

RE: WHITEGATE INNS LIMITED T/A GUILDHALL TAVERN ("THE COMPANY")

PROPOSED CREDITORS' VOLUNTARY LIQUIDATION ("CVL")

REGISTERED NUMBER: 08471528

COMPANY ADDRESS: HALL SQUARE, DENBIGH, LL16 3NU

SIP 6 REPORT & STATEMENT OF AFFAIRS

1 STATEMENT OF AFFAIRS

The Statement of the Affairs of the Company as at 30 January 2019, being a date not more than 14 days before the date of the resolution for winding up is attached to the back of this Report.

2 SIP 6 INFORMATION

John Paul Bell and Toyah Marie Poole of Clarke Bell Limited were instructed on 19 December 2018 to assist in the deemed consent decision procedure in order to be appointed Joint Liquidators of the Company by its director, Carl Sutton.

A total fee of £1,662.50 plus VAT was paid on behalf of the Company in respect of the above instructions to Clarke Bell Limited.

There has been no prior involvement with the Company or its directors that could reasonably be perceived as presenting a threat to John Paul Bell and Toyah Marie Poole's objectivity.

I understand there have been no material transactions conducted by the Company in the preceding 12 months other than in the ordinary course of business.

3 TRADING PREMISES

Whitegate Inns Limited T/A Guildhall Tavern traded from rented premises at Hall Square, Denbigh, LL16 3NU under a long term-lease with an annual rental of £36,400.

4 BUSINESS FINANCE

Aside from creditors, the company has been financed by the following sources:

(a) Bank Overdraft

The company banked with Barclays Bank Plc, ("the Bank") who granted an overdraft facility of £15,000 in 17 December 2017.

This facility was secured by way of a personal guarantee from the Director.

The current balance of the overdraft is shown in the attached Statement of Affairs.

(b) Business Credit Card

The company arranged a business credit card in the sum of £2,500 with Barclays Bank Plc, ("the Bank") in December 2017.

The monies from the credit card were originally used to assist with the company's general cash flow.

The current balance of the loan is shown in the attached Statement of Affairs.

(c) Director's Loans

Since incorporation, the Director has invested funds into the business to assist general cash flow.

The current balance due in respect of Director's loan is detailed in the Statement of Affairs.

5 TRADING HISTORY

Whitegate Inns Limited T/A Guildhall Tavern was incorporated on 3 April 2013 and commenced trade on 2 January 2014.

The company traded as a Hotel.

Carl Sutton was responsible for the day to day running of the business.

The company originally employed 4 members of staff.

In the initial years of trade Whitegate Inns Ltd managed to attract a number of guests and generate moderate turnover from repeat trade through building relationships with local companies who needed guest accommodation regularly. The company also generated business by developing the tourist trade through agencies and offers.

Whitegate Inns Ltd managed to achieve 4 star grading, 5 star food hygiene rating, along with glowing reviews and achieved a certificate of excellence every year.

The general overheads were always high in relation to the turnover and the business struggled financially. In light of the losses, the Director maintained the cash position by making further advances to the company as necessary to cover any payments as they fell due. Employment costs also increased dramatically.

In 2017 a local competitor doubled the size of their hotel, effectively saturating the local market in times of low-medium demand. This, along with the only large scale manufacturing plant in town closing in 2017/18, meant a significant decrease in demand for overnight contractors. The company did it's best to generate new business, investing in new software to access new markets.

With turnover down and the director no longer able to put any money into the company, the bank agreed to support the company by way of an overdraft in 2017/18 in the hope that trade would improve that year. Sadly, most neighbouring businesses closed within a short period of time leaving the hotel and the town in general with less footfall and in a rundown state. The 3 nearest pubs had also closed down, further reducing the footfall in the centre of town.

In late October 2018, the director had a meeting with his accountant regarding his concerns about the position of the business as there were large payments to creditors due. It was decided that the company was unlikely to trade out of its problems, as it had become insolvent and was facing the low season. It

had also run out of cash, having approached its overdraft limit.

The accountant recommended ceasing to trade at the month end, 31 October 2018. All employees were made redundant. At this time the company employed 4 members of staff.

At this time, the director decided to seek out professional advice.

