

WU07

Notice of progress report in a winding-up by the court



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 7 2 5 3 9 1 9

Company name in full AFM (1932) Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Ninos

Surname Koumettou

3 Liquidator's address

Building name/number 1 Kings Avenue

Street Winchmore Hill

Post town London N21 3NA

County/Region

Postcode

Country

4 Liquidator's name ①

Full forename(s) Yiannis

Surname Koumettou

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number 1 Kings Avenue

Street Winchmore Hill

Post town London N21 3NA

County/Region

Postcode

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 0	^d 3	^m 1	^m 0	^y 2	^y 0	^y 1	^y 8	
To date	^d 0	^d 2	^m 1	^m 0	^y 2	^y 0	^y 1	^y 9	

7 Progress report

<input checked="" type="checkbox"/> The progress report is attached	
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8 Sign and date

Liquidator's signature	Signature X  X								
Signature date	^d 1	^d 3	^m 0	^m 1	^y 2	^y 0	^y 2	^y 1	

**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 **Samantha George**

Company name **Begbies Traynor (Central) LLP**

Address **1 Kings Avenue**

Post town **London**

County/Region

Postcode **N 2 1 3 N A**

Country

DX **DX 36953 Winchmore Hill**

Telephone **020 8370 7250**

**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

AFM (1932) Limited – In Compulsory Liquidation

LIQUIDATORS' PROGRESS REPORT TO CREDITORS AND MEMBERS For the year ended 2 October 2019

STATUTORY INFORMATION

Company name:	AFM (1932) Limited
Company number:	07253919
Trading address:	7 Boleness Road, Wisbech, Peterborough, Cambridgeshire, PE13 2RB
Registered office:	1 King's Avenue, Winchmore Hill, London, N21 3NA
Former registered office:	7 Boleness Road, Wisbech, Peterborough, Cambridgeshire, PE13 2RB
Principal trading activity:	Contractors
Liquidators' names:	Ninos Koumettou and Yiannis Koumettou
Liquidators' address	1 Kings Avenue, Winchmore Hill, London, N21 3NA
Date of appointment	3 October, 2014
Court name and reference	High Court of Justice No 4288 of 2014
Actions of Joint Liquidators'	Any act required or authorised under any enactment to be done by a Liquidator may be done by either or both of the Liquidators acting jointly or alone.

LIQUIDATORS' ACTIONS SINCE LAST REPORT

Creditors are advised that this report should be read in conjunction with previous progress reports issued by the Joint Liquidators during the period of the Liquidation.

I can confirm that the Joint Liquidators' investigations are continuing and our solicitors have continued to assist in relation to all matters pertaining to these investigations.

As previously reported, various claims were issued against various parties by the Joint Liquidators and an update on the claims which remained ongoing during the period covered by this report is set out further below.

During the current reporting period, the Joint Administrators have secured a settlement, which was agreed at £190,000 from the Company's former solicitors, Friday Legal by way of a professional indemnity claim, as set out further below.

The Joint Liquidators also instructed forensic accountants to undertake a full review of the Company's electronic and physical records with a view to forming a basis for further potential claims which, it is believed, can be brought against various other parties. The contents of this report is now being scrutinised by the Joint Liquidators, together with their solicitors, and it is anticipated that further claims will soon be issued in this respect.

In addition to our ongoing investigations, the Joint Liquidators have carried out all necessary verification and correspondence relating to creditors' claims as reported below. A description of all routine work carried out is shown in detail in the Remuneration section.

RECEIPTS AND PAYMENTS

The Joint Liquidators Receipts & Payments Account for the period from 3 October 2018 to 2 October 2019 is attached.

The balance of funds are held in an interest bearing account at the Insolvency Services Account.

ASSETS

Director's Loan Account / Proceedings against Mr & Mrs Allen

As previously reported, the Joint Liquidators were successful in their claim against Mrs Allen with regards the Company's interest in the matrimonial home and the sum of £650,000 has been received by way of a settlement in this respect.

A claim in the sum of £898,562.78 was also previously submitted by the Joint Liquidators in the bankruptcy of Mr Allen in respect of his overdrawn director's account plus substantial other contingent liabilities.

