

LIQ03

Notice of progress report in voluntary winding up



Companies House

WEDNESDAY



A12 *A8ACON02* 24/07/2019 #403
COMPANIES HOUSE

1 Company details

Company number 0 5 7 1 4 7 8 9
Company name in full Adding Value Communications Ltd

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Victor Henry
Surname Ellaby

3 Liquidator's address

Building name/number Staverton Court
Street Staverton
Post town Cheltenham
County/Region
Postcode G L 5 1 O U X
Country

4 Liquidator's name ①

Full forename(s) Peter Richard James
Surname Frost

① Other liquidator
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number Staverton Court
Street Staverton
Post town
County/Region Cheltenham
Postcode G L 5 1 O U X
Country

② Other liquidator
Use this section to tell us about
another liquidator.

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6 Period of progress report

From date	^d 1	^d 0	^m 0	^m 5	^y 2	^y 0	^y 1	^y 8
To date	^d 0	^d 9	^m 0	^m 5	^y 2	^y 0	^y 1	^y 9

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d 0	^d 9	^m 0	^m 7	^y 2	^y 0	^y 1	^y 9
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BUSINESS RECOVERY & INSOLVENCY

ADDING VALUE COMMUNICATIONS LIMITED- IN LIQUIDATION

ANNUAL PROGRESS REPORT

Registered in England & Wales: 05714789

Registered office: Staverton Court
Staverton
Cheltenham
GL51 OUX

Trading address: The Power House
1 Linkfield Road
Isleworth
Middlesex
TW7 6QG

Date of winding up: 10 May 2017

Joint Liquidators names: Victor Henry Ellaby
(Licensed to act as an Insolvency Practitioner in the UK
by the Institute of Chartered Accountants in England & Wales
No. 8020)

Peter Richard James Frost
(Licensed to act as an Insolvency Practitioner in the UK by the
Insolvency Practitioners Association No. 8935)

Liquidator's addresses: Staverton Court
Staverton
Cheltenham
GL51 OUX

Period of report: 10 May 2018 to 9 May 2019

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- C. Hazlewoods LLP present hourly rates and disbursements policy

1. Introduction

We present this our second annual progress report, following the second anniversary of the liquidation. This report should be read in conjunction with previous years report.

Actions taken during the year are mainly detailed below in the asset, creditors and in investigations section.

There is certain work that we are required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since our appointment as Joint Liquidators is contained in Appendix B.

2. Liquidators' receipts and payments

I append at A, a summary of our receipts and payments for the year ending 9 May 2019. The funds are held in an interest bearing account in the Company's name.

3. Assets

We covered at length in our previous report the realisation of the Company's assets. Realisation of assets in this reporting period are discussed below.

Book Debts

As previously advised all known debtors were written to twice by the Joint Liquidators. The majority of debtors either had set-off positions against deposits paid or had already settled their debt. However, a further £20,400 was realised from Jet2Com Limited in the period. No further realisations are anticipated.

Bank interest

A further £101.48 interest has been received, gross of tax.

4. Investigations

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, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.

After carrying out my initial review, I then focused on the four largest creditors that were customers of the company and had paid considerable payments in advance, running into six figures for services that were not delivered.

I have corresponded with these creditors and taken initial advice on industry standards. I have now taken legal advice on the basis on which the Company procured deposits from these customers in the final months of trading prior to liquidation. Following that advice, I shall be writing to the four creditors/customers again to ascertain more detailed information regarding their trading relationship with the Company in relation to these deposits and the events booking connected with them.

Following further legal advice, I am now focussing on payments made by the Company in the period prior to liquidation. I am unable at this stage to comment further on the investigation as the outcome is uncertain as regards any resulting action.

In addition to the above, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make him unfit to be concerned with the management of the company. I would confirm that my report has been submitted.

