

**In the Matter of Zero Group Limited  
And in the Matter of the Insolvency Act and Rules 1986**

Company Number: 03441101  
Trading As: Zero Group Limited  
Formerly: Smug Design Limited and Zero Inc Limited  
Registered Office: 1 Cheltonian Place, Portsmouth Road, Esher, Surrey, KT10 9AA  
Trading Address: Gate 2 Campbell Road, Eastleigh, Hampshire, SO50 5AD

In accordance with Rule 4.106, I, Eric Walls of KSA Group Limited, C12 Marquis Court, Marquis Way, Team Valley, Gateshead, NE11 0RU, give notice that on 26 August 2010 I was appointed joint liquidator of Zero Group Limited by resolutions of members and creditors.

Notice is hereby given that the creditors of the above named company, which is being voluntarily wound up, are required, on or before 31 October 2010 to send in their full forenames and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned E Walls (IP No. 9113) and W Harrison (IP No. 9703) of KSA Group Limited, C12 Marquis Court, Marquis Way, Team Valley, Gateshead, NE11 0RU, Alternative Contact: E Walls, [insolvency@ksagroup.co.uk](mailto:insolvency@ksagroup.co.uk), 0191 482 3343, the liquidators of the said company, and, if so required by notice in writing from the said liquidators, are, personally or by his Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution.

Dated: 31 August 2010

E Walls  
Joint Liquidator of Zero Group Ltd

**Report To a Meeting Of Creditors Held Pursuant To Section 98 Of The Insolvency Act 1986  
At KSA Group Ltd, Tower 42, Level 7, 25 Old Broad Street, London, EC1N 2HN  
On 26 August 2010 At 12.00 pm**

**1. Statutory Information**

**1.1** Detailed below is information extracted either from the statutory books of the company or from records held by the Registrar of Companies.

Previous Names: Smug Design Limited  
Zero Inc Limited

Company Number: 03441101

Date of Incorporation: 29/09/1997

Registered Office: was 1 Cheltonian Place, Portsmouth Road, Esher, Surrey, KT10 9AA but recently changed to C12 Marquis Court, Marquis Way, Team Valley, Gateshead, NE11 0RU

Shareholding: 1,000 Ordinary Shares of £1 each, of which 943 has been issued and fully paid

Shareholders:		£1 Ordinary Shares
John Howard Gilbert Amor		293
Yong Koon Tan		10
R Thorpe		6
Cowcub Limited		634

Directors in the last 3 Years: John Howard Gilbert Amor  
Yong Koon Tan (Resigned 1 October 2009)  
Geoffrey Mark Hutley (Resigned 7 August 2009)  
Matthew Amor (Resigned 20 March 2009)

Company Secretary: Yong Koon Tan

Nature of Business: Wholesale gift goods and household retail

Trading Address: Gate 2 Campbell Road, Eastleigh, Hampshire, SO50 5AD

**2. History of the Company**

**2.1** The company was incorporated on 29th September 1997 and has since traded from Gate 2 Campbell Road, Eastleigh, Hampshire, SO50 5AD

**2.2** Zero Group Limited operated as a wholesale retailer with product listings including jewellery, electronics, household goods and gift products. In total Zero Group had over 400 individual product listings. The business had traded successfully with approximately 25% growth per annum for the 3 years to 2008 with the company holding a large customer order book.

**2.3** In 2006 and 2007 the company had been provided with a £100,000 overdraft from Natwest Bank Plc in November/December. This was a temporary arrangement for 3 to 4 months of the year and was used to assist stock build-up for the upcoming new seasons, due to start in February and March. In 2008 Natwest Bank denied the provision temporary overdraft, despite Zero Group forecasting profits of £250,000.

- 2.4** With a large forward order book to fill, thus working capital was essential to the company's stock provision. Therefore, the company started to search for investors to provide the working capital. The company continued to trade while looking for this investment.
- 2.5** In January 2009 "Retail In Motion" agreed to invest £250,000 via it's Jersey Associate company Cowcub Ltd, giving it 634 ordinary shares. However the investment took more time to arrive than predicted leaving no time to ensure the stock build-up for the upcoming new season. As a result the company continued to trade at a loss.
- 2.6** On 11 January 2010, the company entered into a company voluntary arrangement ("CVA") with its creditors. Shortly thereafter, the company found that it could no longer meet its obligations under the CVA due to lack of funds and accordingly the CVA was terminated on 10 August 2010.
- 2.8** With this in mind a meeting was arranged with representatives of KSA Group Ltd. Based on financial information provided by the directors it was evident that the company was insolvent as it could not service its existing creditors or meet its obligations under the CVA. After consulting further with representatives of KSA Group Ltd the directors felt they had no option but to call the meetings of shareholders and members necessary to place the company into voluntary liquidation.
- 2.9** The directors consider that the main reasons for the company's failure were as follows:
1. Lack of working capital
  2. Despite acquiring investment from CowCub, failure to receive the cash in time for the stock build up resulting in further trading losses

### **3. Meetings of Members and Creditors**

- 3.1** At a meeting of the board of directors held on 10 August 2010 it was agreed that meetings of members and creditors should be summoned for the purposes of placing the company into Creditors Voluntary Liquidation. Notices were signed summoning the meetings for 26 August 2010. The notices were issued to shareholders and creditors on 10 August 2010.
- 3.2** Accordingly, 26 August 2010 at a meeting of the shareholders, duly convened at the offices of KSA Group Ltd, Tower 42, Level7, 25 Old Broad Street, London, EC1N 2HN resolutions were passed placing the company into Voluntary Liquidation and appointing E Walls and W Harrison, who are licensed to act as an insolvency practitioner by the Insolvency Practitioners Association, joint liquidators.
- 3.3** Prior to being asked to advise the directors on the affairs of the company the partners and staff of KSA Group Limited had had no material professional relationship with either the company, its directors or shareholders.

### **4. Transactions with Associated Companies or Trading Organisations**

- 4.1** Its noted in the statement of affairs, the company owes a substantial amount to The Little Drink Company. The directors confirm that any intercompany trading between these two organisations has been at normal commercial rates.

### **5. Extracts from Accounts and other Financial Information**

- 5.1** A summary of the company's recent financial history is attached at Appendix 1 to this report.

## **6. Statement of Affairs**

- 6.1** The statement of affairs of the company as at 26 August 2010 has been prepared by the directors and is included with this report. The original affidavit accompanying the statement of affairs was signed on 26 August 2010 with accompanying notes, and an estimated deficiency account in respect of the final period of trading.
- 6.2** As a result of The Enterprise Act 2002 the preferential creditor status of HM Revenue and Customs in respect of PAYE, NIC and VAT, was abolished. This change in legislation also introduced provisions for the liquidator to set aside a certain proportion of the company's net property to deal with the claims of unsecured creditors in advance of the claims of the holder of a floating charge. This is known as the Prescribed Part.
- 6.3** The statement of affairs takes no account of the cost and expenses of the liquidation or of realising the company's assets.

**7. Business conducted at the meeting**

- 7.1** No creditors, other than the director, attended the meeting and several proxies had been forwarded naming the chairman of the meeting as proxy holder.
- 7.2** The chairman opened the meeting and Wayne Harrison of KSA Group Ltd, who had been appointed joint liquidator of the company by the shareholders of Zero Group Limited, presented a brief report to the meeting and reviewed the statement of affairs of the company which had been drawn up to the date of liquidation on his behalf.
- 7.3** There being no further issues raised by the creditors the chairman moved to the formal business of the meeting. Accordingly, creditors approved the following resolutions:

- the appointment of E Walls and W Harrison of KSA Group Ltd, C12 Marquis Court, Marquis Way, Team Valley, Gateshead, NE11 0RU, was confirmed.
- a creditors' committee was not established.

In the absence of a creditors committee:

- the meeting was informed pursuant to rules 4.38 and 4.62 that £6,000.00 plus VAT plus disbursements had been paid to KSA Group Limited in respect of the costs of preparing the statement of affairs and summoning and holding the meetings of members and creditors.
- it was agreed that joint liquidator's remuneration would be calculated by reference to time costs incurred by the liquidators and their staff and authorisation was given for the liquidators to draw remuneration on account of those time costs when they felt it was appropriate.
- The liquidator informed the meeting that the current charge out rates for staff likely to deal with matters pertaining to this liquidation were as follows:

	£ per hour
Administrators	40 – 100
Managers	100 – 175
Partners	175 – 300

- the creditors agreed that all disbursements incurred by the joint liquidator's firm should be reimbursed at direct cost save in the case of postage, stationery and telephone for which a charge of £7.50 per creditor would be levied, and motor travel where a charge of 40p per mile would be made.
- it was agreed that the level of the liquidator's specific performance bond should be set at £25,000

## Zero Group Limited

### Summary of Recent Financial History

#### Accounting Information

The following information has been extracted from the Company's annual accounts for the period ended 28 February 2008 and 28 February 2009.

	Annual Accounts 28-Feb-09 £	Annual Accounts 28-Feb-08 £
<b>Profit and Loss Account</b>		
Turnover	3,209,693	2,613,461
Gross Profit	1,378,920	1,070,510
Net profit/ (Loss) After Taxation & Dividends	(71,787)	57,817
	<hr/>	<hr/>
<b>Balance Sheet</b>		
Fixed Assets	230,225	243,361
Current Assets	992,225	924,395
Liabilities	(1,066,760)	(941,022)
Total Assets Less Liabilities	<hr/> <u>155,690</u>	<hr/> <u>226,734</u>
Issued Share Capital	943	200
Reserves	154,747	226,534
Shareholders Reserves	<hr/> <u>155,690</u>	<hr/> <u>226,734</u>

Insolvency Act 1986

Zero Group Limited

Estimated Statement Of Affairs as at 26 August 2010



	Book Value £	Estimated to Realise £	
		£	£
<b>ASSETS</b>			
Goodwill	185,834.00		
Stock - Estimated	150,000.00		15,000.00
Intellectual Property Rights	31,591.00		1.00
Office Equipment Etc	7,232.00		1.00
			<u>15,002.00</u>
<b>LIABILITIES</b>			
<b>PREFERENTIAL CREDITORS:-</b>			
Employee Arrears/Holiday Pay - Estimated		19,385.00	
			<u>19,385.00</u>
			(4,383.00)
<b>DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003</b>			
			<u>NIL</u>
			(4,383.00)
Estimated prescribed part of net property where applicable (to carry forward)			<u>NIL</u>
			(4,383.00)
<b>DEBTS SECURED BY FLOATING CHARGE</b>			
Floating Charge Creditor		156,725.00	
			<u>156,725.00</u>
			<u>(161,108.00)</u>
Estimated prescribed part of net property where applicable (brought down)			<u>NIL</u>
			NIL
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>			
Shortfall to preferential creditors/F.C's pre 15 Sept 2003 (brought down)		4,383.00	
Trade & Expense Creditors		690,079.67	
Employees – Redundancy and Notice Pay		101,364.00	
Connected Creditor		394,079.67	
Amount Due to Director		21,033.00	
			<u>1,210,939.34</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			(1,210,939.34)
Shortfall in respect of F.C's post 14 September 2003 (brought down)			<u>156,725.00</u>
			(1,367,664.34)
Issued and called up capital Ordinary Shareholders		943.00	
			<u>943.00</u>
<b>TOTAL SURPLUS/(DEFICIENCY)</b>			<u>(1,368,607.34)</u>

**KSA Group Ltd**  
**Zero Group Limited**  
**B - Company Creditors**



**Secured Creditor**

<b>Name</b>	<b>Address</b>	<b>£</b>
Nat West Bank Plc	Po Box 314, Woolen Hall, Castle Way, Southampton, SO14 2DE	156,725.00

**Total**

**156,725.00**

**Unsecured Creditor**

<b>Name</b>	<b>Address</b>	<b>£</b>
A.A Wright T/A Market Connections	Copyhold Farm Cottage, Southend Road, Bradfield, Berkshire, RG7 6HA	30,000.00
Astinleigh Studio	Alton Road, Odiham, Hook, Hants, RG29 1PJ	380.57
A & A Business Suppliers Ltd	Unit 21 City Industrial park, Southern Road, Southampton, S015 1HA	194.86
Alma Media International	Rayner's Court, 737 Garratt Lane, London, SW17 0PD	400
Arval	3020 The Crescent, Birmingham Business Park, Birmingham, B37 7YE	1,217.52
Baefields Solicitors	Woolwich House, 43 George Street, Croydon, CR9 1EY	1,854.60
BDO Stoy Hayward LLP	2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA	4,370.00
Business Technology Partners	Wessex House, Upper Market Street, Eastleigh Hants, SO50 9FD	2,092.80
Cirrus Healthcare Products	10 Crystal Business Centre, Ramsgate Road, Sandwich, Kent, CT13 9QX	9,254.68
Consortium Travel Retail Club	6 Draytons View, Greenham, Newbury, Berkshire, RG19 8SA	3,420.00
CT Industries (Int'l) Limited	Unit C, 12/F , World Tech Centre, 85 How Ming Street, Kwun Tong, Kowloon, HONG KONG	8,219.18
Capital bank Plc	Charterhall Houe, Chaterhall Drive, Chester, CH88 3AN	303.22
Cheistian Hellicar	Flat 9, Ascupart House, Portswood Road, Southampton, SO14 2US	1,415.58
DHL Global Forwarding (UK) Ltd	Magna House, 18-32 London Road, Staines, Middlesex, TW18 4BP	3,064.16
Eastgate Publishing Corporation	704 Prestige Towe Condominium, Emerald Avenue, Ortigas Centre, Pasing City 160 PHILIPPINES	2,360.28
Eastleigh Borough Council	Civic Offices, Leigh Road, Eastleigh, Hampshire, SO50 9YN	5917.67
Fourth Element Media Ltd	Unit 5 Sundial Court, Tolworth Rise South, Tolworth, Surrey, KT5 9NN	11,826.12
Furniture at Work Ltd	6 Coldbath Square, London, EC1R 5NA	464.83
Gebr - Heinemann	Mageburger Str. 3 20457, Hamburg, GERMANY	43,834.49
Generation AB	Storgatan 3 S-891 , 33 Ornskoldsvik, SWEDEN	2,100.00
Geodis UK Ltd	PO Box 92, Coronation Road, High Wycombe, Bucks, HP12 3TW	3,621.95

**KSA Group Ltd**  
**Zero Group Limited**  
**B - Company Creditors**



**Unsecured Creditor**

<b>Name</b>	<b>Address</b>	<b>£</b>
Geodis Wilson UK Ltd	LHR1, 145 Faggs Road, Feltham, TW14 0LZ	11,843.69
Global Marketing Company Ltd	5720 Timberlea Blvd , Suite 201, Mississauga, Ontario, L4W 4WI, CANADA	1,360.54
Goup Logistics Ltd	53 Merotn Court , The Strand, Brighton, Brighton Marina Village, Brighton, BN2 5XZ	1,910.79
Grace Tsang	Unit 17 , 98 Burns Bay Road, Sydney, NSW 2066, AUSTRALIA	24,658.00
HM Revenue and Customs	Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	127,618.22
Honda Finance Europe Ltd	Heathside Park Road, Stockport, Cheshire, SK3 0RB	6,624.72
ICR Worldwide Express Ltd	Unit 7 Chancery Gate Business Park, Colnbrook In Estate, Old Bath Row, Colnbrook SN3 0NJ	4,072.11
Import Services	Tollabr Way, Hedge End, Southampton, SO30 2UH	3,075.13
Intellectual Property Office	Concept House, Cardiff Road, Newport, South Wales, NP10 8QQ	200
Interlink Express Parcels Ltd	Trelawney House, Surrey Street, Bristol, BS2 8PS	703.02
Intertek ETL SEMKO	Torshamnsgatan 43 , Box 1103, SE-164 22, Kista, SWEDEN	174.83
Intertek International Ltd	Academy Place, 1-9 Brook Street, Brentwood, Essex, CM14 5NQ	443.95
I Spy Limited	Alpha & TRT, Swinford House, Court Colman, Bridgend, CF31 4NG	10,575.00
JSP Pacific Group Ltd	Unit 8 - 9 20/F , The Metropolis, No 10 Metropole Drive, Kowloon, HONG KONG	78,548.81
Kee;ey Hamblin-Smith	20 Mordern Road, Wareham, BH20 7AA	10,850.00
Key Property Investments (Number Nine) Ltd	Sir Stanley Clarke House, 7 Ridgeway, Quinton Business Park, Birmingham, B32 1A	14,421.00
Lyreco UK Ltd	Deer Park Court, Donnington Wood, Telford, Shropshire, TF2 7NB	744.32
Metropolis Business Publishing	6 Floor , Davis House, 2 Robert Street, Croydon, Surrey, CR0 1QQ	2,891.21
MGW Print & Design Ltd	Office Building , Gatwick Road, Manor Royal, Crawley, West Sussex, RH10 9RZ	846.98
Moodie International Ltd	Boston House, 69 Boston Manor Road, Brentford, Middlesex, TW8 9JJ	6,793.53
MOT Models	The Stables , Ashlyns Hall, Chesham Road, Berhamstrad, Herts, HP4 2ST	1,905.00
Nick Beaven	21 Percival Close, Lee on The Solent, Hampshite, PO10 8GQ	1,129.17
Nigel Bennett	Flat 4, 28 Gladstone Road, Sholing, Southampton, SO19 8GT	833.3
Noble Gift Packaging Ltd	73 Lockfierld Avenue, Enfield, Middlesex, EN3 7QL	124.06
Network Vehicles Ltd	2 Burstn Road, London, SW15 6SD	2,447.46
O2 Spar Bar	205 NE 27 Street, Miami, Florida, 33137, USA	13,828.38
Paris Smith & Randall LLP	No 1 London Road, Southampton, SO15 2AE	1,063.75

**KSA Group Ltd**  
**Zero Group Limited**  
**B - Company Creditors**



**Unsecured Creditor**

<b>Name</b>	<b>Address</b>	<b>£</b>
Power Business Communications	Communications Hosue, 26 York Street, London, W1U 6PZ	1,213.25
RBS Invoice Finance	5th Floor, No. 2 Waterhouse Square, 138-142 Holborn, London, EC1N 2TH	3,029.87
Rainbow City	Room 1006 - 10/F , Technology Plaza, 29-35 Sha Tsi Road, Tsuen WanNT, HONG KONG	6,981.96
RH Group Ltd	Castle Marina Road, Castle Marina, Nottingham, NG7 1TP	1,263.78
Richard Thorpe Robins	29 The Avenue, Haslemere, GU27 1JT	4,251.28
Schenker Ltd	Schenker House, Great Southwest Road, Feltham, Middlesex, TW14 8NT	16,055.04
Shimmer Telecoms	Quayside Business Centre, Albion Row, Newcastle upon Tyne, NE6 1LL	258.2
Simarco International Ltd	Simarco House, Crittall Road, Witham, Essex, CM8 3DR	932.51
Southampton & Fareham Chamber of Comme	Bugle House, 53 Bugle Street, Southampton, SO14 2LF	180.96
Senator International Freight Forwarding Ltd	Building 303, Manchester Int Airport, Manchester, M90 5UJ	4,033.79
The Ad Plain Ltd	7A Hithercroft, Lupton Road, Wallingford, Oxfordshire, OX10 9BT	45,005.04
The Latin American Report	Boulevard artiges 571 Suite 202, 11300 Montevideo, URUGUAY	786.76
TNT International Ltd	PO Box 4, Ramsbottom, Burry, BL8 9AR	2,950.51
Ultamarine Partnership Ltd	The Mews, 11 Wilbury Grove, Hove, East Sussex, BN3 3JQ	402.5
Unique Forwarding Ltd	Unique House , 16 The Capricorn Centre, Cranes Farm Road, Basildon, Essex, SS1	63,631.40
UPS Ltd	St Davids Way, Bermuda Park, Nuneaton, Warwickshire, CV10 7SD	10,427.17
UTI Worldwide (UK) Ltd	Reading Cargo Centre, Hyperion Way, Rosw Kilin Lane, Reading, Berkshire, RG2 0.	45,630.79
Welly Die Casting Factory Ltd	Flat H - 18-F Shield Ind Centre, 84-92 Chai Wan Kok Street, Tsuan Wan, HONG KC	9,168.66
Yuan Da Electronic Co Ltd	2 Industry Districs, Xixiang Baoan, Shenxhan, CHINA	7,876.72
<b>Total</b>		<b>690,079.67</b>

**Connected Creditor**

<b>Name</b>	<b>Address</b>	<b>£</b>
Little Drink Co T/A Retail In Motion	Retail in Motion , e4 Three Rock Road, Sandyford Business Park, Dublin 18, Ireland	394,949.72
<b>Total</b>		<b>394,949.72</b>

Signature \_\_\_\_\_

Date \_\_\_\_\_

## Zero Group Limited – In Liquidation

### Notes to the Estimated Statement of Affairs

#### 1. Amounts due to National Westminster Bank plc

- 1.1 The amount due to National Westminster Bank plc has been confirmed by the bank and is in respect of the company's overdraft.
- 1.2 The bank holds a debenture dated 7 December 2006 which created fixed and floating charges over the assets of the company. The validity of the debenture given by the company will of course need to be verified by the liquidator in due course.

#### 2. Amounts Due to Employees

- 2.1 In some instances it has been necessary to estimate the amounts due to employees in respect of arrears of wages, holiday pay, pay in lieu of notice and redundancy.

#### 3. Trade and Expense Creditors

- 3.1 Details of amounts due to creditors have been taken from the books and records of the company. Inclusion in the statement of affairs of the company does not constitute agreement that these amounts are, or were at any time, owed by the company and does not entitle a creditor to participate in any future distribution.

#### 4. Costs and Expenses of Liquidation and Asset Realisation

- 4.1 The statement of affairs takes no account of the costs and expenses of the liquidation or realising the assets of the company.

**Zero Group Limited**

**Estimated Deficiency Account  
For the period from 1 March 2009 to 26 August 2010**

	£	£
Reserves Balance at 28 February 2009		154,747
Amounts written off for the purposes of the statement		
Goodwill	185,834	
Stock – Estimated	135,000	
Intellectual Property Rights	31,590	
Office Equipment Etc	7,231	
	_____	(359,655)
		(204,908)
Extraordinary Items		
Redundancy and Pay in Lieu of Notice		(101,364)
		(306,272)
ASSUMED TRADING LOSS FOR THE PERIOD		(1,061,392)
		_____
CREDITORS DEFICIENCY PER STATEMENT OF AFFAIRS		(1,367,664)
		_____