

**In the Matter of Morris Builders Merchants Limited
And in the Matter of the Insolvency Act and Rules 1986**

Company Number: 07209323
Trading As: Morris Builders Merchants Ltd
Formerly: No previous names
Registered Office: C12 Marquis Court, Marquisway, Team Valley, Gateshead, NE11 0RU
Trading Address: Unit C Beaver Business Park, Beaver Road, Ashford, TN23 7SH

In accordance with Rule 4.106, I, Eric Walls and Wayne Harrison of KSA Group Limited, C12 Marquis Court, Marquis Way, Team Valley, Gateshead, NE11 0RU, give notice that on 8 December 2010 we were appointed joint liquidators of Morris Builders Merchants 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 March 2011 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, 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 their 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: 9 December 2010

E Walls
Joint Liquidator of Morris Builders Merchants Ltd

**Report To a Meeting Of Creditors Held Pursuant To Section 98 Of The Insolvency Act 1986
At the offices of KSA Group, Level 7, Tower 42, 25 Old Broad Street, London, EC1N 2HN
On 8 December 2010 At 11.15am**

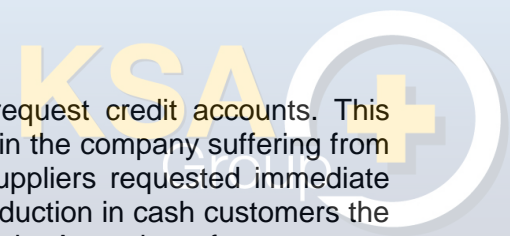
1. Statutory Information

- 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:	None Known						
Company Number:	07209323						
Date of Incorporation:	31/03/2010						
Registered Office:	was Unit C, Beaver Business Park, Beaver Road, Ashford, TN23 7SH but recently changed to C12 Marquis Court, Marquis Way, Team Valley, Gateshead, NE11 0RU						
Shareholding:	1000 Ordinary Shares of £1 each, of which 1000 have been fully issued and paid						
Shareholders:	<table><thead><tr><th></th><th>£1 Ordinary Shares</th></tr></thead><tbody><tr><td>David John Morris</td><td>500</td></tr><tr><td>Craig Nathan Lloyd Wharton</td><td>500</td></tr></tbody></table>		£1 Ordinary Shares	David John Morris	500	Craig Nathan Lloyd Wharton	500
	£1 Ordinary Shares						
David John Morris	500						
Craig Nathan Lloyd Wharton	500						
Directors:	David John Morris Craig Nathan Lloyd Wharton						
Nature of Business:	Builders Merchants						
Trading Address:	Unit C, Beaver Business Park, Beaver Road, Ashford, TN23 7SH						

2. History of the Company

- 2.1 The company was incorporated on 31 March 2010 and began trading shortly thereafter. The company operated as a builders merchants and the directors had several years experience of working in the industry.
- 2.2 The company sought to establish itself as a leading supplier to the Kent building and construction industry. The company supplied hundreds of different product lines to self-builders as well as local professionals. Products included general building materials, timber, plumbing, kitchens, bathrooms and landscaping materials.
- 2.3 The company opened 6 weeks later than anticipated due to teething problems with the premises. This created a build up of stock and resulted in a drain upon cash reserves. Trading was initially slow but there followed a steady flow of cash customers. Two months into trading custom started to pick up and began to show signs of meeting expectations.
- 2.4 The company started experiencing difficulties with a slump in sales during June and August, the directors believed this was due to the holiday period and expected sales to pick up again from September 2010 onwards. Regrettably, this did not happen.



- 2.5** Previous regular customers who paid in cash started to request credit accounts. This arrangement helped maintain its customer base but resulted in the company suffering from cash flow issues. These issues were compounded when suppliers requested immediate settlement. Debtor payments became stretched and with a reduction in cash customers the company had insufficient reserves to pay suppliers immediately. A number of county court judgements were made against the company as a result and this further hampered its abilities to trade out of its cash flow difficulties.
- 2.6** Furthermore, a local store of a large DIY chain started to discount its building materials prices to trade customers and, in some instances, provided offers that were below the cost price of the material available to the company. These prices could not be matched and this resulted in a gradual loss of customers.
- 2.7** It was at this stage 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. Having been so advised the director's felt they had no option but to call the meetings of shareholders and members necessary to place the company into voluntary liquidation.
- 2.8** The directors consider that the main reasons for the company's failure were as follows:
1. Cash flow difficulties arising from the lengthening of book debt collections as a result of customers requiring credit accounts; and
 2. A steady decline in cash customers and then customers generally as a result of aggressive pricing from local competitors.

3. Meetings of Members and Creditors

- 3.1** At a meeting of the board of directors held on 24 November 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 8 December 2010. The notices were issued to shareholders and creditors on 24 November 2010.
- 3.2** Accordingly, on 8 December 2010 at a meeting of the shareholders, duly convened at the offices of KSA Group Ltd, Level 7, Tower 42, 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 insolvency practitioners 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** There are no known associated companies or trading organisations.

