

LIQ03

Notice of progress report in voluntary winding up



Companies House

MONDAY



A08 *A7H4LJRD* 22/10/2018 #66
COMPANIES HOUSE

1 Company details

Company number 0 7 1 0 2 7 3 3

Company name in full The Original Quality Ltd ✓

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

2 Liquidator's name

Full forename(s) Marco

Surname Piacquadio

3 Liquidator's address

Building name/number Exchange House

Street

Post town 494 Midsummer Boulevard

County/Region Milton Keynes

Postcode M K 9 2 E A

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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6 Period of progress report

From date	^d 2	^d 1	^m 0	^m 8	^y 2	^y 0	^y 1	^y 7
To date	^d 2	^d 0	^m 0	^m 8	^y 2	^y 0	^y 1	^y 8

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X

M. Piccagliardi

X

Signature date

^d 1	^d 6	^m 1	^m 0	^y 2	^y 0	^y 1	^y 8
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The Original Quality Ltd
(In Liquidation)
Joint Liquidator's Summary of Receipts & Payments
To 20/08/2018

S of A £		£	£
	ASSET REALISATIONS		
Uncertain	Merchant Accounts - Debtor	NIL	
Uncertain	TOQ Hong Kong - Intercompany Debt	NIL	
Uncertain	Jacob Kristensen - Intercompany Debt	NIL	
Uncertain	Ennovator - Intercompany Debtor	NIL	
			NIL
	UNSECURED CREDITORS		
(4,094,210.43)	Intercompany Creditors	NIL	
			NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	
			NIL
(4,094,310.43)			NIL
	REPRESENTED BY		
			NIL

The Original Quality Ltd (In Creditors' Voluntary Liquidation)

Progress report

Period: 21 August 2017 to 20 August 2018

Important Notice

This progress report has been produced solely to comply with my statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	The Original Quality Ltd (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators on 21 August 2017
"the liquidator", "I" and "my"	Marco Piacquadio of Begbies Traynor (Central) LLP, Exchange House, 494 Midsummer Boulevard, Milton Keynes, MK9 2EA
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. COMPANY INFORMATION

Trading name:	N/A
Company registered number:	07102733
Company registered office:	494 Midsummer Boulevard Milton Keynes MK9 2EA
Former registered offices:	4th Floor Allan House, 10 John Princes Street, London, W1G 0AH 73 Watling Street London EC4M 9BJ
Former trading address:	Unit 307, Canalot Studios, 222 Kensal Road, London W10 5BN

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced:	21 August 2017
Date of liquidators' appointment:	21 August 2017
Changes in liquidator (if any):	Lloyd Hinton resigned as Liquidator as at 22 May 2018

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is my abstract of receipts and payments for the period from 21 August 2017 to 20 August 2018.

Receipts

The Statement of Affairs indicated that the Company was owed £36,837.00 in respect of a trade debtor and £3,923,869.00 in respect of connected party debtors. However, it was noted in the Statement of Affairs that the estimated to realise value of these assets was nil.

Further to my appointment as Liquidator I liaised with the unconnected debtor and requested payment of the debt. However, after my initial investigations and further correspondence with the debtor, it became clear that this debt was not in fact owed to the Company. Therefore, this matter has not been pursued any further and there have been no realisations in respect of unconnected debtors.

I also reviewed the matter of the Company's connected party debtors and set out the position below:

Ennovators Limited ("Ennovators"): A total of £2,300,802.00 was owed to the Company. However, Ennovators is also in creditors' voluntary liquidation and I am appointed Liquidator of it. Ennovators had a number of connected party creditors who have since waived their claims against it and the only unconnected creditor was HMRC who has since been paid in full from third party funds.

On the basis that the Company does not have any unconnected creditors, and given that all connected creditors have waived their claims against the Company, the decision was made not to pursue Ennovators for the payment of the intercompany book debt as the funds would only be distributed back out to connected parties. Accordingly, this matter has not been pursued any further and there have been no realisations in respect of this book debt.

Company Director: The Director owed the Company £6,359.00. However, as detailed above, the Company has no unconnected creditors and the decision was made not to pursue this debt.

TOQ Hong Kong ("TOQ HK"): A total of £1,616,708.00 is owed to the Company by a connected company, TOQ HK. Whilst this company still appears to be trading, for the reasons detailed above, the decision was made not to pursue this debt.

Accordingly, there have been no receipts during the period since my appointment as liquidator.

Payments

My Liquidator's Statement of Affairs fee of £8,000.00 plus VAT has been settled by a third party and is therefore not reflected in the Receipts & Payments account.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on my firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings I have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but I have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

General case administration and planning

Further to my appointment as Liquidator I carried out my statutory duties by notifying HM Revenue & Customs ("HMRC") of the Liquidation, advertising my appointment in the London Gazette and filing notices with Companies House.

Furthermore, I have dealt with my day-to-day administrative duties, maintenance of records and ongoing statutory obligations. Other matters included reviewing and responding to correspondence, carrying out periodic bond, case and diary reviews. The above work is not of financial benefit to creditors but is required to enable the liquidator to undertake their statutory duties.

Compliance with the Insolvency Act, Rules and best practice

Once appointed as Liquidator I opened a client bank account, applied for an insurance bond, placed statutory adverts in the London Gazette and produced and filed statutory reports and returns. The above work is not of financial benefit to creditors but is required to enable the liquidator to undertake their statutory duties.

Investigations

I obtained the Company's books and records, requested and reviewed copy bank statements and wrote to creditors with requests for details of any conduct matters. This information was reviewed with a view to determining whether any causes of action existed. I subsequently prepared a confidential conduct report to the Insolvency Service in compliance with SIP 2. The above work is not of financial benefit to creditors but is required to enable the liquidator to undertake their statutory duties.

Realisation of Assets

This comprised all aspects of identifying, securing, and realising Company assets. Time has been spent liaising with the Company's Director and unconnected debtor in respect of the amounts listed as owed in the Company's statement of affairs. Various documents have been received and reviewed and it has been established that there will be no realisations in respect of the Company's debtors and that there are no other assets belonging to the Company that may be realised for the benefit of creditors.

Dealing with all creditors' claims (including employees), correspondence and distributions

The Company's Statement of Affairs indicated that there were connected creditors of £4,094,210.43 but that there were no unconnected creditors. Accordingly, I wrote to the Company's connected creditors to advise them of my appointment and to ask for details of their claims. I have since received confirmation that they have waived their claims against the Company.

However, so as to ensure that there were no previously unknown unconnected creditors that would result in me having to pursue the Company's connected debtors, I advertised a notice to submit claims in the London Gazette on 08 January 2018. HMRC subsequently submitted estimated claims of £7,623.00 in respect of VAT and £2,932.82 in respect of Corporation Tax.

I liaised with the Company's Director and accountant regarding these claims which appear to have been estimates. The Director has advised that the amount due to HMRC, and as per previously submitted returns, is much lower than their claim. Accordingly, I have requested that HMRC review their previously submitted claim in line with the returns. It is anticipated that there will be sufficient third party funds received to ensure that HMRC are paid in full with statutory interest. Once a revised claim has been received, this matter will be progressed.

Other Matters

Reviewing and responding to HMRC correspondence, completing a S120 pension search, attending the Company's premises to collect company books and records, and completing CT/VAT returns as requested. This work does not have a financial benefit for creditors.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the director's statement of affairs. On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

Barclays Bank PLC ("Barclays") holds a fixed and floating charge over the Company's assets dated 02 February 2015. It is understood that there is no amount outstanding to Barclays.

Preferential creditors

There are no known preferential claims.

Unsecured creditors

As detailed above, the Company's connected creditors have waived their claims against the Company.

Currently, the Company's only creditor is HMRC. A claim totalling £10,555.82 has been received. However, it is anticipated that a revised claim will be received shortly. Once reviewed, it is envisaged that there will be sufficient funds available, by way of a third party payment, to ensure that HMRC's claim is paid in full together with statutory interest.

On the basis of realisations to date and estimated future realisations, I estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

No payment will be made to the Company's secured creditor as no claim has been received from them.

Preferential creditors

There are no known preferential claims.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the liquidator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

A liquidator will not be required to set aside the prescribed part of net property if:

- the net property is less than £10,000 and the liquidator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- the liquidator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Whilst Companies House shows that Barclays has a fixed and floating, it is understood that there is no amount owed to them under those charges. Accordingly, there will be no payment in respect of the prescribed part.

