

The Insolvency Act 1986**Liquidator's Progress
Report****S.192****Pursuant to Sections 92A and 104A
of the Insolvency Act 1986**

To the Registrar of Companies

For Official Use

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Company Number

03663699

Name of Company

Ocean Air Distribution Limited

I / We
Barry David Lewis FCA FABRP
2 Mountview Court
310 Friern Barnet Lane
Whetstone
London
N20 0YZ

the liquidator(s) of the company attach a copy of my/our progress report
under section 192 of the Insolvency Act 1986

Signed

Date

08-03-2012

Harris Lipman LLP
2 Mountview Court
310 Friern Barnet Lane
Whetstone
London
N20 0YZ

Ref O3117/BDL/MXG/BSS

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COMPANIES HOUSE

Ocean Air Distribution Limited
(In Liquidation)
Liquidator's Abstract of Receipts & Payments

Statement of Affairs		From 15/02/2011 To 14/02/2012
ASSET REALISATIONS		
200,000 00	Freehold Land & Property	NIL
400 00	Furniture & Equipment	NIL
2,000 00	Plant & Machinery	NIL
16,000 00	Motor Vehicles	26,050 00
1,000 00	Stock/WIP	NIL
79,604 86	Book Debts	60,905 00
NIL	BEKC Limited - in liquidation	NIL
9,975 27	VAT Refund	NIL
10,852 95	Insurance claim	11,716 50
171,279 80	Cash at Bank	206,149 07
NIL	Goodwill & IPR	8,000 00
	Sundry Refunds - Pitney Bowes	500 00
		<u>313,320 57</u>
COST OF REALISATIONS		
	DTI Cheque/BACS Fees	105 00
	Specific Bond	400 00
	Preparation of S of A	10,000 00
	Liquidators Fees	106,000 00
	Liquidators Expenses	120 00
	Tax preparation fees	200 00
	Agents Commission	3,405 00
	Agents/Valuers Fees	8,160 00
	Agents Disbursements	897 50
	Debt Collection Costs	5,967 50
	Delivery charges	260 00
	Statutory Advertising	314 31
	Insurance of Assets	3,299 78
		<u>(139,129 09)</u>
PREFERENTIAL CREDITORS		
	HM Revenue and Customs - TAX & NI	1,508 95
	Redundancy Payments Office	5,982 30
Uncertain	Employees Claims	4,294 80
		<u>(11,786 05)</u>
UNSECURED CREDITORS		
(978,793 88)	Trade & Expense Creditors	NIL
Uncertain	Employees	NIL
(32,504 32)	HM Revenue and Customs - PAYE & NIC	NIL
(45,468 32)	HP Unsecured Claims	NIL
(39,322 62)	Warranty Provisions	NIL
		<u>NIL</u>
DISTRIBUTIONS		
(100,000 00)	100,000 £1 ordinary shares	<u>NIL</u>
		<u>NIL</u>
<u>(704,976.26)</u>		<u><u>162,405.43</u></u>

REPRESENTED BY

VAT Receivable	3,400.00
Brown Shipley - Floating Account	156,992.75
Vat Control Account	2,012.68
	<hr/>
	162,405.43
	<hr/>

Barry David Lewis FCA FABRP
Liquidator

our ref BDL/MXG/BSS/O3117
your ref
date 8 March 2012
please reply to Matthew Galloway

HARRIS
LIPMAN

TO ALL MEMBERS AND CREDITORS

2 Mountview Court
310 Friern Barnet Lane
Whetstone London N20 0YZ
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fax 020 8446 9537
DX 132890 Whetstone 2
e-mail mail@harris-lipman.co.uk
website www.harris-lipman.co.uk

Dear Sirs

OCEAN AIR DISTRIBUTION LIMITED - IN LIQUIDATION (the "Company")

This is the Liquidator's first annual progress report ("the report") for the year ended 14 February 2012

1. Statutory information

The Company's registered name is Ocean Air Distribution Limited and traded as distributor and provider of air condition units and ancillary services

The Company was incorporated on 6 November 1998 under company number 03663699

The registered office of the Company was formerly Unit 3, Burns Way, Holmbush, Potteries Estate, Faygate, Horsham, West Sussex and was changed on 4 February 2011 to 2 Mountview Court, 310 Friern Barnet Lane, Whetstone, London, N20 0YZ for the purposes of the Liquidation

I, Barry David Lewis FCA FABRP of Harris Lipman LLP, 2 Mountview Court, 310 Friern Barnet Lane, Whetstone, London, N20 0YZ was appointed Liquidator of the above-named Company by a resolution of the members of the Company on 15 February 2011

There have been no changes of Liquidator in the period to which this report relates

2. Liquidator's progress during the period of this report

The Statement of Affairs provided by the director detailed the Company assets as freehold property with an estimated to realise value of £200,000, together with furniture and equipment in the amount of £400, plant & machinery of £2,000, motor vehicles of £16,000, stock of £1,000 book debts estimated to realise £79,604 86, a VAT refund of £9,975 27, an insurance claim of £10,852 95 and cash at bank of £171,279 80

It transpired that the freehold property situated at Horsham had been sold to the director of the Company for value prior to liquidation and had in actual fact been accounted for within the cash at bank figure. I have reviewed this transaction and believe it was undertaken at arm's length.

Administrative matters

The collection of book debts was initially undertaken by the Company's former bookkeeper with good results achieved, subsequently my staff took over the collection of the debtors for a period of time before the remaining book debts were passed to a debt collection agency to be realised. A quantity of the debtors are subject to warranty issues which have required terms of settlement, other debtors had settled their accounts prior to liquidation and thus did not in actual fact have an outstanding account.

The largest single debtor, BEKC Ltd entered into liquidation shortly prior to the liquidation of Ocean Air Distribution Ltd and was effectively written off. However, it was ascertained that there was an action to be undertaken against the beneficial owners of BEKC Ltd and I have recently been informed by the liquidator that there will be a dividend paid to the unsecured creditors.

The stock on site proved to be of no value due to its age and condition and thus was disposed of.

The Company's plant & machinery, furniture & equipment together with a commercial vehicle and a forklift truck which was also included within "Motor Vehicles", were all sold by my duly appointed agents to a company under the control of the former director for a total of £5,000 + VAT.

The VAT refund has not been received. However, I have applied set off to HMRC's claim for VAT in this matter as per Rule 4.90 of the Insolvency Rules.

In the event I received the amount of £11,716.50 in respect of the Company's insurance claim, for an incident that occurred at the Company's premises prior to my appointment.

The majority of motor vehicles were sold at auction by my agents and realised in excess of the value attributed to them on the Statement of Affairs, the remaining vehicles were sold to the former director of the Company, as disclosed above.

The balance of the Company's bank account was received in the amount of £206,149.07. However, there may be contained an element of funds that belong to a third party, having been credited to the Company's account in error, a reconciliation of the account is currently being undertaken.

Additionally, I was approached by a connected company who wished to purchase the goodwill and Intellectual Property Rights of the Company, in the event my agents negotiated a price of £8,000 + VAT.

I have received an amount of £500 from Pitney Bowes being a refund of the pre-paid postage in respect of the machine formerly utilised at the Company's premises in Horsham

The Company had previously held a sub-letting of a lease for premises in Bristol although it had ceased to trade from these premises some time prior to liquidation. In the event I agreed to an assignment of the lease back the head lessee, thereby mitigating any claim that the landlord may have had in the liquidation.

Connected party transactions

As detailed above, a forklift truck has been sold to a connected company after the date of my appointment on 15 February 2011, as it appeared that no other party was interested. Our agents have confirmed that this offer was unlikely to be bettered and should be accepted.

Under Statement of Insolvency Practice 13, I have a duty to disclose the following information:

- The transaction was undertaken on or around 8 August 2011
- The assets sold were a forklift truck, a commercial vehicle, the office furniture and plant & machinery
- The transaction consideration was £5,000 + VAT and which was paid on or around 1 August 2011
- There was no counter party
- The connected party is Alpha Air Distribution Ltd and its relationship with the company in liquidation was due to having common directors and shareholders
- All parties were independently advised
- The agents used were Southern Insolvency Group (UK) Limited
- This transaction has not previously been disclosed to the liquidation committee as no such committee has been formed

Please advise me as soon as possible if you are aware of any other assets of the Company that have not been referred to above or previously.

Investigative matters

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation.

The Company's books and records have been recovered, listed and analysed, it transpired that there was an action to be undertaken against the beneficial owners of BEKC Ltd for a breach of the Insolvency Act. After liaising with the liquidator of BEKC Ltd it was agreed that they would pursue the beneficial owners, a settlement was reached in respect of this matter although I am still awaiting the proceeds.

In accordance with my statutory duties, a conduct report on the director has been submitted to the Insolvency Service pursuant to the Company Directors Disqualification Act 1986.

