

**Kings Designs Limited**

**Company Voluntary Arrangement**

**Final Report**

**4 April 2018**

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## **1. INTRODUCTION**

I write further to my appointment as Supervisor on 2 June 2017.

This is my final report regarding the implementation of the voluntary arrangement.

## **2. BACKGROUND**

The proposals were approved on 2 June 2017, when Jonathan Mark Taylor was appointed Supervisor.

The company's principal activity was Manufacture of kitchen furniture.

The main causes of failure was the flooding of business premises leading to the closure of the company for one month. This resulted in the cancellation of customer orders due to the delays which badly affected cash flows. The company was left playing catch up and trying to rebuild customer confidence. Eventually the company fell behind with its commitments which led to legal action.

## **3. ASSET REALISATIONS**

### **3.1 Voluntary Contributions**

The company proposed to pay income contributions of £1,200 per month for 49 months, providing total contributions of £58,800.

Since approval of the Arrangement a total of £7,200 has been received and arrears of £4,800 have accrued, equal to four months contributions. A notice of breach was issued on 21 February 2018 when the arrears exceeded two months but the breach has not been rectified.

In addition to the arrears which have accrued the company has also failed to comply with HMRC in respect of post appointment tax liabilities/submission of returns.

## **4. CREDITORS' CLAIMS**

### **Preferential Creditors**

4.1 There are no preferential creditors.

### **Secured Creditors**

4.3 Secured lending with HSBC was detailed as £127,244 in the proposal.

### **Unsecured Creditors**

4.4 Creditor claims were estimated in the proposal as £44,881. Claims totalling £32,481.62 have been received from three creditors and only the claim from HMRC remains outstanding.

### **4.5 Omitted Creditors**

I wrote to creditors on 5 September 2017 to advise that it had been established, post appointment, that the company had outstanding arrears in respect of rent and service charges totalling £33,014. The Director had inadvertently omitted this creditor from the CVA assuming it was a mandatory payment which had to be maintained for the survival of the business. A postal resolution was sought and approved by creditors to allow the repayment of the rent arrears to continue outside of the CVA.

**5. DIVIDENDS**

- 5.1 The projected level of dividend in the proposals was 100 pence in the pound. Insufficient funds have been received to pay a distribution to creditors.

**6. COSTS AND EXPENSES**

- 6.1 The payments shown on the summary of the receipts and payments at Appendix I are in the main self-explanatory. Should you have any queries, please contact me.
- 6.2 The time costs of T H Financial Recovery are as analysed at Appendix II.
- 6.3 The Nominee's fee was agreed at £4,000 and has been paid in full.
- 6.4 The Supervisor's remuneration was to be drawn on a time cost basis. Time costs since approval of the assignment total £3,067, equal to 17.3 hours at an average rate of £177.28. The sum of £2,660.11 has been drawn and the balance of £406.89 has been written off as irrecoverable. A breakdown of the time costs is detailed below. All future time costs incurred, in particular the costs incurred drafting and circulating this report will be written off.

**Administration and Planning**

During this assignment a total of 11.2 hours, equal to £2,226 has been spent on administration and planning. This includes the initial set up of the assignment and general case administration.

**Realisation of Assets**

A total of 1.4 hours has been spent on the realisation of assets, leading to time costs of £182. The work undertaken to date includes correspondence with the Director regarding arrears and monitoring income contributions.

**Creditors**

Since approval a total of £619, representing 4.7 hours has been listed for work including liaising with creditors, circulating reports and obtaining claims.

**7. CONCLUSION**

The company has breached the terms of the CVA as follows:

1. Voluntary Contributions in arrears in excess of two months
2. Failure to submit returns/maintain post appointment payments to HMRC

There are insufficient funds available for me to issue a winding up petition against the company. However, creditors are now entitled to pursue the company directly.

I have completed my administration of this case. No further reports will be sent.

I shall be pleased to provide any additional information that you may require.

**Jonathan Mark Taylor  
T H Financial Recovery  
Supervisor**

**Date: 4 April 2018**

## **APPENDIX I**

### **Supervisors' Receipts and Payments Account**

**Kings Designs Limited - In Company Voluntary Arrangement  
Supervisor's Abstract of Receipts & Payments**

**From 2 June 2017 to 4 April 2018**

<b>S of A £</b>		<b>£</b>
<b>RECEIPTS</b>		
100,000	Plant & Machinery	NIL
2,000	Stock	NIL
10,000	Book Debts	NIL
NIL	Voluntary Contributions	7,200.00
NIL	Bank Interest Net of Tax	0.11
<b>112,000</b>		<b>7,200.11</b>
<b>PAYMENTS</b>		
6,000	Nominee Remuneration	(4,000.00)
12,000	Supervisor Remuneration	(2,660.11)
NIL	Specific Bond	(540.00)
<b>18,000</b>		<b>(7,200.11)</b>
<b>94,000</b>	<b>CASH IN HAND</b>	<b>NIL</b>

## **APPENDIX II**

### **Analysis of time costs**

**Supervisor's Remuneration Schedule**  
**Kings Designs Limited**  
**Between 02 June 2017 and 04 April 2018**

Classification of work function	Partner/Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	5.30	0.40	5.50	0.00	11.20	2,266.00	202.32
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.00	0.00	1.40	0.00	1.40	182.00	130.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	4.70	0.00	4.70	619.00	131.70
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prescribed Part	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total hours</b>	<b>5.30</b>	<b>0.40</b>	<b>11.60</b>	<b>0.00</b>	<b>17.30</b>		
<b>Time costs</b>	<b>1,435.00</b>	<b>80.00</b>	<b>1,552.00</b>	<b>0.00</b>		<b>3,067.00</b>	
<b>Average hourly rate</b>	<b>270.75</b>	<b>200.00</b>	<b>133.79</b>	<b>0.00</b>			<b>177.28</b>

Description	Total Incurred £	Total Recovered £
	0.00	0.00
<b>Totals</b>	<b>0.00</b>	<b>0.00</b>

**Summary of Fees**

Time spent in administering the Assignment	Hours	17.30
Total value of time spent to 04 April 2018	£	3,067.00
Total Supervisor's fees charged to 04 April 2018	£	2,660.11



### **APPENDIX III**

#### **Notice of Termination**

**THE INSOLVENCY ACT 1986**

**KINGS DESIGNS LIMITED - COMPANY VOLUNTARY ARRANGEMENT**

**SLOUGH COUNTY COURT NO. OF 2017**

**NOTICE OF TERMINATION**

I hereby confirm that Kings Designs Limited has not complied with the terms of the proposal agreed by the requisite majority of creditors on 2 June 2017 and the Arrangement is now terminated.

I confirm that I am now ceasing to act as Supervisor of this Company Voluntary Arrangement.

Signed



**Jonathan Mark Taylor**

Date

04-04-18