

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

THURSDAY



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07/05/2020

#268

COMPANIES HOUSE

### 1 Company details

Company number

Company name in full

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

### 2 Liquidator's name

Full forename(s)

Surname

### 3 Liquidator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

### 4 Liquidator's name ①

Full forename(s)

Surname

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

### 5 Liquidator's address ②

Building name/number

Street

Post town

County/Region


Postcode

Country

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

LIQ03

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<b>6</b>	<b>Period of progress report</b>															
From date	d	1	d	2	m	0	m	3	y	2	y	0	y	1	y	9
To date	d	1	d	1	m	0	m	3	y	2	y	0	y	2	y	0
<b>7</b>	<b>Progress report</b>															
<input checked="" type="checkbox"/> The progress report is attached																
<b>8</b>	<b>Sign and date</b>															
Liquidator's signature	Signature X  X															
Signature date	d	06 05 2020										y				

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 **Alex J Roberts**Company name **Grant Thornton UK LLP**Address  
**4 Hardman Square**  
**Spinningfields**Post town **Manchester**

County/Region

Postcode **M 3 3 E B**

Country

DX

Telephone  
**0161 953 6900****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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**



Our ref: KJH/BLA/AJR/EZF/B30202336//7/cvl1403

To the creditors and members

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**Insolvency and asset recovery**

Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

T +44 (0)161 953 6900  
F +44 (0)161 953 6901

5 May 2020

Dear Sir / Madam

**Best Employment Services Limited - In Liquidation (the Company)**

**1 Introduction**

1.1 I was appointed Joint Liquidator of the Company along with Kevin Hellard on 12 March 2019 and in accordance with section 104A of the Insolvency Act 1986 I now report on the progress of the liquidation for the year ended 11 March 2020 and attach:

- Appendix A, an account of our receipts and payments for the year ended 11 March 2020.
- Appendix B, Statement of Insolvency Practice 9 disclosure.
- Appendix C, notice of decision by correspondence and voting form

1.2 Please note that we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners. We are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

**2 Statutory information**

2.1 The Company's registered number is 09473810.

**3 Progress report**

**Realisation of assets**

3.1 Funds of £1,800 have been realised in respect of a balance held by the Company's former auditor in its client account for the Company.

3.2 The directors' Statement of Affairs dated 12 March 2019 detailed assets in respect of loans due to the Company by its former employees with a book value of £7,095,899 however, the estimated to realise value was listed as uncertain. No realisations have been made to date in respect of these loans however, I am continuing to investigate the loan position as referred to in the Investigations section below.

**Creditors and dividend prospects**

**Secured and preferential creditors**

3.3 There are no secured or preferential creditor is this matter.

#### **Unsecured creditors**

- 3.4 The directors' Statement of Affairs dated 12 March 2019 listed unsecured creditors totalling £10,457,005.51. HMRC have submitted a claim in the liquidation and an additional claim has been received from one other party.
- 3.5 Unfortunately, there are insufficient funds available to allow a distribution to be made to creditors at this time.

#### **4 Investigations into the affairs of the Company**

- 4.1 The joint liquidators continue their investigations into the affairs of the Company, and we shall be pleased to receive from any creditor any useful information concerning the Company, its dealings or conduct which may assist us in our investigations into the Company's affairs.

#### **Background**

- 4.2 The Company was incorporated on 5 March 2015 and according to Mr Adrian Sacco, the Company's most recent director (the Director), its business was the supply of labour to various third parties via contractors that were employed by the Company.
- 4.3 The Company would typically invoice the third party, or the recruitment agency that placed the contractor, for the work completed and take an agreed percentage as its fee before remitting the balance less deductions to the respective contractor.
- 4.4 The Company was registered in England with its registered address in Cheshire however according to the director, the majority of the Company's administrative functions, including payroll, invoicing and the processing of payments, were contracted out to third party companies based in the Isle of Man and accordingly the majority of the Company's dealings and management were conducted from the Isle of Man.

#### **Books and Records and Director Correspondence**

- 4.5 Upon appointment, I entered into correspondence with the Director to obtain the books and records of the Company as well as further details surrounding the employee loans referred to in the Statement of Affairs. I requested that the Director complete a questionnaire and attend an interview at my offices in order to better understand the Company's affairs in the lead up to the liquidation.
- 4.6 The Director provided a completed questionnaire and attended an interview on 10 May 2019. Whilst this assisted my investigations, I had additional queries and a subsequent interview was arranged for 8 August 2019.
- 4.7 Following this interview, the Director provided me with copies of employment contracts for various employees as well as loan agreements however, he stated that the majority of the remaining records were held by the third parties based on the Isle of Man including the Company's accountants and companies that dealt with the Company's administrative functions. Notwithstanding the above, it is the Director's responsibility to provide me with the Company's books and records.
- 4.8 In addition to the above, the Director undertook to provide me with all email correspondence of the Company.
- 4.9 To date the Director has yet to provide me with the complete books and records of the Company however, my enquiries are ongoing. He has also failed to provide me with the Company's email correspondence.
- 4.10 On 24 September 2019, I visited the Isle of Man to further interview the Director. I also requested meetings with various third parties that appeared to be associated or involved with the Company's administrative functions including the former accountant, in order to better understand the Company's affairs and attempt to obtain further records of the Company.

