

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

02084247

Name of Company

Blackpool Airport Limited

We

C M Williamson
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

M N Cropper
10 Fleet Place
London
EC4M 7RB

A P Beveridge
10 Fleet Place
London
EC4M 7RB

the liquidators of the company attach a copy of our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 16/10/2014 to 15/10/2015

Signed *C. M. Williamson*

Date 23 10 15

AlixPartners
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

Ref 10349-008/MCB/EPOT/SAD/AHO

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Liquidators' Progress Report for the period 16 October 2014 to 15 October 2015

Blackpool Airport Limited
In Liquidation

23 October 2015

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1 Why this report has been prepared

- 1.1 As you will be aware Nick Cropper, Catherine Williamson and Alastair Beveridge (the Liquidators) were appointed on 16 October 2014.
- 1.2 In accordance with UK insolvency legislation, a liquidator is required to provide a progress report covering the period of 12 months commencing on the date on which a company entered into liquidation and every subsequent period of 12 months. This progress report covers the period 16 October 2014 to 15 October 2015 (the Period).
- 1.3 This report has been prepared in accordance with rule 4.49C of the Insolvency Rules 1986.
- 1.4 The purpose of this report is to provide statutory and financial information about the Company and to provide an update on the progress of the Liquidation, including details of assets realised during the Period, details regarding the Liquidators' fees and the expected outcome for each class of creditor.
- 1.5 Details of the Liquidators' fees and costs incurred are detailed at Appendices C to E.
- 1.6 More information relating to the Liquidation process, Liquidators' fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received.
- 1.7 If you require a hard copy of this report or have any queries in relation to its contents or the Liquidation generally, please contact Eve Potts on 0161 838 4525, by email at creditorreports@alixpartners.com, or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

2 Summary information for creditors

Estimated dividend distributions

Description	Level of debt £	Level of return pence/£
Preferential creditors	32,076	100 pence in the pound
Unsecured creditors	30,869,834	3.65 pence in the pound

Notes:

The level of debt has been taken from the agreed preferential and unsecured claims received

A first and final dividend of 100 pence in the pound was distributed to all preferential creditors on 18 May 2015

An unsecured dividend of 3.65 pence in the pound was issued to unsecured creditors with agreed claims of £30.87 million on 1 October 2015. A further distribution to unsecured creditors will be dependent on realisations achieved in respect of a VAT bad debt relief claim, details of which can be found in section 3 of this report.

In respect of preferential or unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims.

For further information please refer to section 5 of this report.

3 Progress of the Liquidation

- 3 1 The Company operated a regional airport located in Blackpool, servicing a range of aeronautical activities. The freeholder to the land on which the Company traded is Blackpool Airport Properties Limited (BAPL). In light of the Company's insolvency, BAPL gave notice to terminate the lease and it was surrendered prior to appointment.
- 3 2 Attached at Appendix B is the Liquidators' Receipts and Payments Account for the Period. All expenses incurred to date have been paid.

Plant and machinery

- 3 3 Asset valuations were carried out by ES (Group) Limited (ES Group) prior to the Liquidators' appointment and the realisable value of the plant and machinery was estimated at £241,000. It was later advised that some of the assets included in the valuation belonged to BAPL, and that the realisations achieved would be affected by the age of the plant and machinery.
- 3 4 ES Group assisted with the marketing and sale process and a sale of the majority of the plant and machinery completed for consideration of £185,000 in early 2015.
- 3 5 A sale of the residual radar equipment completed in March 2015 and consideration of £10,000 was achieved, bringing total chattel asset realisations to £195,000.

Aircraft lien

- 3 6 Prior to the Liquidators' appointment, the Company enforced liens over various aircraft on site, which would be released upon payment of outstanding fuel costs and landing fees relating to those aircraft.
- 3 7 Following appointment, two aircraft were released for total consideration of £5,000, recorded at Appendix B as a book debt receipt.
- 3 8 The Liquidators continued to liaise with the registered owners to establish validity of ownership and negotiate the repayment of debts associated with the aircraft, however, following Counsel's advice, the remaining seven aircraft under lien were abandoned by the Liquidators, acting on behalf of the Company, on 8 July 2015.

Book debts

- 3 9 On appointment, the Company had a book debt ledger totalling approximately £1 million. Demands for payment were issued to the debtors in October 2014 and in November 2014 and debtor funds of approximately £250,000 were subsequently received.
- 3 10 Further to the above, the Liquidators instructed Credent Limited, a specialist firm of debt collection agent, in December 2014 to collect the outstanding book debt ledger. Further funds were subsequently received, bringing total realisations in this regard to £405,007. The residual debts are not considered collectable due to counter-claims and disputes, therefore, actions in this regard have ceased.
- 3 11 Of the uncollected ledger, the Liquidators have submitted a claim to H M Revenue & Customs (HMRC) in respect of VAT bad debt relief and, if successful, funds of £32,293 will be received into the Liquidation.

Refunds

- 3 12 A refund of £200,960 was received from HMRC in October 2014 in relation to the VAT return submitted for the pre-appointment period
- 3 13 Prior to appointment, the Company pursued a historic rates refund in relation to the rateable value of the property from which it traded. Agents were instructed pre-appointment and have since progressed the claim on behalf of the Liquidators. The claim has now been finalised and the sum of £319,065 has been received.

Other assets

- 3 14 The inter-company debt of £15,000 has been received.
- 3 15 An insurance claim for storm damage to a roof was pursued and payments totalling £90,000 had been made to the Company prior to appointment. The balance of the claim in the sum of £35,000 was received in January 2015.
- 3 16 Cash at bank of £264,829 has been received from the Company's pre-appointment accounts.
- 3.17 Bank interest of £2,565 has been received in the Period.

4 Investigations

- 4.1 The Liquidators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the investigations, there were no matters identified that required further action.

5 Estimated outcome for creditors

Preferential creditors

- 5 1 The Company's employees were made redundant upon the appointment of the Liquidators on 16 October 2014
- 5 2 Subsequently, preferential creditor claims totalling £32,076 were received and a dividend of 100 pence in the pound was distributed on 18 May 2015

Unsecured Creditors' Fund

- 5 3 Where there is a floating charge which was created on or after 15 September 2003, the Liquidators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'
- 5 4 As there is no floating charge, there is no requirement to create an Unsecured Creditors' Fund

Unsecured creditors

- 5 5 Based on agreed claims received to date, unsecured creditor claims total £30 87 million.
- 5 6 Funds of £1 28 million were distributed to all agreed unsecured creditors on 1 October 2015, representing a dividend of 3 65 pence in the pound
- 5 7 Further distributions to the unsecured creditors are dependent on the outcome of the VAT bad debt relief claim as detailed at section 3, however, any further dividend will be minimal

Unclaimed dividends

- 5 8 All cheques paid to preferential and unsecured creditors should be banked as soon as possible, and in any event must be banked within six months of the date of the cheque. Any cheques which have not cleared by 18 November 2015 (for preferential creditors) and 1 April 2016 (for unsecured creditors) will be cancelled and the proceeds will be forwarded to The Insolvency Service, Estate Accounts Directorate, Unclaimed Monies Team, PO Box 3690, Birmingham B2 4UY
- 5 9 If your cheque is cancelled on or after this date, please allow ten working days to pass before submitting a claim to The Insolvency Service. To make a claim, creditors should contact the Insolvency Service by email at eaips.unclaimed@insolvency.gsi.gov.uk and put Blackpool Airport Limited as the subject.
- 5 10 The transfer of responsibility to the Insolvency Service is a routine step which requires Liquidators of an insolvent company to transfer unclaimed dividends to the agency six months after the cheques were issued. The agency will hold the funds for the subsequent six years, after which it will return any money that remains unclaimed to HM Treasury, however, this does not affect creditors' rights to claim funds after the six years has passed

6 What happens next

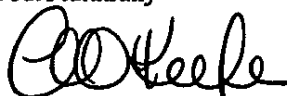
Creditors' rights

- 6 1 Within 21 days of the receipt of the report, an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Liquidators provide further information about their fees or expenses which have been itemised in this progress report.
- 6 2 Any unsecured creditor (with the concurrence of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Liquidators' fees is inappropriate, or that the fees or the expenses incurred by the Liquidators as set out in this progress report are excessive.

Next report

- 6 3 The Liquidators are required to provide a progress report within two months of the end of the next year of the Liquidation. If the Liquidation has been completed before then, a final meeting will be called, and a draft report circulated before that meeting.

