

The Insolvency Act 1986

Statement of  
company's affairs**S.95/99**Pursuant to section 95/99 of  
the Insolvency Act 1986

To the Registrar of Companies

For official use

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Company number

03572433

Name of company

Insert full name(s) of  
company

Bell Choice Limited

Insert full names and  
addresses

We Kevin Roy Mawer David John Standish Mark Granville Firmin

KPMG LLP

KPMG LLP

KPMG LLP

1 The Embankment  
Neville Street, Leeds  
LS1 4DW8 Salisbury Square  
London  
EC4Y 8BB1 The Embankment  
Neville Street, Leeds  
LS1 4DWthe liquidators of the above-named company, attach a statement of the company's  
affairs as at 27 February 2009.

Signed



Dated 4 March 2009

Presenter's name, address  
and reference (if any)KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

For official use

Insolvency section

Post room

FRIDAY



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17/04/2009

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COMPANIES HOUSE

**Statement of affairs**

Statement as to affairs of Bell Choice Limited

On the 26 February 2009  
the date of the resolution for winding up

**Affidavit/affirmation**

This Affidavit/affirmation must be sworn or affirmed before a Solicitor or Commissioner of Oaths or an officer of the court duly authorised to administer oaths when you have completed the rest of this form.

Insert full names and  
addresses

I            Adrian Bell  
              Halsey House, The Bridlepath, Ockham, Surrey KT11 1LR

Swear/affirm that the several pages attached marked A, A1 and B are to the best of my knowledge and belief a full, true and complete statement as to the affairs of the above named company as at 26 February 2009 the date of the resolution for winding up and that the said company carried on business as used car dealers.

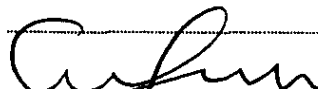
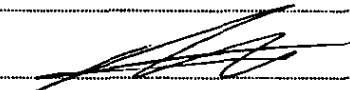
Sworn/affirmed at:

174 Kingston Rd Ewell Surrey

Date:

27 Feb 2009

Signatures:

Before me:

MALCOLM A. BELL

A Solicitor or ~~Commissioner of Oaths~~

The Solicitor or Commissioner is particularly requested, before swearing/ affirming the affidavit, to make sure that the full name, address and description of the Deponent are stated, and to initial any crossings-out or other alterations in the printed form. A deficiency in the affidavit in any of the above respects will mean that it is refused by the court, and will necessitate its being re-sworn/re-affirmed.

**HAROLD BELL & CO.**

SOLICITORS  
DEVON HOUSE  
174 KINGSTON ROAD  
EWELL SURREY  
KT19 0SD

THURSDAY

AIQ

19/03/2009  
COMPANIES HOUSE

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**Bell Choice Limited**

Directors' report to the meeting of  
creditors Pursuant to Section 98 of  
the Insolvency Act 1986

Held at KPMG LLP, 8 Salisbury  
Square, London on 27 February  
2009 at 3.30pm

Private & Confidential  
Not for publication

27 February 2009

27 February 2009

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27 February 2009

## 1 Glossary

the Company or BCL	Bell Choice Limited
Proposed Liquidators	Kevin Roy Mawer, David John Standish and Mark Granville Firmin of KPMG LLP
the Bank	Barclays Bank Plc
the Directors	Adrian Bell John Surroy

## Overview

As detailed in the Company's trading history, the finance director of the Company has admitted to false accounting over a number of years. Consequently, many of the assets shown in the books and records of BCL do not in fact exist.

On 9 February 2009, the Directors of the Company resolved that KPMG LLP be instructed to assist the Directors in convening the statutory meetings of members and creditors in accordance with Section 98 of the Insolvency Act 1986.

## 2 Prior involvement of Liquidators

Neither Kevin Roy Mawer, David John Standish and Mark Granville Firmin nor any member of their staff at KPMG LLP have had a continuing material professional relationship with the Company or its Directors prior to being instructed on 9 February 2008.

Kevin Roy Mawer, David John Standish and Mark Granville Firmin are licensed insolvency practitioners. Kevin Roy Mawer and Mark Granville Firmin are authorised to act by the Institute of Chartered Accountants in England and Wales and David John Standish is authorised to act by the Insolvency Practitioners' Association.



