

Liquidator's Progress Report**S.192****Pursuant to Sections 92A, 104A and 192 of the
Insolvency Act 1986**

To the Registrar of Companies

Company Number

08374397

Name of Company

(a) Insert full name of
company

(a) PASSING CLOUDS TRADING LTD

(b) Insert full name(s) and
address(es)

I (b)

Stephen Richard Penn of Absolute Recovery Limited, 1st Floor, Block A, Loversall Court,
Clayfields, Tickhill Road, Doncaster, South Yorkshire, DN4 8QG, United Kingdomthe liquidator of the company attach a copy of my Progress Report under section 192 of the
Insolvency Act 1986

The Progress Report covers the period from 03 February 2015 to 02 February 2016

Signed



Date 3 February 2016

Presenter's name,
address and reference (if
any)Stephen Richard Penn
Absolute Recovery Limited
1st Floor, Block A
Loversall Court, Clayfields
Tickhill Road, Doncaster
South Yorkshire
DN4 8QG
United Kingdom

THURSDAY



A500H12Q

A06

04/02/2016

#47

COMPANIES HOUSE

PASSING CLOUDS TRADING LTD IN CREDITORS' VOLUNTARY LIQUIDATION

ANNUAL PROGRESS REPORT

2 February 2016

For the period 3 February 2015 to 2 February 2016

CONTENTS

- 1 Introduction
- 2 Background
- 3 Asset Realisations
- 4 Liquidators Actions
- 5 Investigations
- 6 Creditors' Claims & Dividend Prospects
- 7 Costs and Expenses
- 8 Further Information
- 9 Conclusion

ATTACHMENTS

- 1 Receipts and Payments Account
- 2 Analysis of Time-costs

1 INTRODUCTION

The purpose of this report is to detail my acts and dealing as Liquidator for the year ended 2 February 2015 and it should be read in conjunction with my previous correspondence to Creditors

2. BACKGROUND

REGISTERED NAME, ADDRESS AND NUMBER

Passing Clouds Trading Ltd (In Liquidation), ("the Company")

Registered office	First Floor, Block A Loversall Court, Clayfields Tickhill Road, Doncaster DN4 8QG
-------------------	--

Former Registered Office	440 Kingsland Road London E8 4AA
--------------------------	--

Registered Number	08374397
-------------------	----------

Other trading names	None
---------------------	------

APPOINTMENT DETAILS

Name of Liquidator	Stephen Richard Penn
--------------------	----------------------

Address of Liquidator	1st Floor, Block A Loversall Court, Clayfields Tickhill Road, Doncaster South Yorkshire DN4 8QG United Kingdom
-----------------------	---

Date of Appointment of Liquidator	3 February 2015
-----------------------------------	-----------------

The company's principal activity was Public House

The main causes of failure as set out in the Director's Report to Creditors are as follows

At the time of the Company's incorporation, a dispute arose over the lease of the goodwill from the a private trust, this led to an ongoing dispute between the director and a senior manager. The financial controller of the Company did not register the company for PAYE upon incorporation. Whilst the company was finally registered for PAYE in August 2014, by this time a considerable tax liability had been amassed without being accounted for.

After it came to light that the financial controller had not registered for PAYE, the finance assistant was also alerted to the fact that VAT had also not been registered for. Following a series of enquiries, it became clear that the deadline had lapsed and that the company had run up a large debt including additional fines that were in excess of the company's financial means.

At this time the financial controller, who was suffering from stress, went on leave, appointing two members of staff to carry out his duties and giving them access to the bank accounts. It was at this time it became apparent that further large debts had built up with various suppliers, government bodies and associations. In his absence, the appointed staff either cleared these debts, or made agreements to repay in instalments. The director was notified of the debt that had

been built up and the director discussed with other senior management taking the financial controller off financial management duties since he was not performing adequately

Soon after the financial controller returned from leave, the director of the Company was called abroad on urgent business before having the opportunity to carry out the management decision to remove the financial controller from his position. During this time when the director was away, the financial controller made and resumed his financial duties, deciding to make a payment to in direct conflict with a group management decision and without consulting management. This further destabilised the company's bank accounts. The financial controller acted further, blocking senior management's access to the company bank accounts in order to make the unauthorised payment to the liquidation company.

