal and the costs which would be payable to the landlord whilst removing.

### NOTE: -

- The Director's Approximate Statement of Affairs is balanced subject to costs of realisation and liquidation.
- The inclusion of any creditor at an incorrect figure within the Statement of Affairs does not prejudice their right of claim.

The only financial information available is the abbreviated accounts filed at Companies House. The directors have not been able to provide any recent management accounts.

**Trading Results (£)**

<u>Period Ended</u>	<u>Turnover</u>	<u>Gross Profit/ (Loss)</u>	<u>Net Profit/ (Loss) before taxation</u>	<u>Directors Remuneration</u>	<u>Dividends Drawn</u>	<u>Shareholders Funds</u>
30/06/2014	937,815	241,289	3,540	67,676	-	11,941
30/06/2013	144,222	87,636	4,819	24,073	-	11,198
30/06/2012	91,199	89,103	54,291	14,271	33,000	8,424

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## **Comments on the Directors' Statement of Affairs**

The Statement of Affairs does not reflect the costs of insolvency and realisation.

### **Assets**

#### **Stocks**

The accounts as at 30<sup>th</sup> June 2014 showed stocks with a value of £20,593. The director has advised that this figure is approximately the same. Due to the nature of the assets and the extremely high costs involved in removing the stocks an offer of £5,250 plus VAT has been accepted from the director.

The valuation provided by the agent was a value of £15,000 to £20,000 value, however due to the forfeiture of the lease by the landlord and costs of removal which would be approximately £15,000 this offer was deemed acceptable.

#### **Debtors**

The last set of accounts indicated that there were debtors to the company of £173,182. The director has confirmed that the sum of £1,186.80 is outstanding. The debtors list will be reviewed once the company is in liquidation to confirm the difference, however the accountant has advised that the company used to undertake work for the Ministry of Defence and these were very large invoices outstanding which were duly paid.

Further investigation also shows that £68,708 of the trade debtors also relates to a debt from Azcom Business Solutions Limited, which was dissolved on 29<sup>th</sup> November 2014. Therefore there will be no realisation from this source.

#### **Tangible Assets**

The last set of accounts included Tangible assets with a value of £3,013. The directors have confirmed that these assets were a van which has since been sold and other fixtures and fittings which will be sold in situ.

#### **Bartercard**

The company has a balance on a Bartercard of £3,815. An agents advice has been sought and on the basis that it is not a readily available cash balance and must be used in trade a value of £200 has been placed on this.

#### **Cash at Bank and in Hand**

Cash at bank and in hand was included in the accounts as at 30<sup>th</sup> June 2014 with a value of £20,204. The directors have confirmed that there is no cash at bank and all funds have been utilised in trading and to pay the fees of the liquidation.

### **Liabilities**

#### **Fixed Charge Creditors**

There are no fixed charge creditors.

### **Preferential Creditors**

The company employs 7 members of staff who have all been redundant. The level of preferential debt will be clarified once the company is in Liquidation.

### **Prescribed Part**

There are provisions of the insolvency legislation that require an office holder to set aside a percentage of a company's assets for the benefit of the unsecured creditors in cases where the company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An office holder has to set aside:

50% of the first £10,000 of the net property; and  
20% of the remaining net property up to a maximum of £600,000.

As there is no floating charge in this case then this does not apply.

### **Unsecured Creditors**

The unsecured claims total £165,962, I would point out that the amounts shown have been provided by the director, which may not necessarily agree with your own records. However, the amounts stated will not prejudice your claim as it will be agreed by the Liquidator in due course. Creditors may also be entitled to claim VAT Bad Debt Relief on their claims.

Employee's claims are yet to be confirmed and may alter dependant on the findings of the Redundancy Payments Office ("RPO"). A final preferential claim is expected from the RPO and therefore the Statement of Affairs figure may alter from that shown.

### **Shares**

The issued and fully paid up share capital is £2 resulting in an overall total deficiency of £164,210.

### **Transactions with Connected Parties**

There were no transactions as defined under section 435 of the Insolvency Act 1986 between the company, any of its subsidiaries or any other company which it has an interest, or the company directors (or associate thereof), within the 12 months leading-up to the resolution to wind-up the company, other than in the normal course of business.

### **Assets Sold**

No assets have been sold in the period leading up to liquidation other than those in the ordinary course of business.

However it is the liquidators intention to sell the stock to the former director once the company is in liquidation for the reasons outlined above.

### **Other Transactions**

There were no other transactions.

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There were no other transactions.

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**Deficiency Account for the period from 1st July 2014 to 6th August 2015**

	£	£
Shareholders' funds as at 30th June 2014		11,941
Total deficiency as regards shareholders as at 6th August 2015		(164,210)
		<hr/>
<b>Deficiency</b>		<b>(176,151)</b>

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Explained by

Less: Amounts written down for the purposes of the Statement of Affairs

Stock	15,343	
Bartercard	3,615	
	<hr/>	(18,958)
		<hr/>
		(18,958)

Estimated trading loss incurred in the period 1 <sup>st</sup> July 2014 to 6 <sup>th</sup> August 2015		(157,193)
		<hr/>
		<b>(176,151)</b>

*LP*