Therefore, on 19 December 2018 Clarke Bell Limited were approached for independent financial advice and it was recommended that the company be wound up for the benefit of all creditors.

A formal meeting of the company's Board was held on 30 January 2019.

The director attributes the cause of failure to the following:

- (i) Cash flow difficulties; and
- (ii) Competition.

6 FINANCIAL INFORMATION

Extracts from the Company's most recent accounting information can be summarised as follows:

Year Ended	Turnover (£)	Gross Profit (£)	Profit/(Loss) After Tax (£)	Reserves (£)	Dividends (£)	Type of Accounts
31/12/2017	164,875	125,113	(27,420)	(81,669)	-	Unaudited

The financial statements referred to above, detail the director has drawn the following remuneration during this period;

Director Name	Dividends (£)	Salary (£)	Benefits (£)	Other (£)
Carl Sutton	-	11,569	-	-

7 STATEMENT OF AFFAIRS

Except where specifically detailed, all information has been provided by the director as follows:

ASSETS

The company has no assets.

LIABILITIES

Secured Creditors

There are no known secured creditors.

Consequently, there is no known floating charge and as such, I am not required to calculate a prescribed part amount due to creditors under section 176a of the Insolvency Act 1986 on the company's net estate.

Preferential Creditors

It is understood that there are monies due to the employees in relation to arrears of wages and holiday pay.

Based on information received from the Director, it is understood that an amount of £3,049.00 is due, subject to current government limits.

No provision has been made in relation to any deficiency in a pension scheme.

Unsecured Creditors

(a) Taxation

The liability due to the HM Revenue and Customs in respect of VAT is shown in the Statement of Affairs.

It is understood that all returns have been made to date and this is an accurate figure.

The liability due to the HM Revenue and Customs in respect of PAYE and NIC relate to historic arrears accrued since 2018 and is shown in the Statement of Affairs.

(b) Trade and Expense Creditors

The amount shown in respect of trade and expense creditors is taken from the company's accounting records.

Neither the existence of each creditor nor their respective amounts has been validated. This will not prejudice the rights of any creditor to prove in the estate for a different amount.

(c) Director's Loan Account

As detailed in section 4, the director has introduced monies throughout the course of business.

(d) Bank

As detailed in section 4, there are monies due to the Bank in relation to an overdraft and business credit card.

8 DEFICIENCY ACCOUNT

Estimated total Deficiency per Statement of Affairs			119,256
<u>Fixed Assets Written Down From Balance Sheet</u> <u>Not Included in the Statement of Affairs</u>	<u>Book Value</u>	<u>Estimated</u> <u>to Realise</u>	
Fixed Assets	2,304	Nil	(2,304)
<u>Matters Arising in Insolvency;</u> Redundancy and Notice Pay			(7,932)
Deficiency Brought Forward at 31 December 2017			<u>(81,668)</u>
Estimated net Deficiency apparently attributable to trading losses for the period 1 January 2018 to 30 January 2019			<u>(27,352)</u>

9 STATUTORY INFORMATION

Registered Number	08471528.
Registered Name	The company's registered name is Whitegate Inns Limited.
Incorporation Date	The company was incorporated on 3 April 2013.
Commencement of Trade	The company commenced trade on 2 January 2014.
Trading Name	The company traded as Guildhall Tavern.
Nature of Trade	The company's primary business was that of a Hotel.
Principal Trading Address	The company's principal trading address is Hall Square, Denbigh, LL16 3NU.
Registered Office	The company's current registered office is 27 Old Gloucester Street, Bloomsbury, London, WC1N 3AX.
Shareholdings	<p>The company's shareholding was 1 ordinary share which was issued and fully paid up as follows:</p> <p>Carl Sutton – 1 Ordinary Share</p>
Group Structure	The company was not part of a group.
Current Director	<p>Current Directorship details are as follows:</p> <p>Carl Sutton Appointed: 3 April 2013</p>
Other Director(s)	According to the Registrar of Companies, there have been no changes in office within the last 3 years.
Company's Accountants	The company's accountants are ELTA Partnership.
Company's Bankers	The company's bankers are Barclays Bank PLC.
Previous Insolvencies	The company and its director have not been involved in any previous insolvency.