

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

For further information, please refer to our guidance at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

1

Company details

Company number

08358833

Company name in full

AV Cargo Airlines Limited

→ Filling in this form

Please complete in typescript or in bold black capitals.

2

Liquidator's name

Full forename(s)

Simon James

Surname

Underwood

3

Liquidator's address

Building name/number

Lynton House

Street

7 - 12 Tavistock Square

Post town

London

County/Region

Postcode

WC1H9LT

Country

4

Liquidator's name ①

Full forename(s)

Bethan Louise

Surname

Evans

① Other liquidator

Use this section to tell us about another liquidator.

5

Liquidator's address ②

Building name/number

2 Sovereign Quay

Street

Havannah Street

Post town

Cardiff

County/Region

Postcode

CF105SF

Country

② 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	d	0	d	2	m	1	m	0	y	2	y	0	y	2	y	1
To date	d	0	d	1	m	1	m	0	y	2	y	0	y	2	y	2

7	Progress report															
<input checked="" type="checkbox"/> The progress report is attached																

8	Sign and date															
Liquidator's signature	Signature															
	<div><div>X</div><div><div>DocuSigned by:</div><div>S. W. L.</div><div>5587FAF5B55C43A...</div></div><div>X</div></div>															
Signature date	d	1	d	0	m	1	m	1	y	2	y	0	y	2	y	2

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 **Christy Law**

Company name **Menzies LLP**

Address **2 Sovereign Quay**

**Havannah Street**

Post town **Cardiff**

County/Region

Postcode **C F 1 0 5 S F**

Country

DX **DX 200767 Cardiff Bay**

Telephone **029 2049 5444**

**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)**

**AV Cargo Airlines Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £		From 02/10/2021 To 01/10/2022 £	From 02/10/2019 To 01/10/2022 £
	<b>ASSET REALISATIONS</b>		
NIL	Cash at Bank	NIL	NIL
Uncertain	European VAT Refund	NIL	NIL
Uncertain	Furniture & Equipment	NIL	NIL
NIL	Inter company debtors	NIL	18,164.22
Uncertain	Plant & Machinery	NIL	NIL
Uncertain	Stock	NIL	NIL
		NIL	18,164.22
	<b>COST OF REALISATIONS</b>		
	Legal Fees	NIL	1,962.00
	Liquidator's remuneration	NIL	13,174.77
		NIL	(15,136.77)
	<b>PREFERENTIAL CREDITORS</b>		
(39,832.32)	Employee Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	<b>FLOATING CHARGE CREDITORS</b>		
(1,830,000.00)	Avient Limited	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(13,666.00)	Barclays Bank Plc	NIL	NIL
(388,926.53)	Employees	NIL	NIL
(316,285.54)	HM Revenue - VAT & PAYE/NIC	NIL	NIL
(16,337,971.34)	Trade & Expense Creditors	NIL	NIL
(13,709.38)	Unpaid Pension Contributions	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(18,940,491.11)</b>		<b>NIL</b>	<b>3,027.45</b>
	<b>REPRESENTED BY</b>		
	Barclays Bank - NIB		0.10
	Vat Control Account		3,027.35
			<b>3,027.45</b>

Note:

All items detailed on the receipts and payments account are shown net of VAT as the Company was VAT registered and VAT has therefore been recovered for the benefit of the liquidation estate.

DocuSigned by:  
  
5587FAF5B55C43A...

Simon James Underwood  
Joint Liquidator

AV CARGO AIRLINES LIMITED - **IN CREDITORS' VOLUNTARY LIQUIDATION**

JOINT LIQUIDATORS' PROGRESS REPORT PURSUANT TO SECTION 104A OF THE INSOLVENCY ACT  
1986 AND RULE 18.2 OF THE INSOLVENCY (ENGLAND & WALES) RULES 2016

FOR THE PERIOD 2 OCTOBER 2021 TO 1 OCTOBER 2022

DATED 10 NOVEMBER 2022

## AV CARGO AIRLINES LIMITED - **IN CREDITORS' VOLUNTARY LIQUIDATION** – (“**THE COMPANY**”)

### ANNUAL PROGRESS REPORT

#### CONTENTS

1. Introduction and executive summary
2. Progress and asset realisations
3. Investigations
4. Liabilities and dividend prospects
5. Joint Liquidators' remuneration and expenses
6. Creditors' rights to further information and to challenge liquidators' remuneration and expenses
7. Further information
8. Concluding remarks

#### APPENDICES

1. Statutory information
2. Joint Liquidators' receipts and payments account
3. Joint Liquidators' analysis of time costs and narrative of work undertaken
4. Joint Liquidators' comparison of original, and actual time costs incurred
5. Comparison of estimated expenses and actual costs incurred

## 1. INTRODUCTION AND EXECUTIVE SUMMARY

1.1 I was appointed Joint Liquidator of the Company on 2 October 2019. I now present my progress report for the third year of the liquidation, pursuant to Section 104A of the Insolvency Act 1986 ("the Act") and Rule 18.2 of the Insolvency (England & Wales) Rules 2016 ("the Rules").

1.2 The Company's statutory information is attached at Appendix 1 of this report.

### Executive summary

1.3 As reported in preceding reports, the Company was previously traded under a Creditors' Voluntary Arrangement ("CVA") which subsequently failed due to the failure of an engine on its leased aircraft. Due to the nature of the repair work required, the directors began to look for alternative solutions such as a new engine or aircraft but, as the engine for the aircraft was rare, they were unable to source a replacement, nor were they able to obtain a new aircraft. The Company was unable to continue to trade without an aircraft, therefore, with no income coming in, the Company was subject to recovery action from its creditors and the directors had no option other than to commence Liquidation proceedings.

1.4 At the date of my appointment the Company had ceased trading and accordingly I took steps to realise the remaining assets with a view to distributing the funds to creditors, after costs, in the prescribed order of priority. As Liquidator, I was also obliged to investigate the Company's affairs. At the outset it was anticipated I would not be in a position to declare a dividend to any class of creditors, and this continues to be the case (see Section 4 below).

1.5 The manner in which the affairs of the Company have been managed since my last progress report is set out below.

1.6 Based on current known information about the Company's financial position, and after taking into account the estimated office holders' fees and expenses, it is anticipated that there will be insufficient realisations to pay a dividend to floating charge, preferential and ordinary unsecured creditors. I refer you to section 4 below.

1.7 My Receipts & Payments Account for the period from 2 October 2021 to 1 October 2022, which I have reconciled to the financial records that I am required to maintain, is attached at Appendix 2. All receipts and payments are shown net of VAT.

1.8 The balance of funds amounting to £0.10 is held in a non-interest-bearing estate bank account.

## 2. PROGRESS AND ASSET REALISATIONS

### Insurance settlement case

2.1 As previously reported, the owner of the damaged aircraft engine made a claim against the Company's insurance policy for the costs of repairing the damaged engine. During the reporting period, it has been necessary to liaise with multiple parties to establish the Company's position in respect of any claim it may have against its insurance policy and, once determined, to deal with a Release and Discharge Agreement ("the Agreement") required by the insurers to limit any claims and future claims to those agreed and paid by the insurers.

2.2 After a detailed review of the Company's records and with the assistance of my solicitors, Mills & Reeve LLP, and one of the Company directors, I concluded that the Company did not sustain any losses which were claimable against the insurance policy. Therefore, I was prepared to enter into the Agreement

along with the engine owner, its secured lender and the insurers. Time was spent reviewing and amending various versions of the Agreement before it was acceptable to me, and the document was then signed and properly executed. This matter has now concluded.

### 3. INVESTIGATIONS

- 3.1 During the period, I carried out investigations into the dealings of the Company with its associated companies to understand the losses incurred following the damage to the aircraft engine and what might be claimable under the terms of the policy. In addition, the insurance policy was issued in the name of an associated company, and it was necessary to fully understand the beneficiaries of the policy and whether any identified claims could be made against the policy and in which company's name. The investigations have now concluded and there are no claims to be made against the Company's insurance policy or any associated companies.

### 4. LIABILITIES AND DIVIDEND PROSPECTS

#### 4.1 LIABILITIES

##### Secured creditors

- 4.1.1 An examination of the Company's charge register held by the Registrar of Companies, showed that the Company has granted a fixed and floating charge to Avient Limited which was created on 17 May 2013.
- 4.1.2 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.
- 4.1.3 As the charge was created after 15 September 2003, the prescribed part provisions of the legislation apply. These require that a share of the floating charge assets is reserved for distribution to unsecured creditors as follows:
- 50% of the first £10,000 of the net property; and
  - 20% of the remaining net property, up to a maximum of £600,000.

##### Preferential creditors

- 4.1.4 The Company had 12 employees, all of whom were made redundant on 13 September 2019, by which date the Company had ceased to trade.
- 4.1.5 Claims from former employees in respect of arrears of wages, up to a maximum of £800 per employee, and accrued holiday pay rank preferentially in that they are paid ahead of floating charge and ordinary unsecured creditors. Where an employee's claim is paid by the Redundancy Payments Service ("RPS"), the RPS have a subrogated preferential claim in the Liquidation.
- 4.1.6 The statement of affairs anticipated preferential claims totalling £39,832.32. It is understood that the RPS rejected the claims submitted by the employees for unpaid wages and holiday pay on the basis that the Company was previously subject to a CVA and the relevant date for claims was the date of the CVA and not the Liquidation. I understand that a few of the employees have taken further action directly with the Employment Tribunal but have not been made aware of any decisions. Neither have I received any claims from the RPS.



#### Non-preferential unsecured creditors

- 4.1.7 The statement of affairs included 274 unsecured creditors with an estimated total liability of £17,070,558. I have received claims from 128 creditors at a total of £22,717,316. I have not received claims from 150 creditors with original estimated claims in the statement of affairs of £2,717,444. The total value of claims received is higher than anticipated because I received a claim from Pegasus c/o Sky Handling Company LLC in the sum of £8,000,382 in relation to the lease payments for the aircraft and interest thereon. This is significantly higher than the £2,989,105 listed as being due to them in the Company's Statement of Affairs.

#### 4.2 DIVIDEND PROSPECTS

##### Preferential creditors

- 4.2.1 Due to the lack of funds, no dividend will be declared to the preferential creditors.

##### Floating charge creditors

- 4.2.2 Due to the lack of funds, no dividend will be declared to the floating charge creditor.

##### Unsecured creditors

- 4.2.3 I confirm that no dividend will be declared under the prescribed part provisions, or otherwise. The funds realised have been used to meet the expenses of the Liquidation.

#### 5. JOINT LIQUIDATORS' REMUNERATION & EXPENSES

##### *Joint Liquidators' remuneration*

- 5.1 Following a decision by correspondence on 6 November 2019, it was resolved that my remuneration be fixed by reference to time properly spent by myself and my staff in attending to matters arising in the liquidation based on a fee estimate of £19,277.50 plus VAT. The fee estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.
- 5.2 My total time costs to 1 October 2022 amount to £80,477.30, representing 338.63 hours of work at a blended charge out rate of £237.65 per hour, of which £27,331.80 was charged in the period since 2 October 2021, at a blended charge out rate of £257.77 per hour. The actual blended charge out rate incurred compares with the estimated blended charge out rate of £209.87 in my fee estimate. There is a difference in the blended rate charged, compared with the estimated blended rate, due to more time being spent by a higher grade of staff than was anticipated.
- 5.3 I attach at Appendix 3, a breakdown of these time costs by work category and staff grade, together with a narrative explanation of work done in the period since my last report to creditors.
- 5.4 I have drawn £13,147.77 to 1 October 2022 of which £nil was drawn in the period since 2 October 2021 and is reflected in my receipts and payments account.
- 5.5 Given the size and technical nature of the liquidation, much of the work described in the sections above was undertaken by me, a manager and a senior administrator. Additional assistance was provided by cashiers dealing with banking and statutory duties, and administrators offering various support services. All time spent on administering various duties was charged directly to the case in 6 minute units.

5.6 As at 1 October 2022, the total time costs that I have incurred in the Liquidation have exceeded the total estimated remuneration which was set out in my fee estimate, when my remuneration was authorised by the creditors. Please see Appendix 4 which details the actual time costs incurred as compared to the fee estimate provided to creditors in my report dated 16 October 2019. As you will see, the time costs incurred was exceeded by an amount of £67,329.63.

5.7 The reasons for exceeding the fee estimate are that a large amount of time has been spent to identify what, if any, claims the Company had against the insurance policy and understanding the intercompany dealings as well as ensuring that the correct parties were party to the Agreement. This work was in addition to the work included in the fee estimate. Currently I do not intend to draw remuneration in excess of the fee estimate and so will not be seeking a decision to increase my fee estimate.

*Professional and sub-contractors' fees, and other expenses*

5.8 I have incurred total expenses of £2,318.05 since my appointment as Liquidator of which £nil was incurred in the period since my last report to creditors. I have drawn £1,962.00 to 1 October 2022, of which £nil was drawn in the period since my last report to creditors. Menzies LLP has paid £356.05 on behalf of the liquidation estate, which I have not been able to reimburse from the estate as yet due to lack of realisations.

5.9 No expenses were incurred in the period since my last progress report:

5.10 I have used the following agents, professional advisors and subcontractors in the reporting period:

Professional advisor	Nature of work	Basis of fees
Mills & Reeve LLP	Solicitors	Paid by third party

5.11 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. I also considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

5.12 Mills & Reeve LLP has provided legal advice in relation to the Company's claims, if any, against the Company's insurance policy and to assist in agreeing the terms of the Agreement. Their fees were agreed and paid for by one of the other parties to the Agreement.

5.13 Appendix 5 details the expenses I estimated that I would incur in this matter when my remuneration was authorised by the creditors and compares them with those incurred and drawn to date.

5.14 As at 1 October 2022, as you can see from the information provided in this report, the expenses I have incurred in this matter have exceeded the total expenses I estimated I would incur when my remuneration was authorised by the creditors. This is because the costs of obtaining legal advice were not anticipated at the outset and therefore not included in my estimate.

5.15 Based on my knowledge of the case to date, I do not anticipate being able to draw my time costs and expenses, which I have estimated at £82,795.35, in full and expect to draw only £15,109.77. As a result, there will not be a return to preferential, floating charge or unsecured creditors.

6. **CREDITORS' RIGHTS TO FURTHER INFORMATION AND TO CHALLENGE LIQUIDATORS' REMUNERATION AND EXPENSES**

*Creditors' right to request information*

- 6.1 Any secured creditor, or an unsecured creditor with the support of at least 5% in value of unsecured creditors or with the leave of court, may (in writing) request me to provide additional information regarding remuneration or expenses already supplied within this report. In accordance with rule 18.9(2) of the Rules, such a request or application for leave must be made within 21 days of receipt of this report.

*Creditors' right to challenge remuneration and/or expenses*

- 6.2 Any secured creditor, or an unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the court, may apply to court for one or more orders under Rule 18.36(4) or 18.37(4) of the Rules. In accordance with rule 18.34(3) of the Rules such applications must be made within eight weeks of receipt of this report.


7. **FURTHER INFORMATION**

- 7.1 The Joint Liquidators are data controllers of personal data as defined by the relevant provisions of the applicable data protection legislation. Menzies LLP will act as a data processor on their instructions. Personal data will be kept secure and processed only for matters relating to the insolvency appointment. Full details of our privacy notice is at the following link: <https://www.menzies.co.uk/legal/>.
- 7.2 To comply with the Provision of Services Regulations, some general information about Menzies LLP, including about our complaints policy and Professional Indemnity Insurance, can be found at <https://www.menzies.co.uk/legal/> and <https://www.menzies.co.uk/helping-you/business-recovery/making-a-complaint/>.

8. **CONCLUDING REMARKS**

- 8.1 The liquidation will remain open until the awaited VAT refund is received. I estimate that this will take approximately 3-4 months and, once received, I will be in a position to conclude the liquidation.
- 8.2 I will report again on the progress of the liquidation after the next anniversary of the Liquidation or in the final account, whichever is earlier.
- 8.3 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 Christy Law by email at CLaw@menzies.co.uk, or by phone on +44 (0)29 2044 7515.

DocuSigned by:



5587FAF5B55C43A...

Simon James Underwood  
Joint Liquidator

APPENDIX 1  
STATUTORY INFORMATION

Company name:	AV Cargo Airlines Limited
Company number:	08358833
Registered office:	Lynton House, 7-12 Tavistock Square, London, WC1H 9LT
Former registered office:	5 Albourne Court, Henfield Road, Albourne, Hassocks, BN6 9FF
Former trading address:	5 Albourne Court, Henfield Road, Albourne, Hassocks, BN6 9FF
Principal trading activity:	Freight air transport
Joint Liquidators' names:	Simon James Underwood and Bethan Louise Evans
Joint Liquidators' address:	2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF
Date of appointment:	02 October 2019
Contact details of Joint Liquidators	Christy Law on +44 (0)29 2044 7515 or at CLaw@menzies.co.uk
Details of any changes of Liquidator:	There have been no changes of Liquidator during the winding up.

APPENDIX 2

AV CARGO AIRLINES LIMITED - **IN CREDITORS' VOLUNTARY LIQUIDATION – ("THE COMPANY")**  
**JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT**

Appendix 2  
 AV Cargo Airlines Limited  
 (In Liquidation)  
 Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 02/10/2021 To 01/10/2022	From 02/10/2019 To 01/10/2022
	ASSET REALISATIONS		
Uncertain	Plant & Machinery	NIL	NIL
Uncertain	Furniture & Equipment	NIL	NIL
Uncertain	Stock	NIL	NIL
NIL	Intercompany debtors	NIL	18,164.22
Uncertain	European VAT Refund	NIL	NIL
NIL	Cash at Bank	NIL	NIL
		<hr/> NIL	<hr/> 18,164.22
	COST OF REALISATIONS		
	Liquidator's remuneration	NIL	13,174.77
	Legal Fees	NIL	1,962.00
		<hr/> NIL	<hr/> (15,136.77)
	PREFERENTIAL CREDITORS		
(39,832.32)	Employee Arrears/Hol Pay	<hr/> NIL	<hr/> NIL
		NIL	NIL
	FLOATING CHARGE CREDITORS		
(1,830,000.00)	Avient Limited	<hr/> NIL	<hr/> NIL
		NIL	NIL
	UNSECURED CREDITORS		
(16,337,971.34)	Trade & Expense Creditors	NIL	NIL
(388,926.53)	Employees	NIL	NIL
(13,666.00)	Barclays Bank Plc	NIL	NIL
(316,285.54)	HM Revenue - VAT & PAYE/NIC	NIL	NIL
(13,709.38)	Unpaid Pension Contributions	NIL	NIL
		<hr/> NIL	<hr/> NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	<hr/> NIL	<hr/> NIL
		NIL	NIL
<hr/> (18,940,491.11)		<hr/> NIL	<hr/> 3,027.45
	REPRESENTED BY		
	Barclays Bank - NIB		0.10
	Vat Control Account		3,027.35
			<hr/> 3,027.45

Note:

All items detailed on the receipts and payments account are shown net of VAT as the Company was VAT registered and VAT has therefore been recovered for the benefit of the liquidation estate.

## APPENDIX 3

## AV CARGO AIRLINES LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION – ("THE COMPANY")

## JOINT LIQUIDATORS' TIME COSTS

## APPENDIX 3

## TIME CHARGE OUT SUMMARY FOR THE PERIOD FROM 2 OCTOBER 2021 TO 1 OCTOBER 2022

Classification of Work Function	HOURS					Total Hours	Time Costs £	Blended Hourly Rate £
	Partner/ Director	Manager	Senior	Administrator	Support			
Brought Forward From 02.10.2021						232.60	53,145.50	228.48
Administration & Planning	11.80	15.00	0.10	34.33	1.70	62.93	16,332.30	259.52
Realisation of Assets	-	21.70	-	4.20	-	25.90	7,186.00	277.45
Creditors	0.30	3.10	-	6.30	-	9.70	2,058.50	212.22
Investigations	-	4.20	-	3.30	-	7.50	1,755.00	234.00
Trading	-	-	-	-	-	-	-	-
Total Hours	12.10	44.00	0.10	48.13	1.70	106.03		
Total Costs	6,409.00	13,333.50	27.00	7,401.00	161.30		27,331.80	257.77
Total Carried Forward						338.63	80,477.30	237.65
Fees Drawn for Period Ended:								
01.10.2020							-	
01.10.2021							13,147.77	
01.10.2022							-	
Total Fees Drawn to Date:							13,147.77	
Balance of Time Costs Accrued but Unpaid							67,329.53	

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS		
	From 1 June 2022	1 Oct 2021 to 31 May 2022
	£ per hour	£ per hour
Partner/Director	500-580	450-525
Manager	300-450	270-400
Senior	270-280	240-250
Administrator	150-220	135-200
Support Staff	120	105
Note 1	There may have been a number of promotions through the various grades during the period of the administration.	
Note 2	Overhead costs are reflected in the charge out rates detailed.	
Note 3	The charge-out rate of the Insolvency Practitioner for this assignment is currently £580 per hour, and the senior administrator is £270 per hour.	
Note 4	Time is recorded in minimum units of 6 minutes.	

**AV CARGO AIRLINES LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION – ("THE COMPANY")**

**JOINT LIQUIDATORS' NARRATIVE OF WORK UNDERTAKEN IN THE PERIOD 2 OCTOBER 2021 TO 1 OCTOBER 2022**

A description of the work undertaken since my last progress report is as follows:

**1 Administration and planning**

There are certain aspects of the case that are required by statute and for the efficient running of the case. They are not expected to provide a direct quantifiable benefit to creditors; however, without them, other aspects of the case which do provide a quantifiable benefit to creditors would be less efficient. They include:

The maintenance of electronic case management information, periodic reviews of files; strategic case planning and the routine administration of the case and the preparation of documentation and reports, dealing with correspondence and statutory advertising.

Specifically:

**Reporting**

Time has been spent preparing a progress report to members and creditors for circulation following the anniversary to advise upon the progress made over the year.

**Cashiering**

Time has been spent reconciling the bank account and producing the receipt and payments account, and also in the preparation and submission of VAT and corporation tax returns.

**2 Asset realisations**

Net asset realisations provide the financial benefit to creditors and their quantum directly contributes to any dividend ultimately available to creditors.

Time has been spent liaising with my solicitors in relation to a possible claim against the Company's insurance policy and liaising with the insurance broker, solicitors for the insurance company and the owner of the damaged engine and their solicitors. Time has been spent reviewing and agreeing the Agreement.

**3 Investigations**

Time was spent analysing the Company's records to understand the intercompany dealings with a view to pursuing any claims under the insurance policy. Time was spent analysing the Company's losses together with making enquiries of one of the former directors to establish the extent of any claim against the insurance policy.

The investigations are now concluded.



#### 4 Creditors (claims and distribution)

##### Preferential creditors

Time spent in this category included liaising with the Company's pension provider and the RPS in relation to the former employee's claims for unpaid pension contributions. Time was spent considering the decision of the RPS that the pensions were a claim in the previous CVA and not in the Liquidation.

##### Unsecured creditors

Time spent included dealing with routine correspondence and queries and maintaining creditor information on the electronic case management files.

## APPENDIX 4

## AV CARGO AIRLINES LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION – ("THE COMPANY")

## COMPARISON OF ORIGINAL FEE ESTIMATE AND ACTUAL COSTS INCURRED

Classification of Work Function	Fee Estimate			Actual - 02.10.2019 - 01.10.2022		
	Total Hours	Total Time Costs	Blended Hourly Rate	Total Hours	Total Time Costs	Blended Hourly Rate
		£	£		£	£
Administration & Planning	58.00	11,020.00	190.00	176.53	40,348.80	228.57
Realisation of Assets	6.00	1,725.00	287.50	57.00	15,265.50	267.82
Creditors	16.00	3,025.00	189.06	72.90	18,151.00	248.98
Investigations	14.00	3,957.50	282.68	32.20	6,712.00	208.45
Trading	-	-	-	-	-	-
<b>Total Hours</b>	<b>94.00</b>			<b>338.63</b>		
<b>Total Time Costs</b>		<b>19,727.50</b>			<b>80,477.30</b>	
<b>Blended Hourly Rate</b>			<b>209.87</b>			<b>237.66</b>
Total Fees Drawn to date						
01.10.2020					-	
01.10.2021					13,174.77	
01.10.2022					-	
Balance of Time Costs Accrued but Unpaid					67,302.53	

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS		
	From 1 October 2021	1 Oct 2020 to 30 Sept 2021
	£ per hour	£ per hour
Partner/Director	450-525	425-525
Manager	270-400	260-360
Senior	240-250	230-250
Administrator	135-200	100-205
Support Staff	105	100
Note 1	There may have been a number of promotions through the various grades during the period of the administration.	
Note 2	Overhead costs are reflected in the charge out rates detailed.	
Note 3	The charge-out rate of the Insolvency Practitioner for this assignment is currently £525 and £480 per hour, and the administrator is £150 per hour	
Note 4	Time is recorded in minimum units of 6 minutes.	

## APPENDIX 5

## AV CARGO AIRLINES LIMITED - IN CREDITORS' VOLUNTARY LIQUIDATION – ("THE COMPANY")

## JOINT LIQUIDATORS' COMPARISON OF ESTIMATED EXPENSES AND ACTUAL COSTS INCURRED AND PAID

Details of Expense	Estimated amount £	Incurred prior to the period £	Incurred in the period £	Total incurred to date £	Paid prior to the period £	Paid during the period £	Total paid £
<u>Category 1 expenses</u>							
Specific penalty bonding - this is insurance required by statute that every officeholder has to obtain for the protection of each estate, with the premium being based on the value of the company's assets	800.00	190.00	-	190.00	-	-	-
Statutory advertising - various notices relating to the Company have to be placed in the London Gazette	250.00	166.05	-	166.05	-	-	-
<u>Professional and Sub-Contractors' fees</u>							
Legal fees - Mill & Reeve LLP has provided legal advice on the proper treatment of a distribution from the associated company on a fixed fee basis. The firm also provided assistance with the insurance release agreement, the fee for which was paid by one of the other parties to the agreement	-	1,962.00	-	1,962.00	1,962.00	-	1,962.00
<u>Agents' fees</u>							
Storage costs - Books and records will be stored by an agent throughout the period of the Liquidation and for one year following the dissolution of the Company.	500.00	-	-	-	-	-	-
<u>Category 2 expenses</u>							
None	-	-	-	-	-	-	-
Totals		2,318.05	-	2,318.05	1,962.00	-	1,962.00

## EXPENSES

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. The term expenses also includes disbursements which are payments which are first met by the office holder, and then reimbursed to the office holder from the estate.

## Category 1 Expenses

Specific expenditure relating to the administration of the insolvent estate and payable to a person or persons who are not associates of the office holder is recoverable without creditor approval. Such expenditure is made if funds are available from the insolvent estate. If funds are not available, then payment is made from this firm's office account and reimbursed from the estate should funds become available.

Category 1 expenses will generally comprise external supplies of incidental services specifically identifiable to the case. Typical items include legal fees, agents' fees, sub-contractors' fees, statutory advertising, insurance of assets, search fees, specific penalty bonding, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case.

## Category 2 Expenses

These are expenses that are directly referable to the administration of the insolvent estate and are made to associates of the officeholder or have an element of shared costs.

Category 2 Expenses require creditor approval.

Menzies LLP do not as a matter of policy seek approval of, or claim any, Category 2 expenses other than those which are paid to associates of the office holder.