- 4.11 I have recently instructed my solicitors, Gateley Legal, to apply to the Isle of Man Court for recognition of the Company's winding up which should assist with my enquiries further. This is currently ongoing.

#### **Files Requested from Professionals**

- 4.12 I have also requested the files of the Company's former accountant, auditors and solicitor. .
- 4.13 The former accountant, Invoke Accounts Limited, has provided me with various employment contracts and loan agreements however they have not yet provided me with their complete files relating to the Company. They recently provided me with a link to download their files however this was inaccessible, and the files could not be downloaded. They have recently provided me with a USB stick containing their files however I have not yet had the opportunity to review this.
- 4.14 The Company also appears to have engaged two auditors prior to liquidation, the first of which, Howard Worth Chartered Accountants, has provided me with various files relating to the Company and these have been reviewed.
- 4.15 The second auditor, Harding Lewis, requested a court order to release their files to me. As such I instructed my solicitors, Gateley Legal, to assist. A court order was recently obtained, and Harding Lewis have subsequently provided me with some of their files which are in the process of being reviewed.
- 4.16 The Company's former solicitor, Womble Bond Dickinson, provided me with their files in relation to the Company and these have also been reviewed.
- 4.17 All files and records received have been uploaded onto a specialist platform called Relativity. The platform is used to assist with reviewing and analysing documents and files and assists with the investigations into the employee loans referred to above.

#### **Employee Loans**

- 4.18 As referred to above, the Company's statement of affairs lists assets of £7,095,899 in respect of employee loans.
- 4.19 From reviewing the records in my possession and making various enquiries of the director and various associated parties, it appears that the Company paid many of its employees by way of a combination of salary and loans.
- 4.20 The salary portion of the employees' remuneration would attract PAYE and NIC deductions however the *loan portion would not*.
- 4.21 As stated above, I have been provided with a number of loan agreements between the Company and its employees which suggest that the loans are repayable to the Company after a period of 5 years. However, as I am yet to receive the complete books and records for the Company, I have been unable to clarify the exact amount of loans made, when they fall due and whether they are loans due and owing to the Company.
- 4.22 As such, I have contacted a number of former employees to seek their representations with regards to the loans and I am currently seeking advice from my solicitors, Gateley Legal, as to the Company's position in respect of these loans.
- 4.23 During the course of my investigations I became aware that the Company contracted a third-party payroll provider called Payesoft Limited (Payesoft) to conduct its payroll. I have been granted access to their payroll platform and therefore have access to some of the Company's payroll data. However, it would appear that these records are not complete.
- 4.24 In addition to this, I have obtained copies of the Company's banking records from its former bank and these have been analysed to attempt to identify payments made to its employees.
- 4.25 In order to clarify matters further, I am also reviewing the banking records against the payroll records from Payesoft in order to reconstruct the Company's loan records. This is complex and will take some time to complete.

### **Further Investigations**

- 4.26 Further to the above, I have been provided with a number of copy assignments of the Company's loan assets to a company registered in Anguilla called Retentia Services Limited (Retentia). The Director advised me that the Company intended to assign these loan assets to Retentia on an annual basis *however it is unclear if this happened in practice.*
- 4.27 According to the Director, the consideration provided by Retentia in return for this was an indemnity to the Company to cover certain potential liabilities of the Company as a result of any action or inaction of an employee that would not be covered by its insurance.
- 4.28 I have sought further information and evidence of these assignments from the Director however this has not been provided.
- 4.29 In addition, the analysis of the Company's banking records highlighted a payment of £468,326.26 to an associated company called Calligraphy Limited (Calligraphy) shortly prior to liquidation. The Director stated that these funds were forwarded to Calligraphy as he had become aware that the Company's bank account was soon to be frozen and Calligraphy used these funds to pay the Company's creditors.
- 4.30 The director stated that he would provide evidence to support this however, nothing has been provided to date and my investigations continue in this regard.

### **5 Remuneration and expenses**

- 5.1 The joint liquidators' remuneration basis has not yet been fixed and as such, we are now proposing to fix this by reference to time costs plus a percentage of realisations. This is explained further in Appendix B.
- 5.2 The joint liquidators have incurred time costs and expenses in the year amounting to £389,551 and £926 respectively, none of which have been paid to date.
- 5.3 We estimate that our time costs to deal with the remaining matters identified in the assets and investigations sections above and to close the liquidation will total £500,017 with an additional £100,000 in expenses, including legal fees. Please note that this estimate for time costs does not include any time incurred in realising any assets of the Company.
- 5.4 With regards to the joint liquidators' remuneration in respect of the realisation of any assets, we propose a resolution of 15% of any and all gross realisations.
- 5.5 A significant amount of time has been incurred in reconstructing the Company's records given that the Director has so far failed to provide these to us. This is required in order to understand the Company's dealings and transactions including the employee loans position referred to above.
- 5.6 The Company's latest auditor's report advised that the Company does not appear to have used an integrated bookkeeping system and as a result there is no easy way to review and analyse the Company's transactions. A number of reports have been provided to us however, these appear either incomplete or inaccurate as they do not include all of the Company's transactions or they include transactions that do not relate to the Company.
- 5.7 The Company's records are needed to confirm what monies are due to the Company and on what terms. They are also needed to confirm any liabilities that the Company may have to former employees and/or creditors.
- 5.8 Further details about remuneration and expenses are provided in Appendix B to this report.

### **6 Resolutions proposed**

- 6.1 I attach a notice for decisions of the creditors at Appendix C as follows:
  - 1. Whether a liquidation committee be formed.
  - 2. The basis of the joint liquidators' remuneration be fixed according to the time properly spent by the joint liquidators and their staff in dealing with the liquidation, excluding any time incurred in relation to the realisation of any assets, with a fee estimate of £500,017

3. The joint liquidators' remuneration in respect of the realisation of any assets be fixed at 15% of any and all gross realisations
4. The joint liquidators be permitted to draw mileage at 45p per mile
- 6.2 The Insolvency Rules require that wherever a decision is sought in a liquidation the creditors must be invited to decide whether a liquidation committee should be established.
- 6.3 The function of the committee is to:
  - assist the office holders in discharging the office holder functions; and
  - act in relation to the office holders' in such a manner as may from time to time to be agreed
- 6.4 Information concerning liquidation committees can be found in Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors published by the Association of Business Recovery Professionals. This can be read at or downloaded from <https://www.grantthornton.co.uk/portal>
- 6.5 A completed proof of debt form must accompany your voting form in order for your vote to count unless you have previously submitted a claim in the liquidation. A proof of debt form can be completed on the creditor portal.

## **7 Contact from third parties**

- 7.1 Please be aware fraudsters have been known to masquerade as legitimate liquidators. The fraudster will contact creditors asking for an upfront fee or tax to release an investment or pay a dividend/ to enable release of money payable to the creditor. The joint liquidators would never ask for such a payment nor instruct a third party to make such a request.

## **8 Data protection**

- 8.1 Any personal information held by the Company will continue to be processed in accordance with completing the liquidation of the Company and in accordance with meeting our requirements under applicable Data Protection Legislation/law in the United Kingdom. Our privacy notice on our website ([www.grantthornton.co.uk/en/privacy](http://www.grantthornton.co.uk/en/privacy)) contains further details as to how we may use, process and store personal data.

## **9 Covid-19**

- 9.1 This report has been produced during the Covid-19 restrictions. We have taken every reasonable step to ensure that the information is accurate, but if anything is incorrect or incomplete, we will provide an explanation and corrected information in the next progress report.

## **10 Contact**

- 10.1 Should you have queries please contact Alex J Roberts on 0161 214 6303 or using the telephone number above.

Yours faithfully

for and on behalf of Best Employment Services Limited



Ian Richardson  
Joint Liquidator

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**Best Employment Services Limited - in liquidation  
Joint Liquidators' receipts and payments account  
from 12 March 2019 to 11 March 2020**

<b>Receipts</b>	<b>Statement of Affairs (£)</b>	<b>Total (£)</b>
Balance on Client Account		1,800.00
		<hr/> 1,800.00
<b>Payments</b>		
Transcription Fees		1,058.00
Statutory Advertising		147.10
VAT on Purchases		241.02
		<hr/> 1,446.12
<b>Balance - 11 March 2020</b>		<hr/> <b>353.88</b> <hr/>
<b>Made up as follows</b>		
Floating Current Account NIB		530.40
Grant Thornton Loan Account		(176.52)
		<hr/> 353.88 <hr/>

**Note:**

Note that, as there have been insufficient realisations into the estate, Grant Thornton UK LLP has funded payment of the estate's expenses necessary to progress the case and to comply with statute. This is shown by way of a loan account in the receipts and payments account. The loan will be repayable as an expense of the liquidation in the same priority as attaches to the respective expenses comprising the loan. In the event there are insufficient realisations to repay the loan, Grant Thornton UK LLP will write-off the final balance when the liquidation is closed but reserves its right to recover such balance should circumstances subsequently permit.

## Payments, remuneration and expenses to the joint liquidators or their associates

### Statement of Insolvency Practice 9 disclosure

This appendix has been prepared in conjunction with the requirements of the Insolvency Act 1986, the Insolvency (England and Wales) Rules 2016 (the Rules) and Statement of Insolvency Practice 9 (SIP9). In summary, it covers:

- pre-appointment costs
- fee basis
- work done by the joint liquidators and their team during the period
- hourly charge out rates
- *disbursements and expenses*
- sub-contracted out work
- payments to associates
- relationships requiring disclosure
- information for creditors (rights, fees, committees)