

# HYDE & BURGESS LTD

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

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Private & Confidential

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10/06/16

HENRY BURGESS

**SEEN AND  
APPROVED**

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.

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**DIRECTORS' REPORT TO THE MEETING OF CREDITORS OF**

**HYDE & BURGESS LIMITED**

**HELD ON 10<sup>TH</sup> JUNE 2016**

**STATUTORY INFORMATION**

The Company was incorporated on 24<sup>th</sup> July 2007 in the name of Hyde & Burgess Limited and the Company Registration No. is 06322252.

The Company has not had any other names since incorporation.

The Company's business was that of a licensed restaurant and it traded under the trading name of Henry Burgers.

The registered office has been located as follows:

| <b>From</b>                     | <b>To</b>                 | <b>Registered Office Address</b>                    |
|---------------------------------|---------------------------|---|
| 24 <sup>th</sup> May 2016       | Present                   | 2 Nelson Street, Southend on Sea, Essex, SS1 1EF    |
| 29 <sup>th</sup> September 2011 | 23 <sup>rd</sup> May 2016 | 20-21 Market Place, Southend on Sea, Essex, SS1 1DA |

The authorised share capital is 100 ordinary shares of £1.00 each, of which £2.00 have been issued and fully paid as follows:

| <b>Name of member</b> | <b>Ordinary</b> | <b>Percentage</b> |
|-----------------------|-----------------|-------------------|
| Henry Burgess         | 1               | 50%               |
| Edward Hyde           | 1               | 50%               |

Aside from the formation agents, the officers of the Company have been as follows: -

| <b>Name</b>   | <b>Position</b> | <b>Appointed</b>           | <b>Resigned</b> |
|---------------|-----------------|----------------------------|-----------------|
| Edward Hyde   | Director        | 24 <sup>th</sup> July 2007 | To Date         |
| Henry Burgess | Director        | 24 <sup>th</sup> July 2007 | To Date         |
| Edward Hyde   | Secretary       | 24 <sup>th</sup> July 2007 | To Date         |

**OTHER INFORMATION**

Bankers: Lloyds Bank

Security held: None

Accountants: Goldwyns

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## HISTORY

The Company was incorporated on the 24<sup>th</sup> July 2007 with Edward Hyde and Henry Burgess appointed as directors of the business.

Hyde & Burgess Limited traded from 2007 to October 2013 as The Sunrooms which was a bar/nightclub. The Sunrooms was not making enough profits at the time and the directors decided to change the view of the business to that of a burger restaurant wherein it began trading as Henry Burgers.

The business earned a respectable reputation within the local community and was incorporated with a view of providing high quality burgers and alcoholic drinks to its customers however due to the decline of the economy and the fact that similar restaurants had opened around the area, the business soon began to suffer due to the lack of cash flow and turnover.

The director was supporting Hyde & Burgess Limited via his other Company and was lending stock and funds to keep the business afloat. Both the directors' parents also financially supported the business and personally injected funds in to the Company via a loan in order to keep the Company trading.

The director put forward numerous ideas to cut costs which started with a price audit on all of their products and attempted to find cheaper suppliers and requested better prices for stock.

The director also cut back on staff when possible and tried to close early on days where there were no bookings in order to reduce staff costs.

Stock was paid 99% upfront and the alcohol list became smaller with prices also being raised.

The director tried to source more funding for the Company and spoke to his mother and business partners father to request that they loan the Company further funds, however as the business already owed both of them a considerable amount of money, they advised that they could no longer pay any more money to the business.

The director soon began to realise that the Company was unable to meet its liabilities as and when they fell due and sought advice from his accountant regarding the financial problems of the business.

At a meeting with the accountant, the director was referred to Deborah Ann Cockerton of DCA Business Recovery LLP and at a meeting with Deborah Ann Cockerton the director was advised that the business was no longer viable.

It was agreed that the best course of action would be to place the Company in to formal insolvency proceedings by way of a creditor's voluntary liquidation.

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## TRADING RESULTS

The most recent accounts prepared for the Company show:

| ABBREVIATED PROFIT & LOSS ACCOUNT                           | Unaudited Financial Statements | Unaudited Financial Statements | Unaudited Financial Statements |
|---|--------------------------------|--------------------------------|--------------------------------|
|   | Y/E 2014                       | Y/E 2013                       | Y/E 2012                       |
| Turnover  | 387,843                        | 274,588                        | 405,109                        |
| Cost Of Sales   | <u>155,728</u>                 | <u>90,757</u>                  | <u>151,454</u>                 |
| <b>Gross Profit</b>   | 232,115                        | 183,831                        | 253,655                        |
| Administration Expenses                                     | <u>250,143</u>                 | <u>227,414</u>                 | <u>299,178</u>                 |
| <b>Operating Loss</b>                                       | (18,028)                       | (43,583)                       | (45,523)                       |
| Interest Payable and Similar Charges                        | <u>935</u>                     | <u>1,112</u>                   | <u>280</u>                     |
| <b>Profit/(loss) on Ordinary Activities before Taxation</b> | (18,963)                       | (44,695)                       | (45,803)                       |
| Tax on Profit on Ordinary Activities                        | <u>-</u>                       | <u>-</u>                       | <u>-</u>                       |
| <b>Profit/(loss) on Ordinary Activities after Taxation</b>  | (18,963)                       | (44,695)                       | -                              |
| Dividends   | <u>-</u>                       | <u>-</u>                       | <u>-</u>                       |
| <b>Retained Profit/(Loss) for the Year</b>                  |                                |                                |                                |
| Accumulated Profit/(Loss) Brought Forward                   | <u>(193,145)</u>               | <u>(148,450)</u>               | <u>(102,647)</u>               |
| <b>Retained Profit/(loss) Carried Forward</b>               | <u>(212,108)</u>               | <u>(193,145)</u>               | <u>(148,450)</u>               |
| <b>DIRECTORS' REMUNERATION</b>                              | <b>10,000</b>                  | <b>15,000</b>                  | <b>20,000</b>                  |

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**ABBREVIATED BALANCE SHEET**

|   | Y/E 2014         | Y/E 2013         | Y/E 2012         |
|---|------------------|------------------|------------------|
| <b>Fixed Assets</b>                                   |                  |                  |                  |
| Intangible Assets                                     | 39,600           | 52,800           | 66,000           |
| Tangible Assets                                       | <u>47,086</u>    | <u>42,360</u>    | <u>56,480</u>    |
|   | 86,686           | 95,160           | 122,480          |
| <b>Current Assets:</b>                                |                  |                  |                  |
| Stocks  | 3,000            | 3,000            | 4,505            |
| Debtors   | 17,321           | 12,151           | 15,222           |
| Cash at Bank and in Hand                              | <u>2,128</u>     | <u>1,986</u>     | <u>3,953</u>     |
|   | 22,449           | 17,137           | 23,680           |
| <b>Creditors:</b> amounts falling due within one year | <u>46,920</u>    | <u>51,297</u>    | <u>46,465</u>    |
| <b>Net Current Liabilities</b>                        | <u>(24,471)</u>  | <u>(34,160)</u>  | <u>(22,785)</u>  |
| <b>Total Assets Less Current Liabilities</b>          | 62,215           | 61,000           | 99,695           |
| <b>Net Assets</b>                                     | <u>(212,106)</u> | <u>(193,143)</u> | <u>248,143</u>   |
| <b>Capital and Reserves</b>                           |                  |                  |                  |
| Called Up Share Capital                               | 2                | 2                | 2                |
| Profit and Loss Account                               | <u>(212,108)</u> | <u>(193,145)</u> | <u>(148,450)</u> |
| <b>Shareholders' Funds</b>                            | <u>(212,106)</u> | <u>(193,143)</u> | <u>(148,448)</u> |

**INSOLVENCY**

The Directors attribute the failure of the Company to:

- Several similar businesses trading around the area which have reduced custom resulting in poor cash flow.

The Directors were advised by the Company's accountant to seek advice from a licensed insolvency practitioner. In this regard a meeting of the Board of Directors was held with Deborah Ann Cockerton of DCA Business Recovery LLP on 28<sup>th</sup> April 2016. Deborah Ann Cockerton advised the Board of the options available and following a discussion DCA Business Recovery LLP were instructed to assist the Directors in preparing a Statement of Affairs and convening meetings of the Company's members and creditors. The notices were despatched on 20<sup>th</sup> May 2016.

**STATEMENT OF AFFAIRS**

DCA Business Recovery LLP assisted the Directors in preparing an Estimated Statement of Affairs. Henry Burgess signed a Statement of Truth in respect of the Estimated Statement of Affairs prior to the meeting of creditors. A copy of the Estimated Statement of Affairs is attached and forms part of this report.

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## INSOLVENCY PRACTITIONERS' COMMENTS ON THE STATEMENT OF AFFAIRS

Deborah Ann Cockerton of DCA Business Recovery LLP would comment on the Statement of Affairs as follows:

### **Assets**

The director advised the prior to the Company entering in to Liquidation the business was sold via an agent of Ayers and Cruiks and was sold for approximately £20,000 however after taking in to account the costs of estate agent fees and solicitors costs the sum of £15,000 was received.

### **Intangible Fixed Assets**

#### Goodwill

Goodwill was shown in the last set of accounts for the year ended 31<sup>st</sup> July 2014 with a net book value of £36,600 however due to the financial position of the business goodwill will realise no value in Liquidation.