The director was delayed in returning to the country due to unforeseen circumstances. During this time, the financial controller resumed running up large debts with suppliers, breaking the agreements to clear outstanding debts made by the staff he appointed in his absence.

On the return of the director, she found the company in an extremely difficult place financially due to the actions of the financial controller and decided to suspend the financial controller pending an investigation prior to a disciplinary hearing. The outcome of the investigation and disciplinary meeting was that the financial controller was dismissed for gross misconduct. This caused further destabilisation of the company as roles had to be reorganised to fill the work gap whilst also attempting to get the company finances back in order.

During the suspension period of the financial controller, he revoked his license at the building without informing the management. This led to Hackney Council closing down the premises with no notice just before the busiest weekend in the organisation's calendar. This led to considerable losses both in trade and in revenue for the business.

The (former) financial controller then decided to take the Company to an employment tribunal. Passing Clouds had to divert considerable managerial energy to the case, taking energy away from business issues and resulting in loss of business earnings.

Following the dismissal of the financial controller, the Company was issued a noise pollution order by Hackney Council and were threatened with a closure notice. This necessitated full additional soundproofing to the building which took months to complete. Although the soundproofing was successful, it was crippling expensive and caused considerable disruption to trading.

The Company were not able to afford the cost of a lawyer and the former financial controller won his claim at the employment tribunal, being awarded £16,000. Upon receiving the judgement, the former financial controller immediately escalated collection of the award to a high court whom issued an enforcement order. The former financial controller also applied for an interim third party debt order against Passing Clouds Trading Limited's bank.

3. ASSET REALISATIONS

The Liquidator's first Annual Receipts and Payment account for the period ending 2 February 2015, is attached.

Asset Summary

Asset Name	Est To Realise £	Realised to Date £
Fixtures, Fittings & Equipment	2,750	7,750
Stock	250	1,000
Cash at Bank	406	158 81
Bank Interest Gross	0	10 10
Office Furniture & Equipment	380	825
Total	3,786	9,743 91

Assets

Fixtures, Fittings & Equipment

The company's fixtures, fittings and equipment of which there is an extensive list, was professionally valued by my agent Lahar Consultants Limited on 2nd February 2015. The items had a forced sale value of £2,750 00 and an open market value of £7,750 00.

Stock

The company's stock which was included in the list above was professionally valued by my agent Lahar Consultants Limited on 2nd February 2015. The stock has an open market value of £1,000 00.

Cash At Bank

The company bank account had a credit balance of £158 81 at liquidation and this amount was paid to me.

Bank Interest Gross

I operate an interest bearing current account for the purpose of the liquidation and to date interest totalling £10 10 has accrued.

Office Furniture and Equipment

The company's office furniture and equipment was professionally valued by my agent Lahar Consultants Limited on 2nd February 2015. The items had a forced sale value of £380 00 and an open market value of £825 00.

Agreement

A verbal agreement was reached with the director of the company to purchase the fixtures, fittings, equipment, stock, office furniture and equipment on 12 February 2015, the total cost was £9,575 00 plus VAT, which was the open market value of the assets. I can confirm that I have received full payment.

Payments

Statement of Affairs Fee

The sum of £333 33 plus VAT has been paid in partial reduction of the agreed Statement of Affairs fee of £3,000 plus VAT.

Office Holders Fee

The sum of £5,000 00 plus VAT has been paid to Absolute Recovery Limited in respect of the liquidator's remuneration. Authorisation for this was given by creditors at the meeting held on 3 February 2016.

The company was registered for VAT and the VAT element of these payments is recoverable.

4. LIQUIDATORS ACTIONS

My initial opinion of the assignment was that it should be of a straight forward nature with the majority of early administration focused upon statutory duties and realising the company's assets.

