

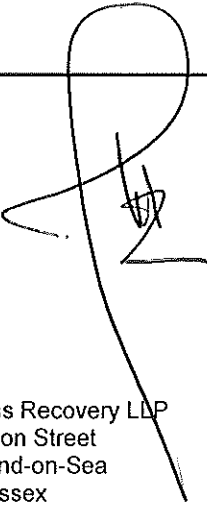
LANWORKS IT SERVICES LTD

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

28th August 2015

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(This Report is for use by the Members and Creditors of the Company only and must not be published or provided to any other party without the written permission of DCA Business Recovery LLP)



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

28.8.15

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.

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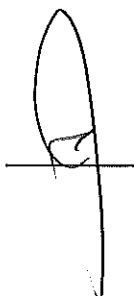
Introduction

Mr Joseph Stokes, a director and 40% shareholder of this Company will be acting as Chairman of the Meeting. Mr Stokes will be assisted by Deborah Ann Cockerton who was appointed Liquidator at a Meeting of Members held earlier today at 10:00am. Deborah Ann Cockerton has had no prior involvement with either the Company Directors or its Shareholders other than since the initial meeting with all directors on 5th February 2014.

The Meeting of Members was held at 2 Nelson Street, Southend, Essex, SS1 1EF on 28th August 2015 with Members unanimously agreeing to short notice. Notices were dispatched on 11th August 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 11th August 2015 and notices were dispatched on the same day.

The Directors have agreed that DCA Business Recovery LLP should receive a fee of £2,000 plus VAT and disbursements for assisting in the preparation of the Statement of Affairs and £2,000 plus VAT for convening the Meeting of Creditors. It is proposed that the fees of £4,000 be met from asset realisations. 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.

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Statutory Information

Company Number: 06773260
Date of Incorporation: 15th December 2008
Nature of Business: IT Consultant Services

Registered Office: Yeomans Bassetts Lane
Woodham Walter
Maldon
Essex
CM9 6RY

Trading address: Unit 202
Waterhouse Business Centre
2 Cromar Way
Chelmsford, Essex
CM1 2QE

Directors in the last 3 years:	Appointed	Resigned
Ian Hodge	01/01/2015	To Date
Joseph Stokes	27/02/2009	To Date
Steven Barber	15/12/2008	31/12/2014
Stuart Wildig	01/01/2015	To Date

Secretaries in the last 3 years:	Appointed	Resigned
None	-	-

Debentures: None

Authorised Share Capital:

1,000 shares of £1 each

Issued Share Capital:

197 shares, 157 ordinary £1 shares and 40 B shares

Shareholders:

Steven Barber 78 ordinary £1 shares, Joseph Stokes, 78 ordinary £1 shares, Pactel Solutions Limited, 1 ordinary £1 share, Stuart Wildig 36 B shares and Ian Hodge 4 B shares.

Associated, Parent or Subsidiary Companies:

Marix Limited , Keypoint Associates Limited, Futurepoint IT Limited

Principle Activity:

IT Consultant Services

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Director's Report on the History of the Company

The Company was incorporated on the 15th December 2008 with a view to provide IT consultancy services to its clients.

The Company has traded well since its incorporation however suffered a difficult two years due to the decline of the economy and loss of contracts which had a direct result on the cash flow.

The directors relocated the business to a different premises in an attempt to reduce costs and arranged a budget plan for the year and believed that the Company could continue to trade.

With trading figures proving to be extremely poor, the directors noticed that funds held in reserve were being utilised whilst trading, and it became difficult for the Company to meet its debts as they fell due.

The director agreed a payment plan with HM Revenue and Customs however with the increasing pressure being brought on by HM Revenue and Customs and the liabilities beginning to increase, the directors decided to seek advice from an Insolvency Practitioner.

At a meeting with Deborah Ann Cockerton of DCA Business Recovery LLP, Mr Stokes was advised that the business was no longer viable and that the best option would be to place the Company in to formal insolvency proceedings.

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.

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The only financial information available is the last three years full accounts provided by the director Mr Stokes. The directors have not provided me with any recent management accounts.

Extracts from the Profit and Loss Accounts

	Year Ended 31/12/2014	Year Ended 31/12/2013	Year Ended 31/12/2012
Sales	342,869	317,542	344,577
Cost of Sales:			
Purchases	116,252	94,629	103,420
Broadband services	5,250	6,850	8,849
Wages	94,184	90,733	87,103
Social security	6,062	7,838	7,942
	<u>221,748</u>	<u>200,050</u>	<u>207,314</u>
Gross Profit	121,121	117,492	137,263
Other income:			
Rents received	<u>4,800</u>	<u>4,800</u>	<u>6,135</u>
	125,921	122,292	143,398
Expenditure:			
Rent	15,000	15,000	15,000
Rates and water	7,280	6,967	6,795
Use of residence as office	4,800	-	2,412
Insurance	1,392	1,592	1,543
Repairs to property	979	2,184	1,052
Directors salaries	27,615	26,420	31,200
Wages	22,929	23,235	21,886
Social security	1,414	3,595	4,187
Telephone	7,697	7,290	9,517
Post and stationery	1,144	1,709	1,800
Advertising	710	3,287	1,671
Travelling	6,065	11,816	9,597
Motor expenses	5,799	7,241	6,863
Entertainment	2,957	2,410	5,376
Licenses and insurance	2,730	4,046	2,467
Repairs and renewals	1,481	1,592	967
Sundry expenses	1,356	-	1,065
Accountancy	4,508	5,100	6,080
VAT Penalty	-	-	8,290
Bad Debts	(488)	(399)	2,190
Depreciation of tangible fixed assets fixtures and fittings	1,500	1,500	-
	<u>116,868</u>	<u>124,585</u>	<u>139,958</u>

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Continued....