Yours faithfully



Anne O'Keefe
For and on behalf of
Nick Cropper
Liquidator

Encs

Appendix A. Statutory information

Company information

Company name	Blackpool Airport Limited
Registered number	02084247
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Terminal Building, Blackpool, Lancashire, FY4 2QS
Trading address	Terminal Building, Blackpool, Lancashire, FY4 2QS
Trading name	Blackpool International Airport

Liquidators' information

Name	Address	IP number	Name of authorising body
Mark Nicholas Cropper	10 Fleet Place, London, EC4M 7RB	009434	Insolvency Practitioners Association
Alastair Paul Beveridge	10 Fleet Place, London, EC4M 7RB	008991	Insolvency Practitioners Association
Catherine Mary Williamson	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	015570	Insolvency Practitioners Association

Other relevant information

As approved by the meeting of creditors held pursuant to section 98 of the Insolvency Act 1986, any act required or authorised to be done by the Liquidators may be done by all or any one or more of them. Any reference to the Liquidators should be read as the Joint Liquidators.

**Appendix B. Receipts and Payments Account for the period
16 October 2014 to 15 October 2015**

Statement of Affairs £		£
Uncharged assets		
Receipts		
241,000	Plant and machinery	195,000
15,000	Inter-company debt	15,000
40,000	Book debts	410,007
	VAT refund	200,960
	Insurance refund	35,000
205,000	Cash at bank	264,829
	Rates refund	319,065
	Bank interest	2,565
		1,442,426
Payments		
	Liquidators' fees	80,000
	Pre-appointment fees	5,000
	Category 1 disbursements	
	Specific penalty bond	225
	Statutory advertising	423
	Travel and subsistence	354
	Storage costs	1,806
	Stationery, postage and photocopying	940
	Room hire	250
	Category 2 disbursements	
	Mileage	198
	Internal photocopying and printing	529
	Debt collection fees	13,969
	Agents/ valuer's fees	73,393
	Employee agents fees	4,652
	Legal fees	37,028
	Legal disbursements	2,016
	IT costs	576
	Insurance	3,104
	Employee pension refunds	58
	Bank charges	675
		(225,196)
Distributions		
	Preferential creditors	
	100p in the £ 18 May 2015	32,076
	Unsecured creditors	
	3 65p in the £ 1 October 2015	1,127,962
		(1,160,038)
Total balance		57,192
Represented by		
	VAT receivable	20,341
	Interest bearing current account	36,851
		57,192

Appendix C. Time Analysis and details of time spent

The Liquidators' time costs for the Period are £124,041. This represents 572 hours at an average rate of £217 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade

	Employee grade (hours)				Total hours	Total cost	Average rate per hour
	Managing director Director	Associate director Senior associate	Associate analyst	Junior analyst/ support			
Administration and planning							
Planning	-	-	-	2.8	2.8	590.00	150
Strategy and control	27.4	22.7	15.7	18.1	83.9	25,723.00	307
Statutory duties	0.7	5.5	5.9	2.9	16.0	4,047.00	270
Case administration	0.6	4.0	7.1	31.4	43.1	8,021.00	186
Accounting and treasury	1.8	1.2	4.5	59.1	66.6	9,217.00	140
Travel and waiting time	1.0	1.0	-	1.0	3.0	660.00	292
Internal documentation	-	-	-	1.0	1.0	150.00	150
Investigations							
Director conduct reports	0.2	-	-	0.9	1.1	213.00	194
Other investigations	0.2	-	-	1.2	1.4	258.00	184
Debtors							
Debt collection	-	19.0	15.5	58.4	82.9	17,846.00	197
Debtor litigation	-	-	1.6	1.9	3.5	853.00	187
Internal and external documentation	-	-	0.8	-	0.8	184.00	230
Realisation of assets							
Asset realisation strategy	-	4.7	-	-	4.7	1,038.00	240
Asset identification and valuation	-	-	-	75.1	75.1	11,285.00	150
Sale of assets	-	8.2	-	0.2	8.4	2,818.00	336
Recovery of assets	-	2.7	0.9	0.5	4.1	1,234.00	301
Dealing with third party assets	0.1	21.8	-	0.5	22.4	7,884.00	342
Asset accounting and administration	2.3	-	0.1	7.9	10.3	1,958.00	190
Creditors							
Creditor claims	-	0.8	-	3.3	4.1	777.00	190
Creditor litigation	-	0.5	-	0.6	1.1	260.00	238
Creditor strategy	-	0.4	-	-	0.4	138.00	340
Reporting to creditors	-	2.0	-	1.0	3.0	830.00	277
Creditor meetings	-	-	1.0	1.0	2.0	400.00	200
Preferential creditors	0.1	2.3	-	0.7	3.1	864.00	277
Unsecured creditors	-	10.3	34.2	27.6	72.1	16,846.00	217
Employees	0.2	5.1	27.3	17.8	50.4	11,020.00	219
Shareholders and other stakeholders	-	0.2	-	-	0.2	68.00	340
Totals	34.8	108.4	114.6	314.7	672.5	124,040.00	217

Principal areas of activity during the Period are discussed in further detail below.

- Administration and planning – implementing, amending and monitoring the case strategy, complying with statutory duties and performing general administrative work. Collating information for the VAT bad debt claim and case related treasury and support time is also recorded here.
- Realisation of assets - liaising with agents in respect of the plant and machinery, establishing the most appropriate realisation strategy and managing the sale process through to completion. Time has also been spent dealing with various parties in respect of the aircraft lien.
- Debtors - reviewing the Company's debtor ledger and liaising with Company staff regarding likely realisations. Time has been charged to communicating and negotiating with debtors regarding outstanding balances and dealing with disputes.
- Creditors – notifying creditors of the appointment, preparing statutory reports and dealing with general creditor correspondence. Time spent reviewing and agreeing the claims of the preferential and unsecured creditors, calculating the dividends and making the distributions is also recorded in this section.

Appendix D. Liquidators' fees and disbursements

Fees

A copy of 'A Creditors' Guide to Liquidations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) If you would prefer this to be sent to you in hard copy please contact the Liquidators and they will forward a copy to you

In accordance with rule 4.127 of the Insolvency Rules 1986 as amended, the basis of the Liquidators' fees was approved at the initial meetings of members and creditors held on 16 October 2014. Liquidators' fees are fixed by reference to the time properly spent by the Liquidators and their staff on matters arising in the Liquidation.

To date, post-appointment fees of £80,000 have been drawn on account.

Disbursements

Category 1 disbursements of £3,998 have been drawn on account.

Approval to draw category 2 disbursements was also approved at the initial meetings of members and creditors held on 16 October 2014 and £727 has been drawn in relation to the below.

- Photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying,
- Printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour, and
- Business mileage for staff travel - charged at the rate of 45 pence per mile.

Appendix E. Additional information in relation to the Liquidators' fees pursuant to Statement of Insolvency Practice 9

Policy

Detailed below is AlixPartners' policy in relation to

- staff allocation and the use of sub-contractors;
- professional advisors, and
- disbursements

Staff allocation and the use of sub-contractors

The Liquidators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The case team will usually consist of a managing director or director, an associate director or a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Liquidators' charge-out rate schedule overleaf provides details of all grades of staff

With regard to support staff, time spent by cashiers in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following services have been provided on this assignment by external sub-contractors

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing	Payco ERA Limited	Rate per employee	4,402
Debt collection	Credebt Limited	Percentage of collections	13,969

Professional advisors

On this assignment the Liquidators have used the professional advisors listed below. The Liquidators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis

Name of professional advisor	Basis of fee arrangement
Michelmores LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
Towergate Underwriting Group Limited (insurance)	Risk based premium
ES (Group) Limited (valuation and disposal advice)	Percentage of realisations
Dunlop Heywood (valuation and repayment advice)	Percentage of realisations
2020 Trustees (pension advice)	Fixed fee

The Liquidators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them

Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Liquidators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include:

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying;
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour, and
- business mileage for staff travel - charged at the rate of 45 pence per mile

Charge-out rates

A schedule of AlixPartners' charge-out rates for this assignment effective from 1 April 2015 is detailed below, together with those applicable prior to that date. Time is charged by managing directors and case staff in units of six minutes.

Description	Rates from 1 April 2015 £	Description	Rates pre 1 April 2015 £
Managing director 1	490	Managing director 1	445
Managing director 2	450	Managing director 2	415
Director	430	Director	390
Associate director	360	Associate director	340
Senior associate	295	Senior associate	280
Associate	260	Associate	250
Analyst	230	Analyst	220
Junior analyst	150	Junior analyst	150
Senior treasury associate	170	Senior treasury associate	170
Treasury associate	110	Treasury associate	110
Treasury analyst	85	Treasury analyst	85
Support	85	Support	79