### **Tangible Fixed Assets**

#### Improvements to property

The net book value in respect of improvements to property was shown in the last set of accounts for the year ended 31<sup>st</sup> July 2014 with a net book value of £6,082 however no realisation will be achieved in Liquidation in regards to this asset.

#### Fixtures and Fittings

In respect of fixtures and fittings, the last set of accounts dated 31<sup>st</sup> July 2014 showed a net book value of £41,004 however no realisation will be achieved in Liquidation as the fixtures and fittings was included in the sale of the business.

### **Current Assets**

#### Stock

The last set of accounts for the year ended 31<sup>st</sup> July 2014 showed stock with a net book value of £3,000. The director has advised that stock was utilised whilst trading in the period leading up to Liquidation and therefore no realisation will be achieved in Liquidation.

#### Debtors

Debtors were shown in the last set of accounts for the year ended 31<sup>st</sup> July 2014 with a net book value of £17,321. The director has stated that this balance related to prepayments of rent and credit card bills and therefore no realisation will be achieved upon the Liquidation of the Company.

#### Cash in Hand

The last set of accounts for the year ended 31<sup>st</sup> July 2014 showed cash in hand with a net book value of £2,128.00 however the director has advised that this balance has reduced to meet ongoing costs of the Company. The director has confirmed that the current value in respect of cash in hand which is held in the bank account amounts to £494.37 and this balance is expected to be realised in Liquidation.

#### Sale of assets to a connected party

There has been no sale of assets to a connected party.

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## Liabilities

### Secured Liabilities

There are provisions of the insolvency legislation that require a Liquidator 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" ("prescribed part"). A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. Any costs of the liquidation that are payable before the Liquidator has reached a position to make a distribution to the floating charge holder have to be deducted from floating charge realisations before arriving at an amount for the "net property" of the Company. As a result, the costs associated with realising floating charge assets, paying preferential claims in full, the general costs of winding up and the costs of confirming the validity of the floating charge will have to be deducted before the "net property" is calculated. The "prescribed part" that the Liquidator then has to set aside for unsecured creditors is:

- 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 are no charges registered over the assets of the Company, the prescribed part provisions will not apply.

### Preferential Liabilities - Employees

The director has advised there are no employees who will be making a claim to the Redundancy Payments Office.

### Unsecured Liabilities

Trade & Expense Creditors - The Company has 8 known 'trade & expense' creditors owed a total of approximately £4,925.90.

Employees – It is not expected that any liability will arise in respect of employee's claims in the Liquidation.

Director – Mr Burgess other Company is owed approximately £14,383.72 in respect of stock borrowed from the Company which included alcohol refreshments, and various meat products.

Mr Burges' mother is also owed £141,361.30 in respect of a loan to the business and Mr Hyde's father is owed £125,310.08 which is also in respect of a loan to the business. Both have been paid personally by Mr Burges' mother and Mr Hyde's father.

HM Revenue & Customs – PAYE/NIC/CT - It is estimated that £4,219.37 is owed to HM Revenue & Customs by way of the following:

| Liability       | Period | Amount           |
|-----------------|--------|------------------|
| PAYE & NIC      |        | 4,219.37         |
| Corporation Tax |        | -                |
|                 |        | <u>£4,219.37</u> |

HM Revenue & Customs – VAT - Approximately £26,077.90 is owed to HM Revenue & Customs in respect of unpaid VAT. It is not expected that any liability will arise in respect of Corporation Tax.

### **Comments as to Transactions with Associated Companies or Individuals**

There have been no transactions with associated Companies or individuals.

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**Hyde & Burgess Limited**

**Deficiency Account for the period from 1st August 2014 to  
10th June 2016**

|  | £ | £                |
|--|---|------------------|
| Shareholders' funds as at 1 <sup>st</sup> August 2014                        |   | (212,106)        |
| Total deficiency as regards shareholders as at<br>10 <sup>th</sup> June 2016 |   | (315,786)        |
| <b>Deficiency</b>  |   | <b>(103,680)</b> |

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

|   |          |                  |
|---|----------|------------------|
| Goodwill  | (36,600) |                  |
| Improvements to Property  | (6,082)  |                  |
| Fixtures and Fittings   | (41,004) |                  |
| Stock   | (3,000)  |                  |
|   | <hr/>    | (86,686)         |
|   |          | <hr/>            |
|   |          | (86,686)         |
| Estimated trading profit/(loss) incurred in the period<br>1 <sup>st</sup> August 2014 to 10 <sup>th</sup> June 2016 |          | (16,994)         |
|   |          | <hr/>            |
|   |          | <b>(103,680)</b> |

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