If you are aware of any matters which you believe require my investigation, please advise me accordingly, in writing, providing as much detail as possible with regard to those matters. Any such contact will, of course, be kept confidential.

General matters

In addition to the work undertaken to result in the asset realisations referred to above, throughout the period of my administration I have responded to the queries of creditors and noted creditor claims.

As appropriate, I have liaised with the employees, the Redundancy Payments office and Employment Tribunals with regard to employee matters.

Specific tasks such as the agreement of creditor claims, VAT and tax issues, cashiering, statutory returns and insurance, have been allocated to team members who have specialist knowledge in the relevant areas.

Additionally, I have complied with obligations imposed by statute and my regulatory body which include, but are not limited to, the submission of returns to Companies House, HM Revenue and Customs, insuring assets and specific penalty bonding.

3. Abstract of the Liquidator's receipts and payments

I attach at Appendix 3 an abstract of my receipts and payments for the period of this report.

Please note that all items detailed on the receipts and payments account are shown net of VAT as the Company was registered for VAT and the VAT can therefore be recovered for the benefit of the insolvent estate.

4. Assets which remain to be realised

I have yet to realise a portion of the Company's outstanding book debts, as advised above the collection thereof is now being undertaken by a third party agent. There is also the matter of the BEKC settlement to be received. I would anticipate that both of these matters will be concluded within the next six months.

5. Liquidator's remuneration

At the first meeting of creditors held on 15 February 2011, the creditors authorised the payment of a fee of £15,000 plus VAT and disbursements for assistance with the statement of affairs and producing and circulating the notices for meetings of members and creditors prior to my appointment. This fee was paid partly from first realisations with a portion personally paid by the director, Mr Stephen Shoubridge, the amount paid from realisations is shown in the enclosed receipts and payments account.

My remuneration was fixed by reference to the time properly spent by myself and my staff in attending to matters arising in the Liquidation at a meeting of creditors on 15 February 2011

For creditor's information, the charge out value of time costs incurred during the period to which this report relates amounts to £108,603 40 40 made up of 645 05 hours at an average charge out rate of approximately £168 36 per hour

This cost has primarily been incurred in the administration of the Liquidation and the investigation into the causes of failure of the business as well as the nature of the company's assets, full details of which are covered in section 2 above

I attach at Appendix 1 a breakdown of the time costs between the grades of staff allocated to the this case, which includes details of the current charge out rates of myself and my team who have been and will be dealing with the Liquidation

You will note from the attached breakdown of time costs that I have recovered £106,000 in respect of my time costs to date

A copy of "A Creditors' Guide to Liquidator's Fees", issued by the Association of Business Recovery Professionals, which sets out the basis of fixing the Liquidator's Remuneration, is available on our website at

<http://www.harris-lipman.co.uk/r3-insolvency-guides.htm>

You should then choose the appropriate creditor guide for the type of appointment after 6 April 2010

Please let me know if you do not have access to the internet and would prefer a hard-copy of this guide

6. Liquidator's expenses

The payments made from the estate during the period of this progress report are largely self-explanatory

The following agents or professional advisors have been utilised in this matter

Professional Advisor	Nature of Work	Fee Arrangement
Southern Insolvency Group (UK) Ltd	Valuer/Auctioneer	Percentage of realisations/Fixed Fee & Disbursements
Abacus Accounting	Book Debt collection	Percentage of realisation
Abacus Accounting	Tax	Fixed fee
Debenhams Ottaway	Book debt collection	Percentage of realisations

The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case.

Below is a table which details what disbursements have been incurred and paid in the Liquidation.

Nature of Expense	Paid (£)	Remains Outstanding (£)	Total Paid by the Liquidation (£)
Agents/Valuers Fees	897 50	Nil	897 50
Specific Penalty Bond	400 00	Nil	400 00
DTI cheque/BACS fees	105 00	Nil	500 00
Delivery charges	260 00	Nil	260 00
Statutory Advertising	313 31	Nil	313 31
Tax preparation fees	200 00	Nil	200 00
Insurance	3,299 78	Nil	3,299 78

A charge of £120 + VAT has been paid from the estate in respect of the cost of storing the Company's books & records, being a category 2 disbursement. I have also incurred expenses in respect of search fees of £20, statutory advertising of £75, which were borne by this firm due to lack of funds and which will be recharged to the estate in due course.

A statement with regard to my disbursements recovery policy is attached at Appendix 2.