27 February 2009

### **3 Directors' summary of trading history and reasons for failure**

BCL was formed in 1998 to dispose of used vehicles from the rental division of Surrey Vehicle Services t/a Thrifty Car Rental (SVS). SVS had been providing rental services for approximately 5 years and had been buying and selling its own vehicles during this time. Many of the vehicles were both bought and sold through Dagenham Motors and it was the relationship with the used van sales manager at this company, John Surroy, that prompted the decision to form a company to deal with the vehicle disposals for the rental company.

The Company was formed in 1998 as Budgetchoice Limited t/a BCL. The directors and Shareholders were Adrian Bell and John Surroy. The name was later changed to Bell Choice Limited but the company continued to trade as BCL.

John Surroy took a 25% shareholding in the Company and managed the business from the start. After SVS was incorporated as Bellhire Limited in February 2000, the 75% shareholding held by Adrian Bell was transferred into the Bellhire Limited.

The company grew fairly rapidly off the back of the growing rental operation and was soon expanding to sell new and additional used vehicles, not exclusively those bought from the rental company, but from the trade in general.

In 2002 the business moved from Raynes Park to larger premises in Garth Road, Morden. Because of the regular contact with many companies requiring fleet services, the Company decided to expand the services it provided and moved into the brokerage of Contract Hire to private companies. BCL was appointed a Lex Partner and also provided contracts through Arval PHH and Balgores Leasing. The Company continued to sell ex rental vehicles and took on additional staff to sell the contract hire as well as new and used vehicles.

The Company appeared to trade profitably.

The relationship between Bellhire Ltd and BCL was close since Bellhire Ltd was 75% shareholder of the business, but the management was left to John Surroy with regular meetings between Adrian Bell and John Surroy. The accounts were overseen by Bell Hire's accountant but were maintained by staff employed by BCL.

Bellhire Ltd would provide its ex-rental vehicles to BCL for sale which would hold them in stock until sold. In late spring early summer of 2008 Adrian Bell increased the pressure on the Company to sell an increasingly aging stock of ex-rental vehicles and to explain a growing debtors' ledger. It was not entirely a surprise, to Mr Bell, that the stock was moving more slowly as the market was clearly softening and the industry in general was finding it harder to sell vehicles.

However, the pressure was maintained on both John Surroy and the Company's accountant for clarification of the accounts and to provide accurate intercompany balance,

  
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27 February 2009

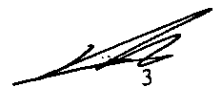
but satisfactory responses were not forthcoming. In September 2008 the accountant resigned citing travel problems. She left in November having spent much of the final weeks working on the Bellhire Ltd year end accounts. This meant the information on BCL fell further behind.

It was not until after the accountant had left and members of the board of Bellhire Ltd reviewed the accounts of BCL and started looking into some unexplained transactions, that it was realised there were anomalies. These mostly revolved around, what appeared to be, outstanding sales invoices, where the funds had been received but misallocated. Adrian Bell had several meetings with John Surroy to try to get to gain a full understanding of the transactions but met with unsatisfactory responses.

Adrian Bell maintained the pressure on John Surroy for answers and eventually John Surroy broke down. He claimed that the business had been performing badly for several years and that he was unwilling to be seen as a failure. In an effort to disguise the true performance of BCL, Mr Surroy began raising false invoices which he "settled" by misallocating payments for legitimate sales thereby creating the growing debtors' ledger which he dealt with by misallocating more funds from more recent legitimate sales invoices. Mr Surroy claimed that when it became impossible to balance the false invoices he started to put in his own money to cover the ledger, money which he borrowed from family and raised against his house. He also sold Company stock without recording the sales.

These revelations prompted a stock take in January 2009 and it was as a result of this that it was discovered that the entire stock of Bellhire Ltd's vehicles held by BCL had been sold but not processed through BCL's accounting records. Adrian Bell suspended John Surroy and based himself at BCL where he continued to uncover an increasing number of irregularities. It transpired that it was not just Bellhire Ltd's vehicles that had been sold and not declared but also a number of sale or return (loan) vehicles from other suppliers and failure to deliver vehicles that had been paid for and fake documentation as well as the false invoicing. It also transpired that over the Christmas break John Surroy had visited the closed accounts department and deleted all of BCL's' records from the accounts computer. The hard drive was accessed and all records erased. Mr Surroy claimed this was an accident but fortunately back-ups were held off site. Mr Surroy also admitted to fitting false number plates to vehicle giving the impression that stock was still on site and also deceiving the company auditors.

