

## The Insolvency Act 1986

## Administrative Receiver's Report

Pursuant to Section 48(1) of the  
Insolvency Act 1986 and Rule 3.8(3) of  
the Insolvency Rules 1986

To the Registrar of Companies

**S.48(1)**

For Official Use

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Company Number

04054472

Name of Company

Insert full name of  
Company

Rekri8 Limited

Insert full name and  
Address

We, Christopher Ratten  
Tenon Recovery,  
Arkwright House,  
Parsonage Gardens,  
Manchester,

Thomas Campbell MacLennan  
Tenon Recovery  
One Royal Terrace  
Edinburgh  
EH7 5AD

Delete as appropriate

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

20/12/06

Presenter's name,  
address and reference  
(if any)

3023331  
Rekri8 Limited

Christopher Ratten  
Tenon Recovery  
Arkwright House,  
Parsonage Gardens,  
Manchester,  
M3 2LF

For Official Use

Insolvency Section

Post Room

FRIDAY



\*AQYF0LKI\*

A41

22/12/2006

359

COMPANIES HOUSE

**Strictly Private & Confidential**

**Rekri8 Limited  
("The Company")**

**In Administrative Receivership**

**Report Prepared Pursuant to Section 48  
of the Insolvency Act 1986**

**Tenon recovery**

**28 November 2006**

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## 1 Statutory Information

Company Number: 04054472

Date Incorporated: 17 August 2000

Nature of Business: Manufacturer of domestic gas products for leisure and DIY Market

Trading Address: Unit 34 Meadow Industrial Estate  
Water Street  
Stockport  
Cheshire SK1 2BU

Registered Office: Unit 34 Meadow Industrial Estate  
Water Street  
Stockport  
Cheshire SK1 2BU

Following the appointment as Receivers the registered office was changed to:

Tenon Recovery  
Arkwright House,  
Parsonage Gardens,  
Manchester,  
M3 2LF

Directors: S J Nash  
P Pintossi  
K Botham

Company Secretary: R Akid

Share Capital: 1,000 ordinary shares of £1, all of which were authorised, allotted and fully paid up

Ordinary Shares of £1 each	£
Outdoor Lifestyle Holdings Limited	800
Luigi Gnali	200
	<u>1,000</u>

## **2 Background and Events Leading to the Appointment of the Joint Administrative Receivers**

### **2.1 Background**

Rekri8 Limited ("the Company") was incorporated on the 17th August 2000 and traded in the specialist gas appliance market. The Company was involved in the design, manufacture, distribution and marketing of specialist gas appliances and associated accessories to the DIY, outdoor and caravan sectors.

The Company was formed following the buyout of part of the business from Go Gas when it went into Receivership. The Company originally went under the name of Cadac UK Limited but changed its name to Rekri8 Limited in 2002. The Company operated from leasehold premises in Stockport.

### **2.2 Events leading up to the Appointment**

The Company sourced component parts and engaged in the manufacture of products for sale to major UK distributors and retailers. The Company also had an increasing number of overseas customers and had been looking to expand this area of the business.

The Company also operated a fully automated gas filling plant and undertook contract filling and testing. The Company had experienced financial difficulties since commencement which had been financially supported by its shareholders who continued to fund the losses of the Company.

The directors had a plan to turnaround the business by subcontracting the manufacture overseas and importing the finished product. However, during the last 18 months they incurred a number of issues, namely:-

- Poor trading results during January to July 2006.
- Departure of key staff in the period which resulted in delays in plans to subcontract manufacturing.
- Continued rising prices in raw materials that could not be passed on to customers due to fixed price contracts.

The directors implemented a number of measures to reduce the cost base carried by the business, including 7 redundancies in July 2006. By August 2006 it became apparent that the Company could not continue to trade without a significant capital investment. Shareholders were reluctant to provide further funding. The Directors were approached by a number of parties who expressed an interest in the assets of the Company. Due to the financial position of the Company and concerned about the trading position, the directors invited the bank to appoint Administrative Receivers.

Thomas Campbell MacLennan and Christopher Ratten of Tenon Recovery were appointed as Joint Administrative Receivers of the Company on 28 September 2006 by Bank of Scotland ("BOS") who was the debenture holder.

## 2.3 Trading History

A summary of the results for the Company is set out below:-

	Man Accs Period Ended 30 Jul '06 £'000	Audited Year Ended 30 Sept '05 £'000	Audited Year Ended 30 Sept '04 £'000
Turnover	2,420	2,472	2,876
Cost of Sales	(2,059)	(1,997)	(2,068)
Gross Margin	<u>361</u>	<u>475</u>	<u>808</u>
Gross Margin %	15%	19%	28%
Administration Expenses	(1,073)	(900)	(856)
Distribution Expenses		(156)	(143)
Loss before interest and taxation	<u>(712)</u>	<u>(581)</u>	<u>(194)</u>
Interest Payable	-	(18)	(20)
Interest Receivable	-	25	45
Loss after interest before taxation	<u>(712)</u>	<u>(574)</u>	<u>(169)</u>
Taxation	-	-	-
Loss after Taxation	<u>(712)</u>	<u>(574)</u>	<u>(169)</u>
Dividends	-	-	-
Retained Loss	<u>(2,332)</u>	<u>(1,653)</u>	<u>(1,079)</u>
Net Liabilities	<u>(2,332)</u>	<u>(1,620)</u>	<u>(1,045)</u>

We have not yet verified the accuracy of the management accounts.

