

**RE: ENVIRONMENTAL TECHNOLOGIES (UK) LIMITED T/A ETL AIR CONDITIONING (“THE COMPANY”)**

**PROPOSED CREDITORS’ VOLUNTARY LIQUIDATION (“CVL”)**

**REGISTERED NUMBER: 02136033**

**COMPANY ADDRESS: CONSERVATION HOUSE, 116 DARWEN ROAD, BROMLEY CROSS, BOLTON, BL7 9PD**

**SIP 6 REPORT & STATEMENT OF AFFAIRS**

## **1 STATEMENT OF AFFAIRS**

The Statement of the Affairs of the Company as at 23 October 2020, being a date not more than 14 days before the date of the resolution for winding up has been posted to creditors under a separate cover.

## **2 SIP 6 INFORMATION**

John Paul Bell and Toyah Marie Poole of Clarke Bell Limited were instructed on 21 September 2020 to assist in the deemed consent decision procedure in order to be appointed Joint Liquidators of the Company by its director, Kenneth Lofthouse.

A total fee of £3,500 excluding VAT was paid by the Company in respect of the above instructions to Clarke Bell Limited, of this fee, £750 plus VAT is to be paid to Grace Gariff Associates, who are the company’s accountants, for their assistance in the preparation of the attached Statement of Affairs.

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**

Environmental Technologies (UK) Limited T/A ETL Air Conditioning traded from rented premises at Conservation House, 116 Darwen Road, Bromley Cross, Bolton BL7 9PD, under a long term-lease with an annual rental of £17,604.

## **4 BUSINESS FINANCE**

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

### **(a) Bank Overdraft**

The company banked with Natwest Bank Plc, (“the Bank”) who granted an overdraft facility of £25,000.

This facility was secured by way of a floating charge over the company’s assets.

The amount due to the Bank in this respect is detailed in the attached Statement of Affairs.

### **(b) Business Loan**

The company secured a Bounce Back Loan with Natwest Bank Plc (“the Bank”) in the sum of £50,000 in May 2020.

The monies from the loan were originally used to fund the day to day operations of the company during the initial COVID-19 lockdown.

The amount due to the Bank in this respect is shown in the attached Statement of Affairs.

### **(c) Director(s) Loans**

Since incorporation, the Director(s) have invested funds to assist general cash flow.

The current balance due in respect of Director(s) loans are detailed in the Statement of Affairs.

## **5 TRADING HISTORY**

Environmental Technologies (UK) Limited T/A ETL Air Conditioning was incorporated on 1 June 1987 and commenced trade as a HVAC Contractor with immediate effect.

Kenneth Lofthouse was responsible for the day to day running of the business.

The company originally employed 7 members of staff.

During the company’s thirty three year trading history, the company traded successfully, and only incurred minor losses in 2 of its years.

In February 2020, the company commenced a new project and the business looked set to continue being successful.

However, in March 2020, as a result of the current Pandemic, the business began to have difficulties. Covid-19 had a significant impact on the company’s operations.

As the months progressed, the company’s current project began to prove difficult to complete. As well as this, Environmental Technologies (UK) Limited also lost several long-term contracts with many of its key customers.

Despite this, the directors made every effort to continue trading, and to complete its current project in a bid to keep the business viable. The company however was faced with many difficulties with this, including being required to pay a major proportion of equipment and materials on a pro-forma basis, which significantly affected the already weakened cash flow of the company.

As well as this, the company also encountered difficulties with its main mechanical sub-contractor, and as a result, the completion of the company’s project was delayed. This resulted in Environmental Technologies (UK) Limited having to pay labour costs direct, and also having to provide material and excessive labour resources in an attempt to complete the project without any prolonged delay.

Regrettably, the directors were advised that company’s project would be terminated with effect from 22 September 2020, and that no monies for completed works to date, or for substantial outstanding variations or the completion of the works would be paid under any circumstances. At this time the project was estimated to be 90% complete.

The directors were extremely disappointed to see the project fail at such a late stage given the current climate. With cash flow exhausted and no new contracts in sight, the directors made the decision to seek

financial advice.

Therefore, on 21 September 2020, 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.

As a result, on 28 September 2020 the company ceased to trade, and all employees were made redundant. At this time, the company employed 7 members of staff.

A formal meeting of the company's Board was held on 23 October 2020.

The director(s) attributes the cause of failure to the following:

- (i) Cash flow issues;
- (ii) Loss of major customers;
- (iii) Loss of a major contract; and
- (iv) COVID-19.

