

**Section 106** The Insolvency Act 1986**S. 106**Return of Final Meeting in a  
Creditors' Voluntary Winding Up**Pursuant to Section 106 of the  
Insolvency Act 1986**

For official use

--	--	--

**Company Number**

To the Registrar of Companies

04349243

[a] Insert full name of  
company **Name of Company**

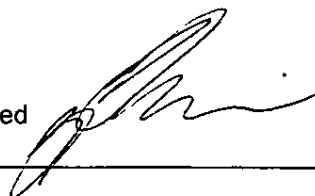
(a) Preferred Contract Services Limited

I/We (b) Brian Baker of Kingston Smith & Partners LLP, Devonshire House, 60 Goswell  
Road, London, EC1M 7AD

give notice

- [c] Delete as applicable  
[d] Insert date  
[e] The copy account must be authenticated by the written signature[s] of the liquidator[s]
- 1 that a general meeting of the company was duly (c) [held on] [~~summoned for~~]  
(d) 8 August 2014  
pursuant to Section 106 of the Insolvency Act 1986, for the purpose of having an account (of  
which a copy is attached (e) laid before it showing how the winding up of the company has  
been disposed of and (c) [that the same was done accordingly and the following resolutions  
were passed (1) That the Liquidator's Receipts and Payments account to 8 August 2014 and  
final report be approved and (2) That the Liquidator is released from office] [no quorum was  
present at the meeting],
- 2 that a meeting of the creditors of the company was duly held (c) [held on] [~~summoned for~~]  
(d) 8 August 2014  
pursuant to Section 106 of the Insolvency Act 1986, for the purpose of having the said  
account laid before it showing how the winding-up of the company has been conducted and  
the property of the company has been disposed of and (c) [that the same was done  
accordingly and the following resolutions were passed (1) That the Liquidator's Receipts and  
Payments account to 8 August 2014 and final report be approved and (2) That the Liquidator  
is released from office] [no quorum was present at the meeting]

Signed



Date

8/8/14

Presenter's name,  
address and  
reference (if any)

TUESDAY



A33

12/08/2014

COMPANIES HOUSE

#140

# **Liquidator's Final Report to Creditors and Members**

**Preferred Contract Services  
Limited**

**- In Liquidation**

**8 August 2014**

## **CONTENTS**

- 1 Introduction
- 2 Progress of the Liquidation
- 3 Unrealisable Assets
- 4 Investigations
- 5 Outcome for Creditors
- 6 Liquidator's Remuneration
- 7 Liquidator's Expenses
- 8 Creditors' Rights
- 9 Conclusion

## **APPENDICES**

- A Cumulative Receipts and Payments Account for Period from 22 May 2013 to 8 August 2014
- B Cumulative Time Analysis for the Period from 22 May 2013 to 8 August 2014
- C Additional Information in relation to Liquidator's fees pursuant to Statement of Insolvency Practice No 9 (SIP9)

## **1 Introduction**

- 1 1 I, Brian Baker of Kingston Smith & Partners LLP, was appointed as Liquidator of Preferred Contract Services Limited (the **Company**) on 22 May 2013. This report provides a summary of the outcome of the liquidation of the Company which has now been completed.
- 1 2 The principal trading address of the Company was 77b High Street, Reigate, Surrey, RH2 9AH. The business traded under the names PCS and Preferred Contracts.
- 1 3 The registered office of the Company has been changed to Devonshire House, 60 Goswell Road, London, EC1M 7AD and its registered number is 04349243.
- 1 4 The liquidation commenced in May 2013 with estimated asset values of c£30,000 and anticipated liabilities of c£140,000, which subject to the cost of liquidation expected a small return to creditors. Unfortunately, due to lower than expected realisations, there were insufficient funds to enable a dividend to the Unsecured creditors.

## **2 Progress of the Liquidation**

- 2 1 In accordance with Statement of Insolvency Practice No 13 (SIP13), I would advise you that the following assets were sold to a Director of the Company:

Date of transaction	Asset involved and nature of transaction	Consideration Paid and Date	Sold to	Relationship
22 May 2013	Furniture & Equipment	£300 paid on 22 May 2013	Preferred Contract Services and Supplies Limited	Common director
22 May 2013	Stock	£600 paid on 22 May 2013	Preferred Contract Services and Supplies Limited	Common director
22 May 2013	Goodwill	£6,500 paid on 22 May 2013	Preferred Contract Services and Supplies Limited	Common director

### ***Book Debts***

- 2 2 At the date of Liquidation, book debts outstanding to the Company were £83,191. These debts were factored and as such £66,834 was due to the factoring company. Accordingly, the Liquidation estate was expecting a surplus of £16,357.
- 2 3 Unfortunately, the factoring company encountered a number of bad debts and after collection charges were deducted, a surplus of £8,139.40 was paid to the Liquidation estate. There were a couple of nominal debts which the factoring company were happy to assign to the Liquidator, but it was not deemed cost-beneficial for the Liquidation estate to do so. As such, these nominal debts were written off.