5. Costs of realisation

Pre-appointment remuneration

The directors authorised the payment of a fee of £5,000 plus VAT for Hazlewoods LLP's assistance with preparing the statement of affairs and convening and holding the meeting of members and the decision process on 10 May 2018. This was paid by the Company prior to liquidation.

Liquidator's remuneration

In June 2017 I sent out a report and requested fee approval. Our remuneration was approved on a fixed fee of £9,000 in respect of administrative matters, realising assets and dealing with creditor matters. Creditors also approved the Joint Liquidators drawing category 2 disbursements.

A fee of £9,000 was drawn in the first year of the liquidation.

In the 2018 progress report, I requested that creditors approve the drawing of an additional fixed fee of £7,500 in relation to work I have undertaken and intend to undertake surrounding the investigation of the Company's affairs that was not envisaged when I fixed the basis of my remuneration.

Creditors duly approved the further fixed fee requested and this has been drawn during the course of this year as disclosed by the receipts and payments summary attached as appendix A.

My duties and functions as Liquidator are the realisation of the Company's assets, the agreement of the claims of creditors, investigation of the directors' conduct and the company's affairs generally, and the eventual distribution of the Liquidation funds between the creditors in accordance with their legal entitlements.

Liquidator's disbursements

The Joint Liquidators have not drawn any disbursements in the reporting period. The only disbursement incurred in the reporting period was £16 in respect of the Specific Bond transfer.

Further Information

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8

weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professional (R3) at www.creditorinsolvencyguide.co.uk.

To comply with the Provision of Services Regulations, some general information about Hazlewoods LLP can be found at www.hazlewoods.co.uk under the Technical Guides section on the Business Recovery page under Services.

Professional advisors

The following agents or professional advisors have been utilised in this matter, in this reporting period:

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Fee Arrangement</u>	<u>Costs (£)</u>	<u>Fee (£)</u>
Keystone Law	Legal advice	Time costs	3,780	0
Insol Employee Solutions limited	Employees' claims advisors	Fixed fee	N/A	250

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.

Professional Advisors

Insol Employee Solutions Ltd have calculated the employees' entitlements and progressed the employees claims and submission of the appropriate forms to the Redundancy Payments Service. They have also communicated with RPS in preparation of the payment of a dividend to preferential creditors. Although this work is the duty of the liquidators I considered that there could be a cost saving to the estate of out-sourcing these tasks.

Keystone Law have been instructed to advise on the validity of the Bank's debenture, the director's subrogated claim and ongoing investigation issues.

6. Outcome to creditors

Secured Liabilities

HSBC Bank Plc ("the Bank") was granted a debenture containing fixed and floating charges over the Company's assets on 17 May 2016. The Bank debt was estimated at £118,250 in the directors' statement of affairs. The actual debt was £135,476 and this was settled by one of the directors under the terms of a personal guarantee. The Bank has supplied copies of the debenture and legal advice has been sought on the validity of the Bank's security and whether the director that has repaid the Bank's debt now has a subrogated claim and whether that claim is secured.

There are provisions of the insolvency legislation that require a Liquidator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property" ("prescribed part"). A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. Any costs of the liquidation that are payable before the Liquidator has reached a position to make a distribution to the floating charge holder have to be deducted from floating charge realisations before arriving at an amount for the "net property" of the Company. As a result, the costs associated with realising floating charge assets, paying preferential claims in full, the general costs of winding up and the costs of

confirming the validity of the floating charge will have to be deducted before the "net property" is calculated. The "prescribed part" that the Liquidator then has to set aside for unsecured creditors is:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property up to a maximum of £600,000.

The prescribed part was estimated at £5,962 in the director's statement of affairs, before costs and expenses of the liquidation.

Preferential Creditors - Employees

The Company had employed 11 staff including the Directors and claims have been received from them in respect of outstanding holiday pay and wages. The outstanding holiday pay and wages of employees are, subject to statutory limits, preferential claims in the Liquidation. The statement of affairs estimated preferential claims of £29,970, including pension scheme arrears of £1,487.