7. Return to creditors pursuant to Section 176A

The provisions of Section 176A of the Act require a calculation to be made of the prescribed part of the company's net property for distribution to unsecured creditors. The prescribed part must be calculated and provided for where debentures of the company have been created after 15th September 2003.

In dealing with realisations under the prescribed part, I am entitled to take into account the claims of the preferential creditors and the costs and expenses associated in dealing with the prescribed part.

The company's net property comprises floating charge realisations less preferential claims and the costs of dealing with the prescribed part.

Although the Company's bank did have a relevant floating charge, there account was settled prior to liquidation and therefore, the provisions of Section 176A do not apply in this matter.

8. Outcome for creditors

I have received and admitted a claim from the Redundancy Payments Service in respect of payments made to former employees of the company, in the sum of £6,137 87 preferential and £34,243 91 non-preferential.

There are additional claims of £5,803 75 preferential and £2,633 32 non-preferential in relation to claims of former members of staff which have been calculated to rank for dividend, these being over and above the statutory maximum limited paid by the Redundancy Payments Office under current legislation

I have received claims in respect of PAYE, NI, Corporation Tax and VAT totalling £65,594 66 to rank for dividend. However, I have applied set off to a portion of this amount under Rule 4 90 Insolvency Rules as a result of the VAT refund due to the Company

Trade and Expense creditor claims agreed to date total £969,208 64 against total creditors' claims shown on the Company's statement of affairs of £978,793 88. There are, therefore, creditors of approximately £9,585 24 yet to prove their claims

I can advise that preferential creditors have received a dividend of 100 pence in the pound on their claims in this matter

I have recently declared a Notice of Intended Dividend to the unsecured creditors in this matter, which I anticipate will be in the region of 9p in the £ on claims. This is a first interim dividend and I would anticipate that a second and final dividend will be paid to unsecured creditors in due course

The amount and timing of any further dividend will ultimately depend on further book debt realisations. As such I am unable at present to provide an estimate of any further dividend to the unsecured creditors may receive

9. Creditors' right to information

A creditor may make a request for further information regarding my remuneration and expenses. Any such request must be in writing and should be made within 21 days of receipt of this report. Where the request is made by an unsecured creditor, it must be supported by at least 5% in value of the unsecured creditors, or with the permission of the Court

If the information requested is either prejudicial to my conduct of this case, might lead to violence against any person, may be confidential or the costs of preparing the requested information would be excessive, I may not be obliged to provide it

Any unsecured creditor may make an application to the Court in respect of any information provided following such a request, or my failure to provide same, after 14 days of my receipt of that request

Additionally, creditors may make an application to Court to challenge the amount or basis of my remuneration and expenses, which must be supported by at least 10% in value of the creditors, including the applicants claim. The application must be made with 8 weeks of receipt of this report. The costs of the application must also be paid the creditors making the application

Further details with regard to these provisions form part of the guidance notes relating to fees referred to previously

10. Next report

I am required to provide a further progress report within two months of the end of the next anniversary of the Liquidation

The liquidation of the above Company will remain open until realisation of the assets detailed in section 6 above have been fully resolved and funds have been distributed to the unsecured creditors, which I estimate should take between 6 and 12 months to complete. Once these issues have been dealt with, the liquidation will be finalised and my files will be closed.

Should you have any further queries in relation to the contents of this report, or with regard to other matters arising, please do not hesitate to contact me

Yours faithfully



Barry David Lewis FCA FABRP

Licensed as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

Liquidator

Ocean Air Distribution Limited
(In Liquidation)
Liquidator's Abstract of Receipts & Payments
To 14/02/2012