## 6 FINANCIAL INFORMATION

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

Year Ended	Turnover (£)	Gross Profit (£)	Net Profit/(Loss) (£)	Reserves (£)	Dividends (£)	Type of Accounts
30/06/2020	866,818	290,659	54,995	23,475	52,000	Unaudited

The financial statements referred to above, detail the director(s) have drawn the following remuneration during this period;

Director Name	Dividends (£)	Salary (£)	Benefits (£)	Other (£)
Kenneth Lofthouse	20,800	33,064	-	-
Peter Ratcliffe	13,000	14,863	-	-
Yvonne Ratcliffe	13,000	23,006	-	-

## 7 STATEMENT OF AFFAIRS

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

### ASSETS

#### (a) F&F and Computer Equipment

The company's Accounts to 30 June 2019 detailed fixture, fittings and computer equipment with a combined book value of £1,070.

For the purpose of the Statement of Affairs, these assets have been valued on a forced sale basis by the Director(s).

The Director(s) have expressed an interest in purchasing these assets. However, but no formal offer has yet been received.

**(b) Book Debts**

As detailed in the Statement of Affairs, the company has outstanding debtors.

The estimated to realise value has been written down to reflect known offsets. A provision of 30% has been further been applied for possible bad debts.

I shall write to all debtors once my appointment has been satisfied. Kindly ensure that no payments are made to the Director(s) or any other representative of the company as this will not satisfy payment of the account.

**(c) Goodwill and Intellectual Property**

The company's goodwill, consisting of its client base and trading name has not been shown in the company's accounts.

The Director(s) have expressed an interest in purchasing the company's goodwill, which consists of its client base and trading name. However, to date I have not yet received a formal offer in this respect.

**(d) VAT Refund**

As detailed in the Statement of Affairs the company is due a VAT refund to the sum of £9,430.

HM Revenue & Customs have the right to offset this sum against their other outstanding Crown liabilities, and as such, no realisation is anticipated to be received.

**LIABILITIES**

**Secured Creditors**

**(a) Bank**

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

Under the terms of the security provided, it is anticipated that this liability shall be recovered, in part.

**Preferential Creditors**

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

Based on information received from the Director(s), it is understood that an amount of £17,201 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 PAYE and NIC relate to historic arrears accrued since September 2020 and is shown in the Statement of Affairs.

The liability due to the HM Revenue and Customs in respect of Corporation Tax has accrued in respect of the accounting period ending 30 June 2019, 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(s) have introduced monies throughout the course of business.

**(d) Landlord**

There are monies due to the Landlord in respect of the business premises.

**8 DEFICIENCY ACCOUNT**

Estimated total Deficiency per Statement of Affairs			547,219
<u>Assets Written Down in the Statement of Affairs:</u>	<u>Book Value</u>	<u>Estimated to Realise</u>	
Fixtures & Fittings and Computer Equipment	1,070	936	(134)
Book Debts	166,702	69,091	(97,611)
VAT Refund	9,430	Uncertain	(9,430)
<u>Fixed Assets Written Down from Balance Sheet But not detailed in the Statement of Affairs:</u>			
Motor Vehicle			<u>(7,775)</u>
<u>Matters Arising in Insolvency:</u>			
Redundancy and Notice Pay			(105,028)
Surplus Brought Forward at 30 June 2019			22,475
Estimated net Deficiency apparently attributable to trading losses for the period 1 July 2019 to 23 October 2020			349,716

**9 STATUTORY INFORMATION**

Registered Number	02136033.
Registered Name	The company's registered name is Environmental Technologies (UK) Limited.
Incorporation Date	The company was incorporated on 1 June 1987.
Commencement of Trade	The company commenced trade on 1 June 1987.
Trading Name	The company traded as ETL Air Conditioning.
Nature of Trade	The company's primary business was that of HVAC Contractors.
Principal Trading Address	The company's principal trading address is Conservation House, 116 Darwen Road, Bromley Cross, Bolton BL7 9PD.
Registered Office	The company's current registered office is Conservation House, 116 Darwen Road, Bromley Cross, Bolton BL7 9PD.
Shareholdings	The company's shareholding was 1,000 ordinary shares of which all were issued and fully paid up as follows:

Ann Lofthouse – 100 shares  
Kenneth Lofthouse – 400 shares  
Peter Ratcliffe – 250 shares  
Yvonne Ratcliffe – 250 shares

**Current Director(s)**

Current Directorship details are as follows:

Kenneth Lofthouse	Appointed:	1 June 1987
Peter Ratcliffe	Appointed:	1 June 1987
Yvonne Ratcliffe	Appointed:	30 November 2012

**Other Director(s)**

According to the Registrar of Companies, there have been no changes in office within the last 3 years.

**Company Secretary**

The company secretary is Yvonne Ratcliffe.

**Company's Accountants**

The company's accountants are Grace Gariff Associates.

**Company's Bankers**

The company's bankers are NatWest Bank Plc.

**Previous Insolvencies**

The company and its director(s) have not been involved in any previous insolvency.