	9,053	(2,293)	3,440
Finance Costs:			
Bank charges	962	944	812
Credit card	397	529	539
Bank interest	453	243	117
Bank loan interest	327	271	260
	<u>2,139</u>	<u>1,987</u>	<u>1,728</u>
Profit/Loss on ordinary activities before taxation	6,914	(4,280)	1,712
Tax on profit/(loss) on ordinary activities	(1,012)	-	(1,024)
Profit/(Loss) for the financial year	5,902	(4,280)	688

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Extracts from Balance Sheet

	As At 31/12/2014 £	As At 31/12/2013 £	As At 31/12/2012 £
Fixed Assets:			
Plant and machinery	25,207	26,274	26,618
Current Assets:			
Stock	9,948	16,130	8,256
Debtors	32,762	30,572	32,677
Prepayments and accrued income	22,363	31,88	32,012
Cash at bank and in hand	11	17,252	3,953
	65,084	95,802	76,898
Creditors:			
Amounts falling due within one year	(61,446)	(95,308)	(76,718)
Net current assets	3,638	494	180
Total assets less current liabilities	28,845	26,768	26,798
Creditors:			
Amounts falling due after more than one year	(9,736)	(11,736)	(7,236)
Net Assets	19,109	15,032	19,562
Represented by:			
Called up share capital	10,157	10,157	157
Revaluation reserve	17,213	17,213	17,213
Profit and loss account	(8,261)	(12,338)	2,192
Shareholders' Funds	19,109	15,032	19,562

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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

Plant & Machinery

Plant and machinery was shown in the last set of accounts dated 31st December 2014 with a net book value of £25,207. An agent was instructed to value the remaining plant and machinery and this asset was sold to Keypoint Associates Limited for the value of £1,318 plus VAT.

The director has confirmed to the instructed agent that the reason for the significant difference in value is that when the business downsized to a smaller premises to reduce costs, plant and machinery was greatly reduced to allow space in the smaller trading premises.

Stock

In the last set of accounts dated the 31st December 2014, stock was shown with a net book value of £9,948. An agent was instructed to provide a full valuation of the Company assets and there was no stock to be realised as all stock owned by the Company has been utilised whilst trading in the months leading up to Liquidation.

Debtors

Debtors were shown in the last set of accounts dated the 31st December 2014 with a net book value of £32,762. The director has confirmed provided an up to date schedule of the outstanding debtors and the sum of £8,417.88 is expected to be realised in Liquidation.

Prepayments and accrued income

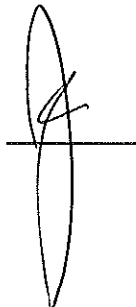
The balance of £22,363 was shown in the last set of accounts dated the 31st December 2014 in respect of prepayments and accrued income. The director sought advice from his accountant who has confirmed that the balance was a combination of rent, rates, and insurance advance payments and that there is no recovery balance in regards to that figure. It is anticipated that no realisation will be achieved in Liquidation.

Cash at bank and in hand

In the last set of accounts dated the 31st December 2014, cash at bank and in hand was shown with a net book value of £11.00. The director has confirmed that the bank account is overdrawn by approximately £18,850.82.

Goodwill and short term contracts

Keypoint Associates Limited purchased the goodwill of Lanworks Limited including the short term contracts. The value of £8,707 was agreed in respect of this asset. This is not listed in the last set of accounts dated the 31st December 2014.

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Liabilities

Fixed Charge Creditors

There are no fixed charge creditors.

Preferential Creditors

There are no preferential creditors. The director has advised that all employees will be transferred to the new Company with immediate effect.

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 £88,089.64, I would point out that the amounts shown have been provided by the director and the company accountant, 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.

£5,340.00 of the unsecured claims total relates to the fund that the director personally injected into the Company.

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 £197 resulting in an overall total deficiency of £69,844.

Transactions with Connected Parties

As defined under section 435 of the Insolvency Act 1986 the following confirms the transactions (other than in the normal course of business) between the company, any of its subsidiaries or any other company which it has an interest, the directors (or associate thereof), within the 12 months leading-up to the resolution to wind-up the company.

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Assets Sold

The company sold plant and machinery, stock and goodwill to Keypoint Associates Limited for £12,030 on the 7th August 2015. The payments to be received are £6,630 to be paid immediately, £1,800 to be paid on the 1st September 2015, £1,800 to be paid on the 1st October 2015 and £1,800 to be paid on the 1st November 2015.

The company used the services of General Auctions Limited to value the transaction. Deborah Ann Cockerton of this firm was not involved in the process. Mr Joe Stokes of Keypoint Associates Limited was the purchaser.

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Deficiency Account for the period to 1st January 2015 to 28th August 2015

	£	£
Shareholders' funds as at 31 st December 2014		19,109
Total deficiency as regards shareholders as at 28 th August 2015		(69,844)
		<hr/>
Deficiency		<u>(88,953)</u>
Explained by		
Add: Assets written up for the purposes of the Statement of Affairs		
Goodwill	8,707	<u>8,707</u>
Amounts written down for the purposes of the Statement of Affairs		
Plant and Machinery	(23,889)	
Stock	(9,948)	
Prepayments and accrued income	<u>(22,363)</u>	
		<u>(56,200)</u>
		(47,493)
Estimated loss incurred in the period 1 st January 2015 to 18 th August 2015		<u>(41,460)</u>
Deficiency		<u><u>(88,953)</u></u>

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