We continue to await confirmation from the Trustee of Mr Allen as to whether there will be any dividend from his Bankruptcy.

Friday Legal Settlement

The Joint Liquidators have been successful in reaching a settlement with the Company's former solicitors, Friday Legal, in the sum of £190,000.

This claim related to monies that were paid to Friday Legal by Alyssia Care Ltd. These monies should have been paid to the Company but instead they were paid to Mr Allen personally without proper checks being made to ensure that all directors / shareholders of the Company were aware and in agreement to this transaction.

As can be seen in the attached Receipts and Payments Account, these monies have been received in full.

Aspen Property Services Ltd – Amount Withheld

Aspen Property Services Ltd ("Aspen") is a company whose director, Kent Phippen, was also one of the Company's own directors and, as such, is an associated company.

During the course of the Joint Liquidators' investigations, it was identified that loans amounting the £477,500 were made by Aspen of which the sum of £300,000 was subsequently repaid between June and October 2013. In accordance with S239 of the Insolvency Act 1986, any payments made to a connected party within a period of two years from the onset of insolvency, i.e. from the presentation of the Winding Up Petition, constitute preference and such monies should be repayable to the Company.

Various discussions and meetings were held with Mr Phippen regarding the repayment of these monies, following which, it was agreed that the Joint Administrators would admit the claim from Aspen in its entirety at £477,500 but that any dividend payable on this claim would, in the first instance, be retained and offset against the preference claim of £300,000 which was, in turn, due to be repaid by Aspen to the Company.

As can be seen in the attached Receipts and Payments Account, the sum of £52,525.03 has, to date, been retained in this respect.

LIABILITIES

Secured Creditors

An examination of the company's mortgage register held by the Registrar of Companies, showed that there were no charges registered over the Company at the time it entered Liquidation.

Prescribed Part

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. In this case no floating charges were created and, as such, the prescribed part provisions do not apply.

Preferential Creditors

The Company has no known Preferential Creditors.

Crown Creditors

At the time of the Company's Liquidation, it was initially estimated that the sum of £2,900.00 was owed to HMRC in relation to VAT & that a further sum of £64,000 was owed in relation to Corporation Tax. A claim has been received from HMRC in the sum of £171,266.83 of which £6,045.57 relates to VAT and £165,221.26 relates to PAYE/NIC, CIS & Corporation Tax.

Non-preferential Unsecured Creditors

At the time of the Company's Liquidation, it was also estimated that there were non-preferential unsecured creditor liabilities amounting to £4,293,269.70, including those liabilities due to HMRC as referred to above. I can confirm that formal claims which have now been formally agreed for dividend purposes amount to £3,417,720.50.

DIVIDEND PROSPECTS

Non-preferential Unsecured Creditors

Creditors are advised that dividends amounting to 11p in the pound have, to date, been issued to the Company's creditors. The first dividend, in the sum of 5p in the pound, was issued in December 2018 and the second dividend, in the sum of 6p in the pound was issued in August 2019.

It is anticipated that further dividends will become payable to the Company's unsecured creditors in due course, although the timing and quantum of such dividends is not yet known and are dependent on further realisations.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

The Joint Liquidators' investigations into the Company's affairs remain ongoing. However, given the nature of these investigations, we do not consider it appropriate to provide full details to creditors at this stage as it may prejudice possible claims that could be brought. Once proceedings are issued against any particular party then creditors will be advised accordingly.

As set out previously within this report, a claim against Friday Legal, the legal firm who acted for Mr & Mrs Allen in the purchase of their property was settled with Friday Legal's Professional Indemnity Insurance at £190,000.

JOINT LIQUIDATORS' REMUNERATION

Creditors are aware that, in accordance with the resolution passed by the members of the Liquidation Committee at its first formal meeting on Tuesday 14 October 2014, the Joint Liquidators were authorised to draw remuneration on a time cost basis.