S of A £		£	£
	ASSET REALISATIONS		
200,000 00	Freehold Land & Property	NIL	
400 00	Furniture & Equipment	NIL	
2,000 00	Plant & Machinery	NIL	
16,000 00	Motor Vehicles	26,050 00	
1,000 00	Stock/WIP	NIL	
79,604 86	Book Debts	60,905 00	
NIL	BEKC Limited - in liquidation	NIL	
9,975 27	VAT Refund	NIL	
10,852 95	Insurance claim	11,716 50	
171,279 80	Cash at Bank	206,149 07	
NIL	Goodwill & IPR	8,000 00	
	Sundry Refunds - Pitney Bowes	500 00	
			313,320 57
	COST OF REALISATIONS		
	DTI Cheque/BACS Fees	105 00	
	Specific Bond	400 00	
	Preparation of S of A	10,000 00	
	Liquidators Fees	106,000 00	
	Liquidators Expenses	120 00	
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	Agents/Valuers Fees	8,160 00	
	Agents Disbursements	897 50	
	Debt Collection Costs	5,967 50	
	Delivery charges	260 00	
	Statutory Advertising	314 31	
	Insurance of Assets	3,299 78	
			(139,129 09)
	PREFERENTIAL CREDITORS		
	HM Revenue and Customs - TAX & NI	1,508 95	
	Redundancy Payments Office	5,982 30	
Uncertain	Employees Claims	4,294 80	
			(11,786 05)
	UNSECURED CREDITORS		
(978,793 88)	Trade & Expense Creditors	NIL	
Uncertain	Employees	NIL	
(32,504 32)	HM Revenue and Customs - PAYE &	NIL	
(45,468 32)	HP Unsecured Claims	NIL	
(39,322 62)	Warranty Provisions	NIL	
			NIL
	DISTRIBUTIONS		
(100,000 00)	100,000 £1 ordinary shares	NIL	
			NIL
(704,976.26)			162,405 43

Ocean Air Distribution Limited
(In Liquidation)
Liquidator's Abstract of Receipts & Payments
To 14/02/2012

S of A £	£	£
REPRESENTED BY		
VAT Receivable		3,400 00
Brown Shipley - Floating Account		156,992 75
Vat Control Account		2,012 68
		<u>162,405.43</u>

APPENDIX I

TIME CHARGE OUT SUMMARY FOR THE PERIOD ENDED 14 02.2012

HOURS

Classification of work function	HOURS					£	
	Partner	Senior Manager	Manager	Senior	Semi-Senior	Junior	Support

Admin and Planning
Investigations
Realisation of Assets
Creditors
Support

6 70
4 80
30 70
2 00
0 00

9 20
0 00
0 00
0 00
0 00

0 00
2 30
0 00
0 00
0 00

110 60
47 50
232 80
27 50
0 00

1 60
0 00
0 00
0 00
48 40

71 55
0 00
1 30
10 85
0 00

0 00
0 00
37 25

44 20
20,493 00

645 05

83 70
6,878 00

50 00
5,524 50

37 25
1,862 50

108,603 40

0 00

0 00

CHARGE OUT RATE OF INSOLVENCY TEAM MEMBERS 2011

£

Partner	265-480
Senior Manager	255
Manager	210
Senior	160
Semi-Senior	105
Junior	80
Support Staff	50-100

CURRENT CHARGE OUT RATE OF INSOLVENCY TEAM MEMBERS

£

Partner	315-495
Senior Manager	295
Manager	250
Senior	200
Semi-Senior	150
Junior	100
Support Staff	50-100

Note 1 There may have been a number of promotions through the various grades during the period of the administration

Note 2 It is the policy of this firm to account for secretarial staff as an overhead cost Overhead costs are reflected in the charge out rates detailed

Note 3 The charge-out rate of the Insolvency Practitioner for this assignment is currently £495 per hour, and the administrator is £200 per hour

Note 4 Time is recorded in minimum units of 6 minutes

APPENDIX 2

DISBURSEMENTS RECOVERY POLICY

Category 1 Disbursements

Specific expenditure relating to the administration of the insolvent estate and payable to an independent third party are recoverable without creditor approval. Such expenditure is made if funds are available from the insolvent estate. If funds are not available then payment is made from this firm's office account and reimbursed from the estate should funds become available.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Typical items include statutory advertising, insurance of assets, search fees, specific penalty bonding, telephone calls, postage, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case.

All such disbursements such as, insurance of assets, search fees and specific penalty bonding will be paid initially by Harris Lipman LLP and will be recharged through the estate as and when funds are available.

All such disbursements that have been paid from the estate are shown on the enclosed summary of my receipts and payments.

Category 2 Disbursements

Expenditure incidental to the administration of the insolvent estate, which by its nature includes an element of shared or allocated cost is recoverable with creditor approval.

Payments in respect of the above are defined as 'Category 2 Disbursements'. They are as follows:

Storage at £40 per box per annum or part thereof plus VAT

Destruction at £3.50 per box plus VAT,

being the current rates applicable.

Professional advisors have been selected on the basis that they have the appropriate experience and qualifications to effectively deal with the issues arising in a case of this nature. Solicitors have been instructed on a time costs basis, and the agents have been instructed on the basis that they receive a percentage of realisations plus disbursements.

All disbursements are shown as net of VAT. As the company was registered for VAT purposes VAT can be recovered for the benefit of the insolvent estate.