As the scale of the mismanagement became clear, Adrian Bell had little alternative than to seek professional advice. Mr Bell approached KPMG and in early February 2009 requested that they provide assistance with convening a meeting of creditors with a view to placing the Company into creditors' voluntary liquidation. KPMG have been provided with a signed statement from Mr Surroy.



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27 February 2009

## 4 Financial information

The last accounts filed at Companies House were for the year ended 31 March 2007.

In view of the admissions made by Mr Surroy the information below must be considered unreliable.

	Balance Sheet as at:		
	31Dec 2008 Management accounts	31 Mar 2007 Audited	31 Mar 2006 Audited
<b>Fixed assets</b>	<b>16,584</b>	<b>32,236</b>	<b>44,130</b>
<b>Current assets</b>			
Stock	225,809	74,762	93,319
Debtors	153,138	850,477	1,199,958
Cash at bank and in hand	2,111	1,421	1,238
	381,058	926,660	1,294,515
Creditors due within one year	(314,026)	(623,530)	(987,476)
<b>Net Current assets</b>	<b>67,032</b>	<b>303,130</b>	<b>307,039</b>
<b>Total asset less current liabilities</b>	<b>83,616</b>	<b>335,336</b>	<b>351,169</b>
Creditors: amounts falling due after more than one year	0	(4,471)	(14,304)
<b>Net assets/liabilities</b>	<b>83,616</b>	<b>330,895</b>	<b>336,865</b>
<i>Source: Companies House &amp; Management Information.</i>			

## 5 Banking

The Company operated an account with Barclays Bank Plc, and borrowings were secured by fixed and floating charges contained in a debenture dated 7 January 2005.

The overdraft has been settled by Bell Hire in late February 2009, consequently as at 27 February 2009, the Bank are not owed any money.





*27 February 2009*

## **6 Previous failures**

Adrian Bell was a director of XDrive Limited which entered creditors' voluntary liquidation on 6 December 2007.

XDrive Limited was a vehicle rental business whose major supplier was MG Rover. Mr Bell advised that when MG Rover failed that caused the XDrive business to also fail. The deficiency to creditors in this case was approximately £93,000.

## **7 Creditor pressure**

Ford Retail Group have issued a claim against the Company in the High Court. This claim is dated 17 February 2009.

The Company has received no writs, executions or county court judgements from trade creditors.

## **8 Statement of Affairs**

Attached at Appendix 2 is a summary of the Directors' sworn statement of affairs.

### *Assets*

#### *Fixed assets*

Plant and machinery of £1,530 represents the written down value of computer equipment. It is expected to realise only a nominal sum.

The majority of the fixtures and fittings relate to improvements to the rented offices. As a result it is not expected that any value will be achievable for these. Sundry items of office furniture are expected to have minimal value.

#### *Stock*

The stock shown in the books and records is a result of the false accounting. There is no physical stock.

#### *Debtors*

The trade debtors are again predominantly a result of the false accounting. The amount estimated to realise is what the Directors believe to be the genuine debt.



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27 February 2009

The Company has paid six months rent in advance. It is not expected that any recovery of this amount will be possible under the terms of the lease.

The Company's accountants have confirmed that a Corporation Tax refund of £5,000 is due.

The loan to a director represents an amount due from John Surroy.

It is anticipated that a small insurance refund can be obtained.

It is expected that, due to the issuance of false invoices, on which VAT was paid, that there will be an amount of VAT due from HM Revenue & Customs. No amount has been included for this as it is not yet possible to estimate how much may be recoverable.

### ***Liabilities***

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

Wages for the last month have been settled by the parent company, Bell Hire Ltd. As a result, preferential creditors represent claims for holiday pay (up to £800 per employee rank as preferential creditors) and are estimated at £992.

#### ***Employee Unsecured Claims***

Other employee claims are estimated at £8,184 and rank as unsecured claims. Adrian Bell personally settled the amounts due for pay in lieu of notice.

#### ***Trade & Expense creditors***


Trade and expense creditors total £254,191. Due to the false accounting issues identified, this figure may not be complete or accurate.

#### ***Amount due to Bellhire Ltd***

The total due to Bellhire Ltd is £298,847. This has largely arisen from the supply of vehicles for resale as well as amounts settled by that company on behalf of Bell Choice since the false accounting was uncovered.

## **9 Estimated Deficiency Account**

Attached at Appendix 3 is an estimated deficiency account for the period since the last audited accounts to the date of the statement of affairs, based on available information.

