In accordance with Rule 18.7 of the Insolvency (England & Wales) Rules 2016 and Sections 92A, 104A and 192 of the Insolvency Act 1986.

LIQ03

Notice of progress report in voluntary winding up

Companies House

TUESDAY

A83JLJQA
A10 16/04/2019 #293
COMPANIES HOUSE

1 Company details

Company number	0 1 0 5 1 1 1 8
Company name in full	Lion Hudson Plc

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

2 Liquidator's name

Full forename(s)	Geoffrey Paul
Surname	Rowley

3 Liquidator's address

Building name/number	FRP Advisory LLP
Street	2nd Floor
	110 Cannon Street
Post town	London
County/Region	
Postcode	E C 4 N 6 E U
Country	

4 Liquidator's name ❶

Full forename(s)	
Surname	

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

5 Liquidator's address ❷

Building name/number	
Street	
Post town	
County/Region	
Postcode	
Country	

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

LIQ03
Notice of progress report in voluntary winding up

6 Period of progress report

From date	d1 d6 m0 m2 y2 y0 y1 y8
To date	d1 d5 m0 m2 y2 y0 y1 y9

7 Progress report

☑ The progress report is attached

8 Sign and date

Liquidator's signature	Signature X
Signature date	d1 d5 m0 m4 y2 y0 y1 y9

X

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: Christopher Wilson

Company name: FRP Advisory LLP

Address: 2nd Floor, 110 Cannon Street

Post town: London

County/Region:

Postcode: E C 4 N 6 E U

Country: United Kingdom

DX:

Telephone: 0203 005 4013

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

FRP Advisory

Lion Hudson Plc (in Liquidation) ("The Company")

The Liquidators' Progress Report for the period 16 February 2018 to 15 February 2019 pursuant to section 104A of the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016

15 April 2019

Contents and abbreviations

FRP Advisory

The following abbreviations may be used in this report:

FRP	FRP Advisory LLP
The Company	Lion Hudson Plc (In Liquidation)
The Liquidator	Geoffrey Paul Rowley of FRP Advisory LLP
The Period	The reporting period 16 February 2018 to 15 February 2019
CVL	Creditors' Voluntary Liquidation
SIP	Statement of Insolvency Practice
QFCH	Qualifying floating charge holder
HMRC	HM Revenue & Customs
ZA	Zipaddress Limited
The Purchaser	Lion Hudson Limited

1. Progress of the liquidation

Work undertaken during the Period and work yet to be completed

We attach at **Appendix C** a schedule of work undertaken during the Period together with a summary of work still to be completed.

The schedule of work details the work required to reconcile and settle the outstanding costs of the Administration and realise the following assets:

- Sale of the business and assets consideration
- Book debt collections;

Sale of the business and assets

Full details on the sale of the business were provided in our Proposals report in the Administration.

The sale completed on 15 August 2017 for total consideration of £1,925,003 to The AFD Group who continued to trade the business under Lion Hudson Limited an Isle of Man registered company. The AFD Group includes Zipaddress Limited (ZA), the existing 'secured' lender. Of this consideration, £425,003 was received on completion and the remaining £1.5million was to be paid in equal instalments of £125,000 over the following 12 months from 1 September 2017.

When the deferred consideration due under the asset sale agreement reached an amount equivalent to ZA's outstanding debt (£750,000) they requested that this amount be set-off against future payments.

We are now in the process of finalising the legal agreements to reflect this.

Book debt collections

As previously reported throughout the period of the preceding Administration the Company's book debts were primarily collected by its UK distributor/warehouse, Marston Book Service Services Limited. This arrangement continued in the Liquidation and Marston have now collected all the debts deemed collectable on their ledger.

Under the terms of the sale agreement it was agreed that the purchaser would continue to assist with debt collection. At the date of the Administrators final report, it was estimated that a further £400k would be collected.

An amount in the sum of £321,288 has been received in the period covered by this report and the purchaser is presently holding funds pending a final reconciliation which is anticipated to be received on completion of that exercise.

In addition, a VAT refund of £70k is due from HMRC.

Receipts and payments account

Attached at **Appendix B** is a receipts and payments account for the period of this report.

Investigations

Part of our duties include carrying out proportionate investigations into what assets the Company has, including any potential claims that could be brought by the Company or by us in our capacity as Liquidators against any party which could result in a benefit to the estate. We have reviewed the Company's books and records and accounting information, requested further information from the directors, and invited creditors to provide information on any concerns they have concerning the way in which the Company's business has been conducted.

Further details of the conduct of our investigations are set out in the schedule of work attached. No further investigations or actions are required.

2. Estimated outcome for the creditors

The estimated outcome for creditors was included in correspondence previously circulated by us.

Outcome for secured creditors

As reported in the Administration, HSBC Bank Plc has recovered the full amount of their outstanding debt.

Zipaddress Limited's secured debt will be repaid in full.

Preferential Creditors

The preferential creditors totalled £51,588.63, being the employees' preferential element for arrears of pay, unpaid pension contributions and holiday pay as calculated in accordance with legislation.

A dividend of £100p in the £ was paid to the preferential creditors by the Joint Administrators on 8 February 2018. From this distribution, three cheques remain unpresented with a value of £71.

Unsecured creditors

We have received claims totalling £3.2million from unsecured creditors in these proceedings.

Claims received are in the process of being agreed and a distribution will following in due course. The timing and quantum of which is uncertain.

The Prescribed Part

In accordance with the Insolvency Act 1986, the prescribed part is an element of net realisations due to the floating charge holder which is made available for unsecured creditors (subject to the floating charge post-dating 15 September 2003).

In this circumstance, it is estimated that the prescribed part available for the unsecured creditors will be approximately £300k. The funds available from the prescribed part will be paid along with the proposed first and final distribution to unsecured creditors.

3. Liquidators' remuneration, disbursements and expenses

Liquidators' remuneration

A breakdown of our firm's time costs incurred during both the Period and to date is attached at **Appendix D.**

In accordance with the Insolvency Rules, if a company formerly in Administration is subsequently placed into liquidation and the Administrators appointed as Liquidators, as in this case, the basis agreed for the drawing of the Administrators' remuneration will also be that utilised in determining the basis of the Liquidators' remuneration.

The Administrators' fees were approved by a decision of creditors on the following basis:

The Joint Administrators' fees plus VAT should be approved on a time cost basis charged at the charge out rates prevailing at the time the work is undertaken, capped at the sum set out in the fees estimate without further approval.

The Administrators, at the time of seeking approval to their fees on a time cost basis provided a fee estimate based on the work that was anticipated would be completed by the Administrators. Based on this fee estimate, creditors approved that remuneration up to £1,248,890 could be drawn without further approval, and an amount of £1,246,775 was drawn in the Administration.

It is now appropriate to provide creditors with a revised fee estimate for the work to be undertaken in the liquidation and seek their approval for these to be taken. Documentation in relation to this and the decision by correspondence process will be sent separately.

Liquidators' disbursements

The Liquidators' disbursements are a recharge of actual costs incurred by them in dealing with this matter. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP Advisory at the HMRC approved mileage rate prevailing at the time the mileage was incurred. Details of disbursements incurred during the Period are set out in **Appendix D**.

Expenses of the liquidation

I attach at **Appendix E** a statement of expenses that have been incurred during the Period.

Creditors have a right to request further information from the Liquidators and further have a right to challenge the Liquidators' remuneration and other expenses, which are first disclosed in this report, under the Insolvency (England and Wales) Rules. (For ease of reference these are the expenses incurred in the Period as set out in **Appendix E** only).

Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link https://creditors.frpadvisory.com/info.aspx and select the one for liquidation. Alternatively, a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information being 21 days following the receipt of this progress report. There is a time limit of 8 weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

Appendix A

Statutory information about the Company and the liquidation

FRP Advisory

LION HUDSON PLC (IN LIQUIDATION)

COMPANY INFORMATION:

Other trading names:	Lion Books Lion Children's Books Lion Fiction Candle Books Monarch Books
Date of incorporation:	24/04/1972
Company number:	01051118
Registered office:	2nd Floor 110 Cannon Street London EC4N 6EU
Previous registered office:	Same as business address below
Business address:	Wilkinson House Jordan Hill Road Oxford OX2 8DR

LIQUIDATION DETAILS:

Liquidator(s):	Geoffrey Paul Rowley
Address of Liquidator(s):	FRP Advisory LLP 2nd Floor 110 Cannon Street London EC4N 6EU
Date of appointment of Liquidator(s):	16/02/2018
Court in which Liquidation proceedings were brought:	N/A
Court reference number:	N/A

Appendix B

Liquidators' Receipts & Payments Account for the Period

	From 16/02/2018 To 15/02/2019
RECEIPTS	
Surplus from Administration	*191,560*
Sales collections	142,853
Stock sales (Kregel)	12,381
Royalties	3
Book Debts	178,435
Cash at Bank	10,932
Sundry refunds	1,196
Bank Interest Gross	2,764
Third Party Funds - Licence to occupy	62,116
Insurance Refund	875
Vat Payable - Floating	14
Vat refund	214,994
	818,121
PAYMENTS	
Currency Purchase	58,960
Direct Wages	(68)
Insurance	129
Sales Commission	1,658
Advertising & Marketing	276
Printing & Binding	24,343
Royalties & Advances	30,457
Legal Fees - Post-Administration	9,010
Legal fees - Pre-Administration	(1)
Warehouse/Distribution charges	78,728
Stationery & Postage	1,294
Storage Costs	(1)
Statutory Advertising	70
Bank Charges	99
Preferential Creditors	(71)
Vat Recoverable	18,973
	223,857
Balance In Hand	594,264
	818,121

Appendix C

A Schedule of Work

The table below sets out a detailed summary of the work undertaken by the office holder(s) during the reporting period together with an outline of work still to complete.

Note	Category		
1	**ADMINISTRATION AND PLANNING** **Work undertaken to date**		**ADMINISTRATION AND PLANNING** **Future work to be undertaken**
	General Matters		**General matters**
	Necessary Administrative and Strategic Work. Providing the Directors with information to manage the relevant regulations to deal with employee matters. Storage of Company records and all other relevant information Cancelling insurance cover over assets as they are realised to control insurance costs.		Regularly reviewing of the case and the on-going strategy as required under legislation and by the Joint Liquidators' Regulatory Professional Bodies ("RPBs") to ensure that all compliance and statutory matters are attended to and that the case is progressed in a timely manner. To ensure all statutory matters are attended to and to ensure the case is progressing.
	Regulatory Requirements		
	Monitoring of money laundering risks in accordance with the Money Laundering Regulations.		Regularly reviewing the case as required by the RPBs to ensure all statutory matters are adhered to and that the case is being progressed in a timely manner. Ongoing adherence to Money Laundering Regulations and any other regulations specific to the Company.

Appendix C

A Schedule of Work

	Case Management Requirements		
	Determine and document case strategy. Obtaining legal advice on the validity of appointment to ensure all required documentation has been properly filed and submitted. Setting up and administering insolvent estate bank accounts throughout the duration of the case. Assisting the directors where needed in producing the Company's Statement of affairs. Compiling a forecast of the work that has been or is anticipated will be undertaken throughout the duration of the case, circulating this to creditors together with other such documentation as required to enable the relevant approving creditors to assess and vote on the fee bases proposed. Arranging for insurance on the assets in the estate. Correspondence with the former advisors to the Company (such as its auditors) requesting third party information to assist in general enquiries.		Continue to monitor and document any proposed changes of strategy and implementation thereof. Maintaining and developing the case specific paper and electronic files. Case accounting work to process all receipts and payments including associated adjustments to ensure bank reconciliations and production of reports can always be achieved. Continued updating and maintenance of records on the IPS system. Ongoing liaison with HMRC and the submission of ongoing returns as required. Ongoing work with finance functions to ensure all remaining costs are correctly allocated, invoiced and recharged.

Appendix C

A Schedule of Work

2	**ASSET REALISATION** **Work undertaken to date**		**ASSET REALISATION** **Future work to be undertaken**
	Working with the Company's finance function to collect the outstanding debtor ledger. Preparation and submission of the VAT returns and recovery of the refunds due.		Monitor and liaise with purchaser to maximise realisations in respect of the 'in-house' debtor ledger. Where applicable disclaiming assets which are onerous. Seek agreement with the purchaser over the shared costs and commission due in respect of their part in assisting with post-sale debtor collections.
3	**STATUTORY COMPLIANCE AND REPORTING** **Work undertaken to date**		**STATUTORY COMPLIANCE AND REPORTING** **Future work to be undertaken**
	Complete Liquidation appointment formalities.		To place legal advertisements as required by statute which may include formal meetings of creditors and notices to submit claims Dealing with post appointment VAT and or other tax returns as required. To deal with the statutory requirements in order to bring the CVL to a close and for the office holders(s) to obtain their release from office; this includes preparing final reports for stakeholders, convening final meetings, statutory advertising and filing the relevant documentation with the Court/Registrar of Companies.
4	**TRADING** **Work undertaken to date**		**TRADING** **Future work to be undertaken**
			Settle/reconcile apportionments due under sale contract.

Appendix C

A Schedule of Work

5	**INVESTIGATIONS** **Work undertaken to date**		**INVESTIGATIONS** **Future work to be undertaken**
	Conducting initial enquiries into the conduct of the Company, its officers and associated parties through the interrogation of electronic and paper records. Consider an information provided by creditors or other parties that might identify further assets or lines of enquiry against the officers of the Company and progressing those to a conclusion. To review the books and records and other information available to identify any realisable assets for the benefit of the estate.		No further investigations are anticipated.
6	**CREDITORS** **Work undertaken to date**		**CREDITORS** **Future work to be undertaken**
	Liaising with secured lenders and all other creditors. Dealing with all queries and correspondence received from creditors on an on-going basis and recording the same. Reviewing the Company's paper and electronic records to ascertain the basis and validity of any claims arising.		Ongoing liaison with the secured and all other creditors. To continue to liaise with and provide reports and oral updates to the unsecured creditors and any other classes of creditor, as required, and deal with ongoing enquiries as received. When sufficient funds become available to make a distribution to unsecured creditors, to advertise for claims, request submission of claims from all known creditors (if not already done so) and adjudicate on them, either agreeing or rejecting, in full or in part. There is a statutory time limit to enable creditors whose claims have been rejected to appeal, once this time limit has passed the office holder will make a distribution to creditors. Liaising with HMRC to establish their claim and seeking tax advice to minimise claims and maximise returns to creditors where appropriate.

Appendix C

A Schedule of Work

7	**LEGAL AND LITIGATION** **Work undertaken to date**		**LEGAL AND LITIGATION** **Future work to be undertaken**
	Seeking legal advice as and when needed. Granting consent for a group tribunal action to be heard in respect of the redundant employee's not receiving 90 days consultation prior to dismissal.		Continuing to seek legal advice and intervention as and when needed throughout the assignment.

Appendix D

Details of the Liquidators' time costs and disbursements for both the Period and cumulatively

Lion Hudson Plc (In Liquidation)
Time charged for the period 16 February 2018 to 15 February 2019

	Appointment Takers / Partners	Managers / Directors	Other Professional	Junior Professional & Support	Total Hours	Total Cost £	Average Hrly Rate £
Administration and Planning	**20.00**	**38.60**	**63.70**	**4.60**	**126.90**	**46,744.50**	**368.36**
Admin & Planning		11.60	1.50		13.10	5,372.50	410.11
Case Accounting			5.40	4.60	10.00	2,269.50	226.95
Case Control and Review	20.00	2.50			22.50	11,962.50	531.67
Case Accounting - General			26.80		26.80	7,877.50	293.94
General Administration			26.50		26.50	7,817.50	295.00
Insurance			1.75		1.75	516.25	295.00
Strategy and Planning		24.50	1.75		26.25	10,928.75	416.33
Asset Realisation		**6.50**	**49.50**		**56.00**	**17,365.00**	**310.09**
Asset Realisation		4.00	8.75		12.75	4,281.25	335.78
Freehold/Leasehold Property			3.25		3.25	958.75	295.00
Debt Collection		1.00	28.75		29.75	8,906.25	299.37
Legal-asset Realisation			1.75		1.75	516.25	295.00
Sale of Business			7.00		7.00	2,065.00	295.00
Stock/ WIP		1.50			1.50	637.50	425.00
Creditors	**7.00**	**6.50**	**103.75**	**4.25**	**121.50**	**37,648.75**	**309.87**
Unsecured Creditors	7.00		68.25		75.25	23,948.75	318.26
Secured Creditors		4.50	2.75		7.25	2,723.75	375.69
Employees			23.00	4.25	27.25	7,250.00	266.06
Preferential Creditors			0.25		0.25	73.75	295.00
ROT		2.00			2.00	850.00	425.00
Landlord			1.75		1.75	516.25	295.00
TAX/VAT - Pre-appointment			0.50		0.50	147.50	295.00
Shareholders			7.25		7.25	2,138.75	295.00
Statutory Compliance	**9.25**		**32.75**		**42.00**	**14,702.50**	**350.06**
Post Appt TAX/VAT			8.75		8.75	2,581.25	295.00
Statutory Compliance - General			4.50		4.50	1,327.50	295.00
Appointment Formalities			9.25		9.25	2,728.75	295.00
Bonding/ Statutory Advertising			0.25		0.25	73.75	295.00
Tax/VAT - Post appointment	9.25		10.00		19.25	7,991.25	415.13
Trading		**3.00**	**2.50**		**5.50**	**2,012.50**	**365.91**
Trading - General		2.00	2.50		4.50	1,587.50	352.78
IT - Trading / Sale support		1.00			1.00	425.00	425.00
Total Hours	**36.25**	**54.60**	**252.20**	**8.85**	**351.90**	**118,473.25**	**336.67**

FRP Charge out rates

Grade	From 1st May 2017
Appointment taker / Partner	450-545
Managers / Directors	340-465
Other Professional	200-295
Junior Professional & Support	125-175

Disbursements for the period
16 February 2018 to 15 February 2019

	Value £
Category 1	
Telephone	14.22
Travel	4.80
Storage	184.67
Bonding	20.00
Grand Total	**223.69**

Mileage is charged at the HMRC rate prevailing at the time the cost was incurred

Appendix E

Statement of expenses incurred in the Period

Lion Hudson Plc (in Liquidation)
Statement of expenses for the period ended
15 February 2019

Expenses	Period to 15 February 2019 £
Office Holders' remuneration (Time costs)	118,473
Office Holders' disbursements	224
Insurance	129
Sales commission	1,658
Advertising & Marketing	276
Printing & Binding	52,801
Royalties & Advances	30,457
Legal Fees	14,010
Warehouse/Distribution charges	78,728
Stationery & Postage	1,294
Storage costs	220
Total	**298,271**