The actual claims received are £29,591, in respect of holiday pay and arrears of wages and £3,814 in respect of pension scheme contribution arrears. Total preferential claims are £33,406.

Based on current known information about assets and liabilities, I think it is likely that preferential creditors will receive a dividend in payment in full on their claims. This will be paid as soon as Redundancy Payments Service confirm their preferential claim.


Unsecured creditors

The statement of affairs indicates non-preferential unsecured creditors have an estimated total liability of £884,887. I have received claims from 23 creditors totalling of £512,628.13. The statement of affairs indicates that there are outstanding claims of £429,963.

7. Summary

The liquidation will remain open to pay the preferential creditors dividend and conclude the investigation.

Any creditors wishing to discuss the content of this report should email me at vic.ellaby@hazlewoods.co.uk or telephone 01242 68000.


VH Ellaby
Joint Liquidator

9 July 2019

**Adding Value Communications Ltd
(In Liquidation)**

**Joint Liquidators' Summary of Receipts and Payments
From 10 May 2018 to 9 May 2019**

RECEIPTS	Statement of Affairs	From 10 May 2018 To 9 May 2019	From 10 May 2017 To 9 May 2019
Intangible assets - Computer software	NIL	-	0.00
Investments	NIL	-	0.00
Tangible assets - L/H imps, P & M, F&F	4,000.00	-	7,380.00
Book Debts	32,767.00	20,400.00	45,911.58
Amounts owed by group undertakings	NIL	-	0.00
Cash at Bank	8,016.00	-	25,007.00
Sundry refunds		-	780.57
Bank interest gross		101.48	130.74
		<u>20,501.48</u>	<u>79,209.89</u>
PAYMENTS			
Specific bond		-	112.8
Liquidators' fees		7500.00	16,500.00
Mileage		-	87.46
Agents/Valuers Fees (1)		-	3,362.58
Legal fees		-	1,000.00
Employee services		250.00	650.00
Accountancy fees		-	217.25
Collection and storage of records		156.24	1,422.96
Corporation tax		5.51	5.51
Re-Direction of Mail		-	185.00
Statutory Advertising		-	328.00
		<u>7,911.75</u>	<u>23,871.56</u>
Net Receipts/(Payments)		<u>12,589.73</u>	<u>55,338.33</u>

Appendix B

Schedule of routine work carried out

Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment.
- Statutory notifications and advertising.
- Statutory reporting to creditors, members and Registrar of Companies
- Preparing documentation required.
- Dealing with all routine correspondence.
- Maintaining physical case files and electronic case details on IPS.
- Review and storage.
- Case bordereau.
- Case planning and administration.
- Preparing reports to members and creditors.
- Convening and holding meetings of members and creditors.
- Maintaining and managing the Liquidator's cashbook and bank account.
- Ensuring statutory lodgements and tax lodgement obligations are met.

Creditors

- Dealing with creditor correspondence and telephone conversations.
- Preparing reports to creditors.
- Maintaining creditor information on IPS.
- Reviewing and adjudicating on proofs of debt received from creditors.

Investigations

- *Review and storage of books and records.*
- Preparing a return pursuant to the Company Directors Disqualification Act.
- Conducting investigations into suspicious transactions.
- Review books and records to identify any transactions or actions a Liquidator may take against a third party in order to recover funds for the benefit of creditors.

Realisation of Assets

- Corresponding with debtors and attempting to collect outstanding book debts.
- Liaising with the Company's bank regarding the closure of the account.
- Sale of company's chattels.
- Disclaiming company's leasehold property.

HAZLEWOODS LLP

FEES AND DISBURSEMENTS POLICY STATEMENT

Fees and Charging Policy

- Grades of staff are charged at an hourly rate that is subject to periodic review. Below are the present hourly rates.
- Work undertaken by cashiers and support staff relating to specific tasks is charged. Support staff time is charged to the case and the rates are within the Administrator grade banding.
- Time spent by partners and all staff in relation to the insolvency estate are charged to the estate.
- Time is recorded in 6 minute units.
- Time billed is subject to Value Added Tax (VAT) at the applicable rate.