### ***Goodwill/Client List/Website/Domain Name/Furniture & Equipment***

- 2 4 Prior to Liquidation, an independent Agent was instructed to provide a valuation report on the Company's assets. Assets included several pieces of furniture & equipment, stock and the goodwill of the Company, including the website and domain name.
- 2 5 As detailed in section 2.1, Preferred Contract Services and Supplies Limited purchased the stock for £600, the furniture & equipment for £300 and the goodwill for £6,500. These sales were ratified by the Agent.
- 2 6 As part of the sale of the Company's goodwill, an Earn-Out Trading Profit clause was inserted into the Sale and Purchase Agreement. As such, the purchaser traded throughout the month of May 2013 and had to account for any profit made during this period. Upon analysis of the purchaser's management accounts for May 2013 a profit of £1,943 was made. This was paid in full by the purchaser.

### ***Director Loan***

- 2 7 At the outset of the Liquidation, the Company's director had an overdrawn director loan standing at £6,706. Upon demand, the director offered monthly payment proposals which were accepted. The full overdrawn director loan was repaid.

### ***Personalised Number Plate***

- 2 8 The Company owned a personalised number plate, which through the agent, was placed on the open market. An offer of £200 was received and upon recommendation of the agent, was accepted. The funds are currently being held with the agent, pending transfer to the Liquidation estate imminently.

- 2 9 At Appendix A, I have provided an account of my Receipts and Payments for the period ended 8 August 2014, which provides details of the remuneration charged and expenses incurred and paid by the Liquidator during the period of this report

Further information on the Liquidator's remuneration can be found in section 6 below

### **3 Unrealisable Assets**

- 3 1 As detailed above, the book debts were not able to be collected in full and thus written off

### **4 Investigations**

- 4 1 In accordance with the Company Directors Disqualification Act 1986 I would confirm that I have submitted a report on the conduct of the Director of the Company to the Department for Business Innovation & Skills. As this is a confidential report, I am not able to disclose the contents
- 4 2 Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire. My investigations have not revealed any issues requiring further report

### **5 Outcome for Creditors**

#### ***Secured Creditors***

- 5 1 The Company factored their book debts with Lloyds TSB Corporate Finance. As such, they were paid in full following the final collection of the debts, as detailed in section 2 3

#### ***Preferential Creditors***

- 5 2 There were no preferential creditors in the Liquidation

#### ***Unsecured Creditors***

- 5 3 I received claims totalling c£188,300 from 6 creditors. I can confirm that the realisations are insufficient to declare a dividend to the unsecured creditors

## 6 Liquidator's Remuneration

- 6.1 The Creditors approved that the basis of the Liquidator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Liquidation
- 6.2 My time costs for the period from 22 May 2013 to 8 August 2014 are £15,813.12. This represents 56.67 hours at an average rate of £279 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by me in managing the Liquidation
- 6.3 The majority of time costs were spent on general work associated with asset realisations. This included reconciliation of the outstanding book debts and liaising with director in respect of the overdrawn director loan and earn-out trading profit
- 6.4 I would confirm that £11,043.20 in respect of my time costs in administering the Liquidation, has been drawn in total
- 6.5 I would confirm that £7,500 was drawn in respect of previous work undertaken in the preparation of the Company's Statement of Affairs and convening meetings of members and creditors to place the Company into Liquidation

A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from [www.kspllp.co.uk/creditorsguidetofees](http://www.kspllp.co.uk/creditorsguidetofees)

- 6.6 Attached as Appendix C is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade

## 7 Liquidator's Expenses

- 7.1 The following expenses have been incurred

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date £	Paid to date £	Amount Outstanding £
Coyle White Devine Solicitors	Legal fees in respect of preparing Sale & Purchase Agreement	£2,000 plus VAT	£2,000 plus VAT	Nil

## **8 Creditors' rights**

- 8 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidator provide further information about his remuneration or expenses which have been itemised in this progress report
- 8 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Liquidator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive

## **9 Conclusion**

- 9 1 This report together with final meetings of members and creditors will conclude my administration. Details of the final meetings and resolutions to be considered have been circulated with this report