I would summarise our time costs as follows:

Period	Dates covered	Time Cost	Hours	Average charge out rate	Joint Liquidator's remuneration drawn in the period
1	3 October 2014 to 2 October 2015	£89,774.75	435.55	£206.12	£0.00
2	3 October 2015 to 2 October 2016	£53,553.00	206.00	£259.97	£0.00
3	3 October 2016 to 2 October 2017	£23,945.50	83.80	£285.75	£20,000.00
4	3 October 2017 to 2 October 2018	£14,983.00	52.10	£287.58	£150,000.00
5	3 October 2018 to 2 October 2019	£35,880.50	121.70	£294.83	£30,000.00
	Total	£218,136.75	899.15	£242.60	£200,000.00

Time is charged in 6 minute units.

A schedule of our time costs incurred for the period since our appointment is attached.

A description of the routine work undertaken in the Liquidation during the period covered by this report is as follows:

Administration - This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Dealing with all routine correspondence and emails relating to the case.
- Maintaining physical case files and electronic case details on IPS.
- Maintaining and managing the office holder's estate bank account.
- Maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing annual progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

Dividends - the office holder has to undertake certain statutory formalities in order to enable him to pay a dividend to creditors. This include writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.)

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Issuing a notice of intended dividend and placing an appropriate gazette notice.
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.
- Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.

Investigations

- Liaising with Howes Percival Solicitors in relation to various matters pertaining to the investigations and potential claims to be brought against various parties / dealing with various legal documentation & Witness Statements pertaining to such matters.
- Concluding settlement with Friday Legal in relation to the professional indemnity claim.
- Meetings and discussions with Kent Phippen regarding the preference claim against Aspen & agreeing settlement terms in this respect
- Liaising with forensic accountants in relation to the Company's books & records & potential claims which are to be considered against various parties.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3, together with an explanatory note which shows Begbies Traynor (Central) LLP's fee policy are available at the link <https://www.begbies-traynorgroup.com/services-to/creditors/creditors-guides>.

As with all professional firms, charge out rates increase from time to time over the period of the liquidation. As a consequence, there have been minor changes in the rates charged since appointment. The following table shows the rates used since the date of liquidation.

The charge out rates of this firm's staff grades, exclusive of VAT are as follows:-

Staff Grade	Hourly rates 2014	Hourly rates 2015 & 2016	Hourly rates from 1 June 2017
Partner	£350	£350 - £400	£385 - 440
Manager	£250	£250 - £300	£275- 330
Senior Case Administrator	£200 – 225	£190 - £250	210 – 275
Administrator		£100 - £175	110 – 190
Support staff	£50-125	£75 - £125	80 - 130

These rates are reviewed annually and are adjusted to take into account inflation and the firm's overheads.

JOINT LIQUIDATORS' EXPENSES

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2. These were detailed in the Liquidator's guide to fees. However, I would summarise these as follows:-

Category 1 expenses are attributed to the estate and are recoverable in full from the estate without the prior approval of creditors. This will include the cost of statutory advertising, external meeting room hire, external storage, specific bond insurance, company search fees and postage.

Category 2 expenses are incurred by the firm and recharged to the estate. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

Our expenses to date amount to £1,464.23, of which £158.36 was incurred during the period covered by this report. These expenses have not yet been drawn from the funds held in the estate.

The following expenses were incurred:-

Type of category 1 disbursement	Amount incurred in reporting period but not paid £	
	3 October 2014 – 2 October 2019	3 October 2018 – 2 October 2019
Indemnity Bond	816.00	-
Company Search	7.00	-
Statutory Advertising	232.50	79.00
Postage	300.09	69.76
Room Hire (external)	0.00	-
Type of category 2 disbursement	Amount incurred but not paid £	
Photocopying	108.64	9.60
Storage of Books and Records	0.00	-
Other	0.00	-
Total	£1,464.23	£158.36

We have used the following agents or professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Howes Percival	Solicitors: Dealing with matters pertaining to the claims / potential claims which are being considered and issued on behalf of the Joint Liquidators.	Conditional Fee Agreement with 40% uplift in the event of any recoveries
Mazars LLP	Forensic Accountants: Undertaking an initial review of the Company's records & compiling schedules regarding payments made by the Company.	Time Costs capped to £7,200 plus VAT
Core Resolutions LLP	Forensic Accountants: Undertaking a full review of the schedules and preparation of a report on their findings from a full examination of the Company's books and records.	Fixed Fee plus VAT

I can confirm that the Joint Liquidators' solicitors have been paid the sum of £196,364.60 plus VAT, of which the sum of £17,004 plus VAT has been paid during the current reporting period, against the fees which have been incurred in dealing with the various investigative matters to date.