Time properly incurred in connection with the case is charged at the following hourly rates.

Grade	1 May 2019 £	1 November 2018 £
Partner	285	285
Appointment Taker	190-285	190-285
Associate Partner	212	210
Manager	128-172	127-168
Associates	100-130	98-130
Administrator	46-88	44-87

Hourly rates are reviewed on 1 May and 1 November each year.

Expenses

Where expenses are incurred in respect of the insolvent estate, they will be recharged and comprise two categories.

Category 1 (Approval not required)

These are where Hazlewoods LLP has met a specific cost to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs, bonding etc. In each case, the charge will be reimbursement of a specific expense incurred.

Category 2 (Approval required)

These are not capable of precise identification and allocation, eg: expenses that include an element of shared or allocated costs. This type of expense requires the approval of Creditors/Members prior to being drawn from the estate.

This includes the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. A charge is made at HM Revenue & Customs approved rate, presently 45p per mile.

Summarised below are the categories of expenses, which may be incurred in connection with the administration of this case.

Expense	Charge policy	Category of disbursement
Business mileage	HM Revenue & Customs approved rate (currently 45p per mile)	2
Postage	At cost	1
Storage	Offsite storage at cost	1
Company searches	At cost	1
Individual/Directors searches	At cost	1
Other third party expenses incurred directly in connection with the case	At cost	1

Where applicable, disbursements will be subject to VAT at the prevailing rate

Adding Value Communications Ltd
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £		From 10/05/2018 To 09/05/2019 £	From 10/05/2017 To 09/05/2019 £
	SECURED ASSETS		
NIL	Intangible assets - Computer software	NIL	NIL
NIL	Investments	NIL	NIL
		NIL	NIL
	SECURED CREDITORS		
(118,250.00)	HSBC Bank Plc	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
NIL	Amounts owed by group undertakings	NIL	NIL
	Bank Interest Gross	101.48	130.74
32,767.00	Book Debts	20,400.00	45,911.58
8,016.00	Cash at Bank	NIL	25,007.00
	Sundry Refunds	NIL	780.57
4,000.00	Tangible assets - L/H imps, P & M, F&	NIL	7,380.00
		20,501.48	79,209.89
	COST OF REALISATIONS		
	Accountancy Fee	NIL	217.25
	Agents/Valuers Fees (1)	NIL	3,362.58
	Corporation Tax	5.51	5.51
	Employee Services	250.00	650.00
	Legal fees	NIL	1,000.00
	Mileage	NIL	87.46
	Office Holders Fees	7,500.00	16,500.00
	Re-Direction of Mail	NIL	185.00
	Specific Bond	NIL	112.80
	Statutory Advertising	NIL	328.00
	Storage Costs	156.24	1,422.96
		(7,911.75)	(23,871.56)
	PREFERENTIAL CREDITORS		
(28,484.15)	Employee Arrears/Hol Pay	NIL	NIL
(1,486.60)	Pension Schemes	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(459,190.92)	Customer creditors and accruals	NIL	NIL
(90,000.00)	Directors' loans	NIL	NIL
(103,434.84)	Employees wages, redundancy and PI	NIL	NIL
(4,540.00)	HMRC - VAT	NIL	NIL
(85,431.00)	Inland Revenue PAYE/NIC	NIL	NIL
(142,290.72)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(910.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(989,235.23)		12,589.73	55,338.33
	REPRESENTED BY		
	Bank Current		53,807.08
	Vat Receivable		1,531.25
			55,338.33

LIQ03

Notice of progress report in voluntary winding up



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name **Hazlewoods LLP**

Address
Staverton Court
Staverton

Post town

County/Region **Cheltenham**

Postcode **G L 5 1 0 U X**

Country

DX

Telephone
01242 680000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse