

Rule 1 26A/1 54

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Progress Report

Pursuant to Rule 1 26A(4)(a) or
Rule 1 54 of the
Insolvency Rules 1986

R.1.26A(4)(a)/

R.1.54

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To the Registrar of Companies

Company Number

08358833

Name of Company

AV Cargo Airlines Limited /

I/ We

Mark Newton, Lynton House, 7-12 Tavistock Square, London, WC1H 9LT

Simon Underwood, Lynton House, 7-12 Tavistock Square, London, WC1H 9LT

supervisor(s) of a voluntary arrangement taking effect on

06 November 2014

Attach my progress report for the period

06 November 2015

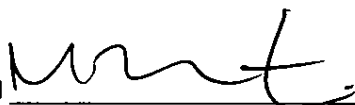
to

/ 05 November 2016 /

Number of continuation sheets (if any) attached

10

Signed



Date 21/12/2016.

Menzies LLP
Lynton House
7 - 12 Tavistock Square
London
WC1H 9LT

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Insolvency Section | Post Room

THURSDAY



A04 12/01/2017 #73
COMPANIES HOUSE

**AV Cargo Airlines Limited
Company Voluntary Arrangement ('CVA')
High Court of Justice No. 7477 of 2014**

**Report of the Joint Supervisors
In accordance with Rule 1.26A(4) of the Insolvency Rules 1986**

Name of the Joint Supervisors:	Simon Underwood & Mark Newton
Date of appointment:	6 November 2014
Period of Report:	6 November 2015 to 5 November 2016
Date of Report:	21 December 2016

**AV Cargo Airlines Limited
Company Voluntary Arrangement ('CVA')
High Court of Justice No. 7477 of 2014**

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1. INTRODUCTION

- 1 1 Simon Underwood and I were appointed as Joint Supervisors of AV Cargo Airlines Limited ('the Company') on 6 November 2014 Pursuant to Rule 1 26A(4) of the Insolvency Rules 1986 ('the Rules'), I now present our second annual report for the period ended 5 November 2016
- 1 2 This report should be read in conjunction with the directors' proposal for a company voluntary arrangement ('CVA') dated 15 October 2014 and my first progress report dated 21 December 2015.
- 1 3 A Receipts and Payments account is attached at Appendix I for the twelve month period ending 5 November 2016.

2. BACKGROUND

- 2 1 Creditors should refer to my previous report and the CVA proposal for information on the Company's history and events leading up to the CVA
- 2 2 The arrangement was proposed as a composition in full and final settlement of its debts The approval of a voluntary arrangement has enabled the continuation of trade, and therefore allowed the company to make contributions into the arrangement for the benefit of the creditors
- 2 3 The proposals were accepted without modifications at the first meeting of creditors held on 6 November 2014
- 2 4 The arrangement has a proposed duration of five years, with a minimum overall return to creditors of 5 5p in the £.

3. ASSET REALISATIONS

Contributions

- 3 1 As per the terms of the CVA, the Company has been making its monthly contributions at a rate of £12,000 per month. Contributions received during the twelve month period total £132,000 It should be noted that the 12th payment for the period was received on 18 November 2016, outside the period of this report.
- 3 2 In accordance with the framework of the CVA, a review of the Company's annual accounts must be performed in order to allow me to assess whether an increase in voluntary contributions is applicable The accounts have been requested from the Company and once received, I shall perform the assessment My next report to creditors will set out the result of this review
- 3.3 The terms of the proposals did not include any other Company assets

4. CREDITORS' CLAIMS

Secured creditor

- 4 1 Creditors should refer to my previous report for a detailed background regarding the secured creditor

4 2 Avient Limited ('Avient'), have continued to receive quarterly payments against their secured debt of £351,717 To date Avient have been paid £228,446 98, £120,000 of which was paid during the period of this report

4 3 It is expected Avient's secured debt will be paid in full, as per the terms of the CVA

Unsecured preferential creditors

4 4 At the outset it was anticipated that former employees would have preferential claims for pay arrears, up to a maximum of £800, and/or accrued holiday pay

4 5 These claims were received and were met by the Redundancy Payments Office ('RPO') to the extent required by the Employment Rights Act 1996 The RPO has submitted a claim in the CVA of £3,445 for the amount paid, which has been reviewed and agreed The balance of sums still due to former employees was calculated and agreed in the sum of £743.

4 6 Accordingly, preferential claims total £4,188 It is expected this amount will be settled in full

Unsecured non-preferential creditors

4 7 Claims received to date from the trade and expense creditors total £5,781,781 70, which includes an unsecured claim from Avient of £1,830,000

4 8 It should be noted that the claims received to date are in the process of adjudication for dividend purposes following repayment of the secured creditor liability

5. DIVIDENDS

5 1 On present information, it appears the dividend prospects are in line with the amounts proposed in the original proposal

5 2 A proof of debt form is attached at Appendix III for creditors who have not yet already submitted one All claims must be accompanied by appropriate documentation in support Failure to provide adequate evidence may result in the claim being excluded from any dividend Creditors will be notified in writing in the event of their claim being rejected either in part or in full

5 3 For the avoidance of doubt, claims can only be submitted in the CVA for debts incurred before and up to 6 November 2014, this being the relevant date This includes services provided to the Company up to the relevant date, but have been invoiced thereafter

6. COSTS AND EXPENSES

Joint Supervisors' remuneration

6 1 In accordance with the terms of the proposal, the Joint Supervisors' remuneration has been fixed by reference to the time properly given by them and their staff, in attending to matters arising in the winding up. All time spent on administering the arrangement is charged directly to the case in 6 minutes units

- 6 2 The majority of the early work in this case was undertaken by an administrator, handling the day to day running of the arrangement. The Joint Supervisors have been overseeing the arrangement, carrying out their statutory duties and have become involved dealing with particular matters directly where required. Additional assistance has been provided by a cashier dealing with banking and statutory duties and support staff offering various support duties.
- 6 3 In addition to the work described above, the following has also been undertaken:
- i Preparation and circulation of notices and reports to creditors,
 - ii Filing of statutory forms and returns with the Registrar of Companies,
 - iii Maintenance of bank accounts, sundry administrative matters and compliance generally with the Insolvency legislation,
 - iv Responding to various creditor queries and correspondence.
- 6 4 I attach at Appendix II a breakdown of my time costs by work category and employee grade, for the period 6 November 2015 to 5 November 2016. Time incurred to date totals £43,621.21 representing 212.4 hours at an average charge out rate of £205.37 per hour. Of this, £19,027.20 was incurred during the period of this report, representing 75.7 hours at an average charge out rate of £251.35. Remuneration of £18,500 was paid during the period of this report.
- 6 5 The estimated costs of the insolvency were originally put at £40,000. Fees drawn to date total £39,027. It is anticipated that the costs of the CVA could increase to a total of £60,000. This will mainly be due to time spent agreeing creditor claims plus ensuring compliance by the Company in respect of its obligations under the Proposal.
- 6 6 A copy of the creditors guide to fees charged by Supervisor's is available free of charge by contacting this office, alternatively it can be downloaded from the following web link:
- <https://www.menzies.co.uk/helping-you/business-recovery/fees-guide/>
- 6 7 In common with all professional firms, scale rates increase from time to time over the period of administration of each insolvency case. Details of the charge out rates charged by this firm are as follows:

	<i>From 01.10.16 Rate per hour (£)</i>	<i>From 01.10.15 Rate per hour (£)</i>	<i>To 30.09.15 Rate per hour (£)</i>	<i>To 30.09.14 Rate per hour (£)</i>
Partner & Director	315-505	375-445	350-395	315-370
Manager	225-345	250	250	200
Administrator	85-230	150	100-150	85-125
Assistant & support	105	80	75	50-85

Disbursements

- 6 8 In relation to disbursements, where my firm has been incurred a cost that is directly referable to this matter and the payment was made to a third party, these costs will be reimbursed. Disbursements of this nature which my firm has incurred, including those that have not yet been reimbursed, are shown at Appendix II.

- 6 9 No disbursements have or will be claimed which include an element of shared or allocated cost (e.g photocopying)

Professionals, sub-contractors and other expenses

- 6 10 Where appropriate, I have employed professionals to advise me in relation to certain specialist matters. Jeffery Green Russell Limited were instructed to undertake a review of the reasonableness of the debenture and the loan agreement with Avient and to provide initial advice in relation to this.
- 6 11 The firm engaged to provide this professional assistance was chosen on the basis of their experience and knowledge of the areas on which they were advising, taking into account the complexity of the assignment. They were contracted to be paid as set out below. The fees charged were reviewed for reasonableness, given the amount and level of work undertaken. No fees were incurred or paid during the period of this report.

Name	Basis of Fees	Incurred in the period	Incurred to Date	Paid in the period	Paid to Date
Jeffery Green Russell	Fixed costs	Nil	£750.00	Nil	£750.00

7. CONCLUSION

- 7.1 The voluntary arrangement is progressing as proposed and I will continue to collect the monthly contributions. Pursuant to Rule 1.26A(4), I can advise that based on the compliance to date, it is anticipated the voluntary arrangement will be fully implemented.
- 7.2 If you have any queries regarding the contents of this report then please contact Caroline Davenport of my office.

Yours faithfully



Mark Newton
Joint Supervisor

APPENDIX I

Receipts and Payments Account

AV Cargo Airlines Limited
(Under a Voluntary Arrangement)

Summary of Receipts & Payments
From 6 November 2014 to 5 November 2016

	Statement of Affairs £	From 06/11/2014 To 05/11/2015 £	From 06/11/2015 to 05/11/2016 £	Total £
RECEIPTS				
Book debts	25,000 00	28,446 98		28,446 98
Voluntary contributions	720,000 00	144,000 00	132,000 00	276,000 00
Bank interest gross	-	26 95	30 64	57 59
	745,000.00	172,473.93	132,030.64	304,504.57
PAYMENTS				
Avient Limited (In Liquidation)		108,446 98	120,000 00	228,446 98
Specific Bond		420 00	-	420 00
Supervisor's remuneration		20,527 00	18,500 00	39,027 00
Companies House searches		4 00	-	4 00
Court filing fee		50 00	-	50 00
Legal fees		750 00	-	750 00
		130,197.98	138,500.00	268,697.98
Net receipts/(payments)		42,275.95	(6,469.36)	35,806.59
MADE UP AS FOLLOWS				
VAT receivable				750.00
Cash at bank				35,056.59
				35,806.59

APPENDIX II

Analysis of Time Costs

AV Cargo Airlines Limited - (In Creditors' Voluntary Liquidation)

Analysis of Joint Supervisors' Time Costs

Period 6 November 2014 to 5 November 2016

	Partner / Director	Manager	Senior	Administrator	Cashier / Support	Total Hours	Charge £	Average rate £
Balance b/f 5 November 2015						136 70	24,594 01	
Period 6 November 2015 to 5 November 2016								
Administration and planning	27 00	-	8 60	16 90	7 40	59 90	15 445 00	257 85
Creditors	5 10	-	2 60	8 10	-	15 80	3 582 50	226 74
Investigations	-	-	-	-	-	-	-	-
Realisation of assets	-	-	-	-	-	-	-	-
Hours	32 10	-	11 20	25 00	7 40	75 70		
Charge (£)	12 052 20		1 960 00	3 750 00	1 265 00		19,027 20	251 35
Total time costs						212 40	43,621 21	205 37
Fees charged & paid								
During year ended 5 November 2015							20 527 00	
During year ended 5 November 2016							18,500 00	
							39,027 00	

Summary of Liquidator's Disbursements Incurred & Paid

Nature	Incurred 06-Nov-14 to 05-Nov-15 £	Paid 06-Nov-14 to 05-Nov-15 £	Incurred 06-Nov-15 to 05-Nov-16 £	Paid 06-Nov-15 to 05-Nov-16 £	Total incurred £	Total paid £
Specific Bond	420 00	420 00	0 00	0 00	420 00	420 00
Companies House Fees	4 00	4 00	0 00	0 00	4 00	4 00
Court Fee	50 00	50 00	0 00	0 00	50 00	50 00
Travel	0 00	0 00	70 90	0 00	70 90	0 00
	474 00	474 00	70 90	0 00	544 90	474 00

APPENDIX III

Proof of Debt Form

Proof of Debt – General Form

AV CARGO AIRLINES LIMITED – COMPANY VOLUNTARY ARRANGEMENT

Relevant date: 6 November 2014

1	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company entered into the voluntary arrangement and stating the currency of your claim	
4	Details of any documents by reference to which the debt can be substantiated <u>Please attach copies unless already provided.</u>	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Joint Supervisor		Joint Supervisor