27-2-09 

27 February 2009

## **Appendix 1 – Statutory information**

### **Bell Choice Limited**

#### **Statutory Information**

Company number: 03572433  
Date of Incorporation: 29/05/1998  
Registered office: Unit 1 1-7 Amenity Way, Morden, Surrey SM4 4AU

Changed on 9 February 2009 to:

KPMG LLP  
1 The Embankment  
Leeds  
LS1 4DW

Trading address: Midas Metro Centre  
197-199 Garth Road  
Morden  
Surrey SM4 4NE

Directors: Adrian Bell and John Surroy

Company secretary: Stephen Richard Page

Shareholding: The nominal share capital of the Company is  
10,000 issued as follows:

Bellhire Limited	7,500
John Surroy	2,500

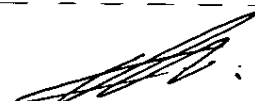
Total	10,000
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*27 February 2009*

## **Appendix 2 –**

### **Summary of the Directors' Statement of Affairs as at 27 February 2009**



## A - Summary of assets

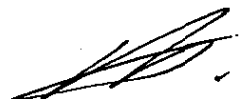
Assets	Book value £	Estimated to realise £
Assets specifically pledged:		
	nil	nil
Assets not specifically pledged:		
Corporation Tax refund	16,701.00	5000.00
Directors loan John Surroy	3,000.00	3000.00
Debtors ledger	156,321.01	6249.48
Vehicle stock	292,276.44	nil
Fixtures + fittings	35418.17	nil
Equipment	6366.24	200.00
Rent payment	24,000.00	nil
insurance refund	3,395.00	1500.00
Estimated total assets available for preferential creditors	£ 537,455.86	15,949.48

Signature



Dated


26-2-09



## A1 - Summary of liabilities

		Estimated to realise £
<b>Estimated total assets available for preferential creditors (carried from page A)</b>		
<b>Liabilities</b>	£	<b>15,969.48</b>
Preferential creditors: <i>Holiday pay</i>	£991.84	
<b>Estimated deficiency/surplus as regards preferential creditors</b>		£ <b>14957.64</b>
Debts secured by a floating charge:	£	
	<i>nil</i>	
<b>Estimated deficiency/surplus of assets available for non-preferential creditors</b>		£ <b>14,957.64</b>
Non-preferential claims:	£561,221.83	
<b>Estimated deficiency/surplus as regards creditors</b>		£ <b>546,264.10</b>
Issued and called up capital:	£10,000.00	
<b>Estimated total deficiency/surplus as regards members</b>		£ <b>536,264.10</b>

Signature



Dated

*26-2-09*



## B - Company Creditors

Note: You must identify creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the company's possession.

Name of creditor of claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Sage accounts	As per sage print-out	439,677.09			
Bellhirc Ltd	Garth Road Inter-Co	10,991-00			
Bellhirc Ltd	Rent payments, includes wages	5,242-29			
Ougenham Motors	Winter Stoke Rd BS3 2LB	65,847-22			
3c Asset Management	2 Richmond Rd TW7 7BL late invoices	31,280-00			
Pagrole	Redundancy	8184.23			

Signature  Dated 26-2-09

27 February 2009

### Appendix 3 -

### Estimated Deficiency Account as at 27 February 2009

	Book Value	Estimated to Realise	Change in asset value	
	£000	£000	£000	£000
<b>Profit &amp; loss account balance as at 31 March 2007</b>				321
Losses in eighteen months to 31 December 2008 per management accounts				(359)
<b>Profit and loss account balance as at 31 December 2008</b>				<b>(38)</b>
<b>Assets written up/(down) on insolvency</b>				
Plant & machinery	6.3	0.2	(6.1)	
Furniture & Equipment	35.4	0	(35.4)	
Stock	292.3	0	(292.3)	
Trade debtors	156.3	6.2	(150.1)	
Prepayments	27.4	1.5	(25.9)	
Corporation tax refund	16.7	5	(11.7)	
Redundancy pay	0	(8.2)	8.2	
				(513.5)
Assumed trading profit for period 1 January 2009 to 27 February 2009 (Balancing figure)				5.2
Share capital				(10)
<b>Estimated Total Deficiency as at 27 February 2009</b>				<b>(556.3)</b>

Due to the admissions made by Mr Surroy the information above is of limited value and is likely to contain many inaccuracies.