The Forensic Accountants which were instructed to undertake work by the Joint Liquidators have now undertaken a full review of the Company's Books and Records and have prepared a formal report on their findings to the Joint Liquidators. It may be that further work will need to be undertaken, in this respect, in due course, but will be dependent on whether our solicitor is of the opinion that claims can now be issued or whether further investigative work is still required in the first instance.

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. We also considered that the basis on which they will charge their fees represented value for money. We have reviewed the charges they have made and are satisfied that they are reasonable in the circumstances of this case.

CREDITORS COMMITTEE

A creditors' committee, comprising three members, was established at the meeting of creditors which was convened by The Official Receiver on 26 September 2014. The committee was responsible for fixing the Joint Liquidators' Remuneration, overseeing their conduct of the investigations as well as the general progress of the Liquidation. The Committee would also be responsible to provide sanction for the Joint Liquidators to commence legal proceedings where it is deemed necessary. In the event that sanction is required, the Joint Liquidators would issue a separate report to the Committee dealing with the relevant investigation matters in more depth, so as to allow the Committee members to consider whether to provide that sanction. This report would also set out the potential value of each claim and the likely costs that would be incurred in pursuit of each claim.

However, Paul Harding, the Trustee of Mr Allen, previously resigned from being the representative of Ceiling 2 Ltd on the Committee, due to conflict issues, and it is not possible for Ceiling 2 Ltd to replace their representative on the Committee due to their involvement with action against Mr Allen personally which also results in them being conflicted. In addition, in view of the ongoing settlement of the preference claim with Aspen, its director, Kent Phippen, is also now conflicted in being a Committee member. As such, the Joint Liquidators have taken advice on the position and received confirmation that, in the circumstances, there is no alternative but to render the Committee disbanded.

FURTHER INFORMATION

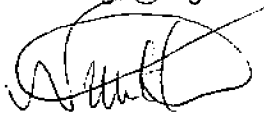
An unsecured creditor may, with the permission of the Court, or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Joint Liquidators' remuneration and expenses within 21 days of their receipt of this report. Any secured 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 unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Liquidators as being excessive, and/or the basis of the Liquidators' remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

SUMMARY

The Liquidation will remain open to enable the Joint Liquidators to continue with their extensive investigations. It is estimated that this will take at least a further 12 months and once all matters have either been resolved or exhausted, the Liquidation will be finalised and our files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Samantha George by email at Samantha.George@begbies-traynor.com.

A handwritten signature in black ink, appearing to read 'Ninos Koumettou', written over a horizontal line.

Ninos Koumettou FCA, FCCA, FABRP
JOINT LIQUIDATOR

(Licensed to act as an Insolvency Practitioner in the UK by
The Institute of Chartered Accountants in England and Wales)

AFM (1932) Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts and Payments

RECEIPTS	Statement of Affairs (£)	From 03/10/2014 To 02/10/2018 (£)	From 03/10/2018 To 02/10/2019 (£)	Total (£)
Motor Vehicles		2,900.00	0.00	2,900.00
Book Debts	109,291.80	0.00	0.00	0.00
Mr Martin Williams - settlement		5,000.00	0.00	5,000.00
Watergates Construction Ltd - Settlement		85,000.00	0.00	85,000.00
Mrs Allen - Settlement		650,000.00	0.00	650,000.00
Friday Legal - Settlement		0.00	190,000.00	190,000.00
Aspen Property Services - Amount Withheld		0.00	52,525.03	52,525.03
Bank Interest Gross		79.33	1,619.92	1,699.25
Petitioner's Deposit		1,250.00	0.00	1,250.00
Vat Control Account		73,650.76	11,603.84	85,254.60
		817,880.09	255,748.79	1,073,628.88

