

The Insolvency Act 1986
Administrative
Receiver's Report
Pursuant to section 48(1) of the Insolvency
Act 1986 Rule 3.8(3) of the Insolvency
Rules 1986

S.48(1)

To the Registrar of Companies

For official use

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Company Number

884052

Name of company

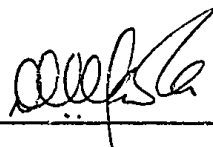
Insert full name of
Company

LEBOFF AND SOLAR INTERNATIONAL LIMITED

We DIPANKAR MOHAN GHOSH and IAN CLIFFORD POWELLof PRICE WATERHOUSE10 BRICKET ROADST ALBANS, HERTS AL1 3JX

administrative receivers of the company attach a copy of our report to creditors and a copy of the
statement of affairs of the company

Signed



Date

15.3.93

Presenter's name
address and
reference (if any)

DM Ghosh

Price Waterhouse

10 Bricket Road

St Albans

Herts AL1 3JX

For Official Use

Insolvency Section COMPANIES HOUSE Post Room
17 MAR 1993
M 65

Price Waterhouse



1 March 1993

TO THE UNSECURED CREDITORS OF LEBOFF AND SOLAR INTERNATIONAL LIMITED

Dear Sirs

LEBOFF AND SOLAR INTERNATIONAL LIMITED (IN ADMINISTRATIVE RECEIVERSHIP - "LEBOFF")

I was appointed, jointly with my partner, Mr IC Powell, administrative receiver of Leboff on 16 December 1992 by the debenture holder, Hambros Bank Limited ("the Bank"). This report has been prepared pursuant to Section 48 of the Insolvency Act 1986.

Events leading up to the appointment of the joint administrative receivers

At the date of my appointment Leboff were involved in the importation and distribution of timber products for the DIY retail trade. Leboff's recent trading history may be summarised from the following information extracted from the books and audited accounts of Leboff:

	<u>Audited</u>		<u>Unaudited</u>	
	<u>Year to</u> <u>31 March 1990</u>	<u>Year to</u> <u>31 March 1991</u>	<u>Year to</u> <u>31 March 1992</u>	<u>7 months to</u> <u>31 October 1992</u>
	£'000	£'000	£'000	£'000
Turnover	19,978	17,201	21,874	15,300
Net loss	(1,153)	(2,246)	(901)	(227)
Net (liabilities)/ assets	(1,767)	(4,013)	(137)	872

Offices at Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Hull, Leeds, Leicester, Liverpool, London, Manchester, Middlesbrough, Newcastle, Nottingham, Reading, St Albans, Southampton and Windsor

The partnership's principal place of business is at Southwark Towers, 32 London Bridge Street, London SE1 9SY where a list of the partners' names is available for inspection

The firm is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

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On 26 July 1991, the company was sold by Timber DIY Holdings Limited to Winterfund Limited (a subsidiary of Quadrant Venture Management Inc). At the same time Leboff was refinanced by the Bank and Leboff granted a debenture containing fixed and floating charges in favour of the Bank. The increase in net assets over the above periods despite continued trading losses is a consequence of the capitalisation of significant loans from Leboff's parent companies.

Leboff had suffered losses for many years. Since 1982 accumulated losses totalled £5,632,000. On 3 December 1991 Leboff purchased part of the business of Solar Plastics Limited (now in liquidation) and consequently became liable for substantial additional costs in respect of leasehold properties. Leboff also became overstocked and over staffed to a level which it could not sustain.

Leboff continued to make losses and in the Autumn experienced a substantial bad debt. Following a review which my firm conducted in November 1992 and after the shareholders declined to inject further capital, the directors saw little prospect of being able to return Leboff to profitability. Accordingly, the Bank appointed receivers on 16 December.

Disposal of assets

At the date of my appointment Leboff's principal assets comprised:

	<u>Book amount</u> £'000
• Stocks	2,980
• Book debts	3,043
• Plant, equipment and vehicles	304

In addition, Leboff occupied leasehold premises at Enfield, Stockport, and Wood Green (book value - nil).

Leboff also occupied premises at Hull under a short term agreement with Solar Plastics Limited.

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The disposal of these assets has been effected as follows:

Sale of business

Following my appointment, I decided to continue trading on a reduced scale with a view to an early sale of the business assets as a going concern. The business was advertised in the Financial Times and this generated 35 enquiries, of which nine parties expressed serious interest and four offers for the business or parts of the business were received.

The offer from a management team led by Mr MG Berry was the highest received and I agreed terms for the sale of certain stocks and chattel assets to managements' vehicle, Realcraft Group Limited, on 12 January.

Stocks

Stocks have realised £1,353,823 to date. I am continuing to sell those remaining stocks not included in the sale of the business. Certain of the consideration for the sale of the business (including stocks) was deferred.

Book debts

To date, I have realised £1,449,445 from book debts. It should be noted that the book value does not reflect Leboff's liability for retrospective rebates accrued throughout 1992, and substantial claims for short deliveries and damaged goods. I estimate such liabilities and claims to total £997,000.

Chattel assets

Substantially all Leboff's chattel assets have been sold for £129,000.

Leasehold premises

The leasehold premises had no value in the current market.

A summary of my receipts and payments is attached at Appendix I.

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Amounts due to the debenture holder:

At the date of my appointment the amount due to the Bank was £4,885,196 (including interest charged to the date of my appointment). This excludes liabilities yet to crystallise in respect of letters of credit and VAT and importation duty (estimated in total at £701,000) guaranteed by the Bank.

Amounts payable to preferential creditors

Preferential creditors have not yet submitted claims but their claims are estimated as:

	£'000
Inland Revenue and DSS (PAYE and NIC)	72
HM Customs and Excise (VAT)	62
Employees' pension contribution arrears	12
Arrears of wages and holiday pay	8
	<hr/>
	154
	<hr/>

I anticipate that the preferential creditors will be paid in full.

Amount available for the payment of other creditors

I do not consider that there will be any funds available for distribution to unsecured non-preferential creditors.

Accordingly, I have issued a Certificate of Insolvency for the purposes of Section 22(3)(b) of the Value Added Tax Act 1983.

Statement of affairs

A statement of affairs has been prepared and sworn by the officers of the company and a copy is included as Appendix II.

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My comments on the statement of affairs are set out below:

- 1 The realisable value for trade debtors has been estimated at 70% of their book amount. In view of the substantial liabilities for retrospective discounts, claims in respect of damaged stock or short deliveries, I consider this estimate to be substantially overstated.
- 2 The deponents have yet to provide me with details of prepayments they consider realisable. My estimate of amounts recoverable from prepayments is nil.
- 3 The amount due to the Bank is understated. The liability under letters of credit has not been included and the balance on the US\$ account at the date of demand appears to be understated by £86,000.
- 4 Stocks have been estimated to realise £2,086,568 compared to my estimate of £1,558,000 (of which £1,350,000 has been realised to date).
- 5 The rent deposit of £11,230 would only be available to Leboff upon a breach of the terms of the lease by the sub-tenant. Accordingly, this sum may not prove realisable.
- 6 Preferential creditors' claims differ from my estimates as follows:
 - The VAT liability shown in the statement of affairs includes amounts guaranteed, and paid, by the Bank since my appointment.
 - Claims for arrears of wages and holiday pay have been omitted. I estimate these at £8,000.
- 7 Save for noting that the schedule of trade and expense creditors attached to the statement of affairs totals £61,644 higher than that shown on the sworn statement, I have not reviewed the list of unsecured creditors.
- 8 I understand that sundry creditors and miscellaneous creditors shown as unsecured include the following amounts which may rank as preferential:

	£
National Insurance contributions due on company cars	12,070
Company pension contributions	19,264

1 March 1993

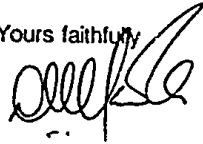
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Also included is a loan of £99,000 from Timber DIY Holdings Limited which I understand to have been repaid shortly before my appointment.

Directors

I am required under the terms of the Company Directors Disqualification Act 1986 to prepare a report on the conduct of the directors. If any creditor is aware of any matters they believe should be brought to my attention, they should write to me giving details.

Yours faithfully



DM Ghosh
Joint Administrative Receiver
Leboff and Solar International Limited

DZG/HLB/LSI/400/LK

LEBOFF AND SOLAR INTERNATIONAL LIMITED (IN RECEIVERSHIP)

APPENDIX I

RECEIPTS AND PAYMENTS FOR THE PERIOD FROM 16 DECEMBER 1992 TO 1 MARCH 1993



RECEIPTS

£

Book debts	1,449,445
Stock	1,353,823
Plant and machinery	129,496
Sales	136,136
Rent and rates	15,345
Sundry realisations	9,165
Interest received	59

3,093,469

PAYMENTS

Purchases	28,324
Wages and salaries	33,060
Rents	41,135
General trading expenses	32,114
Duress payments	7,105
ROT payments	141,420
Office holders fees and disbursements	171,420
Other professional fees	78,276
Legal fees	20,490
Distribution to the Bank	1,500,000
Bank charges and interest	25
Sundry costs	11,011
VAT receivable	28,774
Arrears of wages (recoverable)	2,356

2,095,510

Excess of receipts over payments

997,959

Held as to: Current account
 Deposit account

559,808

438,151

997,959