Yours faithfully



**B BAKER**  
Liquidator



**Receipts and Payments Account for the Period from 22 May 2013 to 8  
August 2014**

**Appendix A**

**Preferred Contract Services Limited  
(In Liquidation)**

**LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT**

	Statement of affairs £	From 22/05/2013 To 08/08/2014 £	From 22/05/2013 To 08/08/2014 £
<b>RECEIPTS</b>			
Book Debts	83,191 00	8,139 40	8,139 40
Furniture & Equipment	300 00	300 00	300 00
Stock	600 00	600 00	600 00
Goodwill	6,500 00	6,500 00	6,500 00
Director Loan	6,706 00	6,706 00	6,706 00
Bank Interest Gross		9 47	9 47
Rates Refund		37 39	37 39
Earn-Out trading profit		1,943 00	1,943 00
Registration Plate		200 00	200 00
Vat Payable		40 00	40 00
Vat Control Account		1,900 00	1,900 00
		<u>26,375 26</u>	<u>26,375 26</u>
<b>PAYMENTS</b>			
Liquidator's Fees		11,043 20	11,043 20
Statement of Affairs Fees		7,500 00	7,500 00
Agents/Valuers Fees (1)		925 01	925 01
Legal Fees (1)		2,000 00	2,000 00
DVLA costs		25 00	25 00
Fixed Charge Creditor	(66,834 00)	0 00	0 00
Trade & Expense Creditors	(8,786 00)	0 00	0 00
Directors	(32,275 00)	0 00	0 00
HM Revenue & Customs	(99,699 00)	0 00	0 00
Vat Receivable		4,882 05	4,882 05
		<u>26,375 26</u>	<u>26,375 26</u>
<b>BALANCE - 08 August 2014</b>			<u><u>0 00</u></u>

  
Brian Baker  
Liquidator

## Preferred Contract Services Limited

### Summary of Fees and Expenses

From 22/05/2013 to 08/08/2014

#### Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Other Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	4 92	5 08	4 00	1 83	15 83	4,428 70	279 71
Cashiering - set-up, maintenance & control of accs	1 58	0 25		0 17	2 00	765 73	382 87
Dealing with company/Debtor re general admin	0 42				0 42	180 42	433 01
General Admin/Billing/Filing	0 33	1 08	2 08	0 33	3 83	812 15	211 87
Post Appointment VAT & CTax	0 50	1 25	0 50	1 33	3 58	846 33	236 19
Set-up Administration/IPS/Initial correspondence	0 92		0 25		1 17	431 91	370 21
Statutory filing with Court, Companies House and BIS	0 17	0 50	0 75		1 42	327 17	230 94
Strategy reviews/Checklists/Diary Compliance	1 00	2 00	0 42		3 42	1,064 99	311 70
Realisation of Assets	2 08	22 75	0 17		25 00	7,054 17	282 17
Cash & Bank balances/VA contrnbs & reviews/IPO	0 08		0 17		0 25	59 41	237 64
Debtors & Claims	0 83	1 00			1 83	635 83	346 82
Tangible Assets - plant, motors, fixtures and fittings	1 17	7 83			9 00	2,664 34	296 04
Intangible Assets - Goodwill, Intellectual Property		13 92			13 92	3,694 59	265 48
Creditors	0 42	12 83	1 33		14 58	4,035 25	276 70
Correspondence/Preparation of Reports/Meetings	0 33	11 83	0 33		12 50	3,571 67	285 73
Employees/ERA scheme admin	0 08		0 83		0 92	152 75	166 64
Claims/Proofs		0 50			0 50	150 00	300 00
Preferential Creditors		0 50			0 50	137 50	275 00
Secured/Finance Creditors & Landlords			0 17		0 17	23 33	139 98
Investigations		1 00	0 25		1 25	295 00	236 00
SIP 2 review & CDDA reporting		1 00	0 25		1 25	295 00	236 00
<b>Grand Total</b>	<b>7 42</b>	<b>41 67</b>	<b>5 75</b>	<b>1 83</b>	<b>56 67</b>	<b>15,813 12</b>	

#### Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

#### Disbursements

##### Category 1 Disbursements

436 37

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

## **Preferred Contract Services Limited**

### **Summary of Fees and Expenses**

**From 22/05/2013 to 08/08/2014**

#### **Category 2 Disbursements**

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as follows

## Appendix C

### ADDITIONAL INFORMATION IN RELATION TO LIQUIDATOR'S FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9 (SIP9)

#### Policy

Detailed below is Kingston Smith & Partners LLP's policy in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

#### *Staff allocation and the use of subcontractors*

The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We are not utilising the services of sub-contractors on this assignment.

#### *Professional advisors*

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Coyle White Devine Solicitors (legal advice)	Hourly rate and disbursements
Marsh Limited (insurance)	Risk based premium
Key Appraisal Limited (valuation and disposal advice)	Hourly rate and disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

### *Disbursements*

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

We would confirm that this firm does not seek to charge any Category 2 disbursements.

### **Charge-out Rates**

A schedule of Kingston Smith & Partners LLP charge-out rates for this assignment effective from 1 May 2014 is detailed below.

#### **General Practice Rates**

	Per Hour £
<b>Partner</b>	395
<b>Senior Manager</b>	335
<b>Manager</b>	300
<b>Other Senior Professionals</b>	
Supervisor/Assistant Manager	275
Senior Administrator	240
Administrator	180
Junior Administrator	140
<b>Support Staff</b>	
Experienced Cashier	260
Cashier	180
Support	110

Please note that this firm records its time in minimum units of 5 minutes.