PAYMENTS

O.R. Remuneration		2,400.00	0.00	2,400.00
DTI Cheque Fees		16.50	111.70	128.20
Sec of State Fees		64,091.31	1,724.43	65,815.74
Valuation Fees		1,350.00	0.00	1,350.00
DTI Quarterly Fees		352.00	66.00	418.00
Office Holder's Remuneration		170,000.00	30,000.00	200,000.00
Professional Assistance		0.00	10,200.00	10,200.00
Petitioning Creditor's Costs		10,000.00	0.00	10,000.00
Agents/Valuers Fees		560.00	0.00	560.00
Courier Charges		0.00	309.10	309.10
Legal Disbursements		20,918.89	251.70	21,170.59
Legal fees		179,360.60	17,004.00	196,364.60
Corporation Tax		15.87	323.98	339.85
Storage Costs		36.00	36.00	72.00
Trade & Expense Creditors	(1,775,669.19)	0.00	69,215.93	69,215.93
P Blackmore - Loan	(87,871.39)	0.00	0.00	0.00
Woodbridge Ltd - Loan	(43,200.00)	0.00	0.00	0.00
Aspen Property Services - Loan	(340,000.00)	0.00	52,525.03	52,525.03
K W Phippen - Loan	(200,000.00)	0.00	0.00	0.00
HMRC- PAYE/NIC/VAT/Corp Tax	(66,900.00)	0.00	18,839.35	18,839.35
Alyssia Care Ltd	(1,762,727.00)	0.00	235,369.17	235,369.17
M Williams - Loan	(16,902.12)	0.00	0.00	0.00
Ordinary Shareholders	(180.00)	0.00	0.00	0.00
Vat Receivable		73,694.44	11,560.16	85,254.60
		522,795.61	447,536.55	970,332.16

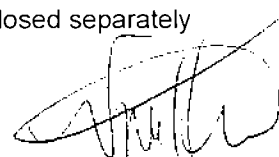
Net Receipts/(Payments)		295,084.48	(191,787.76)	103,296.72
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MADE UP AS FOLLOWS

Bank 2 Current	0.00	10,051.14	10,051.14
ISA A/C	295,084.48	(201,838.90)	93,245.58
	295,084.48	(191,787.76)	103,296.72

Note:

All sums shown are net of any VAT. Any VAT payable, recoverable or suffered is disclosed separately



SIP9 AFM (1932) Limited - Winding Up Compulsory - 21AF31423.WUC : Time Costs Analysis From 03/10/2018 To 02/10/2019

Staff Grade	Consultant/Partner	Director	Sr Mgr	Mgr	Analyst - Forensic	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average Hourly Rate £
General Case Administration and Planning												
	2.0			5.3		12.6		0.4	4.0	24.3	6,472.00	268.34
Total for General Case Administration and Planning:	2.0			5.3		12.6		0.4	4.0	24.3	6,472.00	268.34
Compliance with the Insolvency Act Rules and best practice												
												0.00
												0.00
												0.00
Total for Compliance with the Insolvency Act Rules and best practice:											11,565.50	0.00
Investigations				14.3		21.1				35.0	11,565.50	308.99
Total for Investigations:	2.6			14.3		21.1				35.0	11,565.50	308.99
Realisation of assets												
Total for Realisation of assets:												0.00
Trading												0.00
												0.00
Total for Trading:												0.00
Dealing with all creditors claims (including employees), distributions				7.6						59.4	17,743.00	298.70
												0.00
												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions:	6.0			7.6		45.8				59.4	17,743.00	298.70
Other matters which include: meeting decisions of creditors, meetings, tax, litigation, pensions and travel												0.00
												0.00
												0.00
												0.00
Legal fees												0.00
Total for Other matters:												0.00
Total hours by staff grade:	10.6			27.2		79.5		0.4	4.0	121.7		
Total time cost by staff grade:	4,664.00			8,976.00		21,862.50		58.00	320.00	35,880.50		
Average hourly rate £:	440.00	0.00	0.00	330.00	0.00	275.00	0.00	145.00	80.00		0.00	284.83
Total fees drawn to date £:												