5. Extracts from Accounts and other Financial Information

- 5.1** As the company has only been trading for a relatively short period of time no annual accounts have been prepared. A summary of the company's recent financial history is attached at Appendix 1 to this report. This has been taken from the company's unaudited draft management accounts to 7 October 2010.

6. Statement of Affairs

- 6.1** The statement of affairs of the company as at 8 December 2010, has been prepared by the directors and is included with this report. The original affidavit accompanying the statement of affairs was sworn by David John Morris. A summary of the statement of affairs is attached to this report, along 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. **These provisions only apply if a floating charge was created after implementation of The Enterprise Act on 15 September 2003.** In the case of this company no floating charge has been implemented.
- 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** Two representatives from one creditor and the director attended the meeting. Six proxies had been received naming the chairman of the meeting as proxy holder.
- 7.2** The chairman opened the meeting and W Harrison of KSA Group Ltd, who had been appointed joint liquidator of the company by the shareholders of Morris Builders Merchants 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** The creditor representatives raised questions as to why their firm had not been paid as they were aware that the end customer had paid for the goods supplied. The director went on to explain he would have liked to have paid all creditors, however it was not possible given the deteriorating position of the company and he had paid what he could to those creditors who were pressing for payment the hardest. The creditors asked the liquidator to review the disposal of aggregate stock and verify that the director was indeed a creditor to the amount listed in the statement of affairs
- 7.4** The liquidator confirmed that he would look into these matters when reviewing the company's books and records of the company and that the forthcoming notice to the creditors would invite creditors to raise any concerns they may have regarding the disposal of stock.
- 7.5** 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 that an agreed fee of £4,000 plus VAT plus disbursements will be paid to KSA Group Limited in respect of the costs of assisting the directors in preparing the statement of affairs and summoning and holding the meetings of members and creditors..
- it was agreed that liquidators' 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

- It was agreed that all disbursements incurred by the liquidators' 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 50p per mile would be made.

- it was agreed that the level of the liquidators' specific performance bond should be set at £10,000

Morris Builders Merchants Limited
Summary of Recent Financial History

Accounting Information

The following information has been extracted from the Company's unaudited draft management accounts for the period to 7 October 2010

**Unaudited Draft
Management Accounts
07 October 2010
£**

Profit and Loss Account

Turnover	127,307.48
Gross Profit	(48,923.48)
Net profit/ (Loss) After Taxation & Dividends	(122,902.94)

Balance Sheet

Fixed Assets	9,519.75
Current Assets	20,631.24
Liabilities	(153,053.93)
Total Assets Less Liabilities	<u>(122,902.94)</u>
Capital and reserves	1,000.00
Profit and loss account	(123,902.94)
Shareholders Reserves	<u>(122,902.94)</u>

Morris Builders Merchants Limited
 Estimated Statement Of Affairs as at 8 December 2010



	Book Value £	Estimated to Realise £
ASSETS		
Book Debts	19,026.32	950.00
Cash held by liquidator	6,227.50	6,227.50
		<u>7,177.50</u>
LIABILITIES		
PREFERENTIAL CREDITORS:-		
		NIL
		<u>7,177.50</u>
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003 OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS		
		NIL
		<u>7,177.50</u>
Estimated prescribed part of net property where applicable (to carry forward)		
		NIL
		<u>7,177.50</u>
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003		
		NIL
		<u>7,177.50</u>
Estimated prescribed part of net property where applicable (brought down)		
		NIL
		<u>7,177.50</u>
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors		109,986.76
Directors Loan Accounts		128,750.03
		<u>238,736.79</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		
		(231,559.29)
		<u>(231,559.29)</u>
Issued and called up capital		
Ordinary Shareholders		1,000.00
		<u>1,000.00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u><u>(232,559.29)</u></u>

Notes to the Estimated Statement of Affairs

1. Book Debts

- 1.1 The book value figure for debtors has been taken from the books and records of the company as at the date of liquidation. In assessing the amounts estimated to realise the directors have written off those debts which are known, or are thought to be, irrecoverable and applied a further general provision in respect of book debts.
- 1.2 The directors have valued the book debts on this basis in order to present a prudent view of the affairs of the company. Following liquidation the liquidator will endeavour to collect all amounts due to the company.

2. Chattel Assets

- 2.1 Prior to liquidation the company instructed agents to dispose of the assets. Proceeds of the sale are shown on the statement of affairs as cash held by liquidator. Agents are holding the funds which will be transferred to the liquidator.

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 once appointed.

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.

KSA Group Ltd
Morris Builders Merchants Limited
B - Company Creditors



Unsecured Creditors

Name	Address	£
Abraflex Ltd	Jassamine Farm, Old Romnet, Romney Marsh, TN29 9SG	911.07
Acme Locks & Keys	53 St.Stephens Road, Canterbury, Kent, CT2 7JD	76.38
Aggregate Industries	Bardon Hall, Copt Oak Road, Markfield, LE67 9PJ	3,225.68
Alsford Timber	Ness Road, Erith, Kent, DA8 2LD	7,215.99
Bond It	Unit G16, River Bank Way, Lowfields Business Park, HX5 9DN	669.75
Builders Direct S.E	The Old Tile Centre, Ashford Road, High Halden, TN26 3BP	5,156.99
BWE Ltd	Beaver Industrial Estate, Ashford, Kent, TN23 7SH	10,357.75
Brick Finder Ltd	Bentley House Farm, Copyholt Lane, Lower Bentley, Bromsgrove, B60 3BE	2,460.15
Capital Drywall Ltd	Capital House, 34-40 Station Road, Finchley, N3 2RY	1,890.51
Ciret Ltd	Total Logistics Buiding, Leigh Park, Havant, PO9 5AX	561.4
Draper Tools	Hursley Road, Chandlers Ford, Hampshire, S053 1YF	1,297.68
Encon Insulation Maidston	Brunswick House, 1 Deighton Close, Wetherby, West Yorkshire, LS22 7GZ	5,571.04
Frittenden Concrete	West Ongly Farm, Beech Lane, Biddenham, TN27 8HF	698.47
Gill Aggregates	Gill House, Botany Marsh, Lower Road, Northfleet, Kent, DA11 9BB	7,044.33
Greenham Russell	Saxon Place, Strood Rochester, ME2 2NW	162.03
Henwood Signs	Unit 6, Grove Business Park, Henwood Industrial Estate, Ashford, Kent, TN24 8DR	358.95
HM Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	7,907.89
HM Revenue & Customs	Insolvency Operations, Queens Dock, Liverpool, L47 4AF	3,770.44
Hoppings	Bones La, Newchapel, Lingfield, Surrey, RH7 6HR	5,797.58
HPS - Heating Plumbing Supplies	Unit E4 Beaver Business Park, Beaver Road, Ashford, Kent, TN23 7SH	751.25
Homecraft	Nuun Brook Road, Huthwaite, Sutton-in-Ashfield, NG17 2HU	110.39
HSBC Bank Plc	Ashford-Kent Branch, High St. 39, Ashford, Kent, TN24 8TG	905.21
IKO	Apple Lane, North Apple Bridge, Wigan	1,361.49
Littlewood Fencing	North Trade Road, Battle, East Sussex, TN 33 9LJ	930.28
MJ Supplies	Jessamine Farm, Old Romney, Romney Marsh, Kent, TN29 9SG	25.00
Mutil Mixcrete Ltd	Jetty Road, Kingsnorth Industrial Estate, Rochester, Kent, ME3 9ND	3,527.32
Oaktree Packaging Co Ltd	Unit 5 & 6, Church Lane Industrial Estate., West Bromwich., B71 1AR	2,487.59
Olympic Fixing Product Ltd	UNITS 2-3, VENTURE COURT, METCALF DRIVE, ALTHAM, ACCRINGTON, LANCS, BB5 5WH	347.68



KSA Group Ltd
Morris Builders Merchants Limited
B - Company Creditors

Unsecured Creditors

Name	Address	£
Phoenix Roofing	KENT HOUSE, WARE STREET, BEARSTED, ME14 4PA	8,411.92
PPG Architectural Coatings UK Ltd	Huddersfield Road, Birstall, Batley, West Yorkshire, WF17 9XA	233.27
Puckle Supplies	Puckle Supplies. , Cooting Road , Aylesham Industrial Estate, Aylesham, Canterbury, Kent CT3 3EP	165.88
Red Alert Ltd	Unit 3, The Oak Trees Business Park, Orbital Park, The Courtyard, Sevington, Ashford, Kent, TN24 0SY	374.96
Rexel Electrical (Parker)	Yardley Court, 11-12 Frederick Road, Edgbaston, Birmingham, B15 1JD	786.18
Ruberoid	Appley Lane North, Appley Bridge, Wigan, Lancashire, WN6 9AB	825.77
Snows Timber	Penton Sawmills, Newbury Hill, Penton Mewsey, Andover, Hampshire, SP11 0SP	15,345.92
Stamco Timber	Highfield Drive, St Leonards on Sea, East Sussex, TN38 9TG	3,843.04
Stockgap Ltd	209 Watling Street, Dartford, Kent, DA2 6EG	3,882.56
Supreme Concrete	Coppingford Hall, Coppingford Road, Sawtry, Huntingdon, PE28 5GP	513.76
Tradbace Ltd	Unit C, Cinque Ports Road, Mountfield Industrial Estate, New Romney, Kent, TN28 8LJ	23.21
	Total	109,986.76

Signature

Date

**Estimated Deficiency Account
For the period from 8 October 2010 to 8 December 2010.**

	£	£
Reserves Balance at 7 October 2010		(123,902)
Amounts written off for the purposes of the statement		
Book Debts	18,076	(18,076)
	<hr/>	<hr/>
		(141,978)
Extraordinary Items		
		<hr/>
		(141,978)
ASSUMED TRADING LOSS FOR THE PERIOD		<hr/>
		(89,581)
CREDITORS DEFICIENCY PER STATEMENT OF AFFAIRS		<hr/>
		(231,559)