Unsecured creditors

We consider that there will likely be sufficient funds for a dividend to be paid to HMRC as the Company's only unsecured creditor and that this payment will be 100 pence in the pound.

6. REMUNERATION & DISBURSEMENTS

Remuneration

I have not sought approval in respect of my post appointment remuneration and do not intend to charge a fee in this regard. Whilst I am authorised to draw disbursements in accordance with my firm's policy, which is attached at Appendix 2 of this report, none of these costs have been charged to the Liquidation.

Work undertaken prior to appointment

My pre-appointment remuneration was fixed by a decision of the creditors on 21 August 2017 obtained via a Decision Procedure by way of correspondence and based on a fixed fee of £8,000.00 plus VAT.

I have drawn the sum of £8,000.00 plus VAT against the fee that has been approved.

Disbursements

To 20 August 2018, I have incurred expenses in respect of statutory advertising and statutory bonding costs. These disbursements have not been drawn.

Category 2 Disbursements

No Category 2 disbursements have been incurred or charged to the case.

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2017' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. LIQUIDATOR'S EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

8. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

Assets that remain to be realised:

There are no assets left to be realised. However, it is anticipated that a third party payment will be received to enable the payment of HMRC's claim. These funds will be received once a revised claim has been received from HMRC.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

Dealing with all creditors' claims (including employees), correspondence and distributions

Once HMRC's revised claim has been received, this will be adjudicated upon. I have received confirmation from a third party that they intend to pay HMRC's claim in full (together with statutory interest). Therefore, once these funds have been received a first and final dividend will be declared and paid.

Other matters which includes seeking decisions from creditors (via Deemed Consent Procedure and/or Decision Procedure, tax, litigation, pensions and travel)

Prior to closing the Liquidation I will write to HMRC and notify them of my intention to close the case. A final account will then be prepared and circulated to creditors before it is filed at Companies House.

How much will this further work cost?

My remuneration was based on a fixed fee of £8,000.00 plus VAT and therefore the required further work will not result in any additional costs.

Expenses

It is anticipated that there will be no any additional expenses incurred in respect of the work that remains to be done.

9. OTHER RELEVANT INFORMATION

Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, a liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Energy and Industrial Strategy. I confirm that I have discharged my duties in these respects.

Connected party transactions

I have not been made aware of any sales of the Company's assets to connected parties.

Use of personal information

Please note that in the course of discharging my statutory duties as liquidator, I may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, I am

required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

10. CREDITORS' RIGHTS

Right to request further information

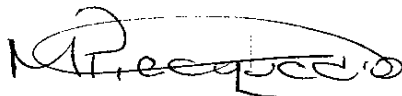
Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

11. CONCLUSION

I will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner.



Marco Piacquadio
Joint Liquidator

Dated: 16 October 2018

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 21 August 2017 to 20 August 2018

**The Original Quality Ltd
(In Liquidation)
Joint Liquidator's Summary of Receipts & Payments**

Statement of Affairs £		From 21/08/2017 To 20/08/2018 £	From 21/08/2017 To 20/08/2018 £
	ASSET REALISATIONS		
Uncertain	Merchant Accounts - Debtor	NIL	NIL
Uncertain	TOQ Hong Kong - Intercompany Debt	NIL	NIL
Uncertain	Jacob Kristensen - Intercompany Debt	NIL	NIL
Uncertain	Ennovator - Intercompany Debtor	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	UNSECURED CREDITORS		
(4,094,210.43)	Intercompany Creditors	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(4,094,310.43)</u>		<u>NIL</u>	<u>NIL</u>
	REPRESENTED BY		
			<u>NIL</u>

COSTS AND DISBURSEMENTS

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

This note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
 - ❑ *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.
- (A) The following items of expenditure are charged to the case (subject to approval):
- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
 - Car mileage is charged at the rate of 45 pence per mile;
 - Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.
- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:
- Telephone and facsimile
 - Printing and photocopying
 - Stationery

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance to be discharged £
Expenses incurred with entities not within the Begbies Traynor Group				
Statutory Bonding	Willis	60.00	0.00	60.00
Statutory Advertising	Courts Advertising	277.02	0.00	277.02
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
None				