### 3 Actions following Appointment

- 3.1 Prior to my appointment I had been notified that a party was interested in purchasing the assets of the business. I progressed these negotiations and instructed independent agents, Eddisons, to prepare a valuation of the assets. It was apparent that a sale of the business as a going concern would generate a significantly higher level of realisations than could be achieved on a break-up of the business. This is due to the main asset of the Company being stocks of gas bottled products.

The Company's main source of turnover was in the Leisure industry and they had a number of supply agreements with major retailers. These agreements contained penalty clauses in the event of non supply and thus a sale as a going concern would preserve debtor realisations.

#### Sale of Assets

- 3.2 I instructed Eversheds to act as solicitors in this matter and to prepare a Sale Agreement and deal with the legal matters following my appointment. A sale of the assets completed on Thursday 5 October 2006 with the effective relevant transfer date of Monday 2 October 2006.
- 3.3 The consideration for the assets is as follows:-

	<b>Book Value £'000</b>	<b>Agents Value £'000</b>	<b>Sales Value £'000</b>
Fixed Assets	157	38	25
Stock	190	64	114
	<u>347</u>	<u>102</u>	<u>139</u>
	<u>      </u>	<u>      </u>	<u>      </u>

A consideration of £25,000 was agreed for the assets of the company which was paid upon completion.

A consideration of 60% of the cost value for the stock was agreed based upon the physical stocks of finished goods. A physical stock count was carried out and we are in the process of finalising these figures. It is estimated that the consideration for the stock will be approximately £114,000.

The Raw materials were subject to ROT claims from suppliers and the agents considered this had little or no value due to its consistency of components for production of gas bottles.

The Company did not have any WIP.

#### Book Debts

- 3.4 The debtors of the Company on appointment amounted to £245,297. I entered into an agreement with the purchaser to assist with the collection of these debts for 5% of the realisations.

To date collections have amounted to £137,755 and it is expected that collections will continue for a number of months.

#### **4 Amounts due to the Secured and Preferential Creditors**

##### **4.1 Secured Creditors**

The security of the debenture holder is comprised of the following charges:-

- > Debenture dated 31 January 2003 in favour of The Governor and Company of the Bank of Scotland secured by a fixed and floating charge over the undertaking and property of the Company.

At the date of appointment the debenture holder was owed £252,666 in capital. This balance is subject to interest and charges.

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

The only preferential creditors relate to the employees of the Company.

A total of 7 staff members were made redundant by the Company prior to my appointment. Claims have been submitted to the Redundancy Payments Office (RPO) and I am currently awaiting details of their preferential claim for arrears of pay and holiday pay. For the purpose of the Statement of Affairs, this has been estimated at £15,000.

##### **4.3 The Prescribed Part**

The charges of the Bank of Scotland were registered prior to the introduction of the Enterprise Act and hence there is no requirement to calculate a prescribed part.

#### **5 Other Matters**

##### **5.1 Dividend Prospects**

I have not yet received a sworn copy of the Statement of Affairs but include with this report as Appendix 1 an estimated statement of Affairs.

It is anticipated that the preferential creditors will be paid in full. It is also anticipated that the secured creditor will be paid in full. Until book debt collections are completed, it is not currently anticipated that there will be a dividend to unsecured creditors.

- 5.2 Should you have any queries relating to this matter please contact John Radford on +44 (0) 161 834 3313.

Yours faithfully  
For and on behalf of  
Rekri8 Limited



Christopher Ratten

Joint Administrative Receiver

*Christopher Ratten is licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales*

*Thomas Campbell MacIennan is licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants of Scotland*



Rekri8 Limited  
Statement Of Affairs as at 28 September 2006

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
<b>Assets subject to fixed charge:</b>		
<b>Assets subject to floating charge:</b>		
<b>Uncharged assets:</b>		
Furniture & Equipment	121,000.00	25,000.00
Stock	424,000.00	114,000.00
Book Debts	235,000.00	189,000.00
VAT Refund	7,000.00	7,000.00
<b>Estimated total assets available for preferential creditors</b>		<b>335,000.00</b>

Signature \_\_\_\_\_ Date \_\_\_\_\_

**A1 - Summary of Liabilities**

		Estimated to Realise £
<b>Estimated total assets available for preferential creditors (Carried from Page A)</b>		335,000.00
<b>Liabilities</b>		
Preferential Creditors:-		
Employee Arrears/Hol Pay	15,000.00	15,000.00
<b>Estimated deficiency/surplus as regards preferential creditors</b>		320,000.00
Estimated prescribed part of net property where applicable (to carry forward)		NIL
<b>Estimated total assets available for floating charge holders</b>		320,000.00
Debts secured by floating charges		
Due to HBOS	253,000.00	253,000.00
<b>Estimated deficiency/surplus of assets after floating charges</b>		67,000.00
Estimated prescribed part of net property where applicable (brought down)		NIL
<b>Total assets available to unsecured creditors</b>		67,000.00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	509,270.00	
Outdoor Lifestyle Shareholders Loans	2,127,878.00	
Gnali Shareholders Loan Account	151,580.00	
		2,788,728.00
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>		(2,721,728.00)
Shortfall to floating charge holders (brought down)		NIL
<b>Estimated deficiency/surplus as regards creditors</b>		(2,721,728.00)
Issued and called up capital		
Ordinary Shareholders	1,000.00	1,000.00
<b>Estimated total deficiency/surplus as regards members</b>		(2,722,728.00)

Signature \_\_\_\_\_ Date \_\_\_\_\_