Based simply on the Statement of Affairs I considered that it was unlikely a dividend would be payable to creditors

I considered that I had the staff and resources to properly administer the liquidation and appointed a case manager and a case administrator to deal with the day to day administration

I did not believe it was necessary to consult creditors generally with regard to any strategy

The company did not operate a pension scheme and had no employees as at the date of liquidation. No employees have come to light since the liquidation commenced

On 12 February 2015 I entered into a verbal agreement with the directors of the company to purchase the company assets described above for the sum of £9,575.00 plus VAT. To date the directors have made payment in full

I implemented a redirection upon the company's mail for the first 3 months of the liquidation and whilst on this occasion it was unsuccessful, it is generally a useful tool to identify unknown assets and creditors

5. INVESTIGATION

An initial investigation into the Company's affairs was undertaken to establish whether there were any potential asset recoveries or conduct matters that justified further investigation

The directors of the company have failed to complete and return to me a questionnaire regarding their activities as directors of the company and they have failed to deliver up to me the company's books and records

There has been no set of accounts filed at Companies House for the period of trading nor have I seen any management accounts for any period

Having undertaken a thorough review of these documents I identified several transactions which required further investigation. I have written to the director and to date I still have not received a response to my queries. The amount I am querying is a significant amount. This has been made difficult as if I had the books and records I may have been able to identify certain transactions myself but without the information it has hindered my investigations

My last correspondence which was sent on 10 February 2015 to all known creditors requested creditors to complete a questionnaire notifying me of any complaints or information they had regarding the company which could possibly assist me with my investigations. No questionnaires have been submitted to date

A report on the conduct of any individuals, who have been directors of the Company in the three years prior to the insolvency, is required to be submitted to the Secretary of State within six months of our appointment. I would confirm that my report has been submitted

6 CREDITORS CLAIMS & DIVIDEND PROSPECTS

Secured Creditor

The company has no secured creditors

Preferential creditors

The company has no preferential creditors

Unsecured creditors

The statement of affairs included 17 unsecured creditors with an estimated total liability of £124,317. I have received and agreed claims from 5 creditors at a total of £20,887.80. To date I have not received claims from 12 creditors with original estimated claims in the statement of affairs of £124,317.

Unfortunately, there are insufficient funds to pay a dividend to any class of creditor.

7. COSTS AND EXPENSES

The payments shown on the summary of the Receipts and Payments attached are in the main self-explanatory.

Pre-Appointment Costs

Fixed fee agreed with the Directors and ratified by members and creditors.

The creditors authorised the fee of £3,000.00 plus VAT for assisting the directors in calling the relevant meeting and with preparing the statement of affairs on 03 February 2015.

Liquidator's Remuneration

The Liquidator's remuneration was approved on a time cost basis in relation to this assignment, as authorised by creditors at the S98 Meeting on the 3 February 2015 in accordance with the following resolution:

"The liquidator shall be authorised to draw his remuneration based upon his time costs by reference to the time properly given by the liquidator and his staff, in attending to matters arising in the liquidation at Absolute Recovery Limited's standard hourly rates, at the rates prevailing at the time the work is done, such remuneration to be paid out of the assets of the company and which may be drawn on account as and when funds permit. The meeting was provided with the current details of the liquidator's charge out rates."

Summary of Costs

The Liquidator's time costs for the period 3 February 2015 to 2 February 2016 totals £8,537.50 representing 52.50 hours at an average hourly rate of £162.62. The sum of £5,000.00 plus VAT has been drawn to date. The time costs are detailed on the attached.

Liquidator's Disbursements

The Liquidator's category 1 and category 2 disbursements which have been incurred and not yet paid during the period 3 February 2015 to 2 February 2016 are detailed below:

Type of expense	Category	Amount incurred	Amount paid
Statutory Advertising	1	£176.00	£0.00
Meeting Room Cost	1	£75.00	£0.00
Computer Services - Insolv	1	£110.00	£0.00
Specific Bond	1	£36.00	£0.00
Re-direction of Mail	1	£120.00	£0.00
Travel	2	£150.00	£0.00
Total		£667.00	£0.00

Postage, printing & envelopes costs have also been incurred however as at the date of this report these have not specifically been recorded.

VAT has been charged where applicable

A copy of 'A Creditors Guide to Liquidators' Fees' can be viewed and/or downloaded at

<http://www.absolute-recovery.co.uk/guides.html>

A hard copy of both the Creditors Guide and the firm's charge-out rate and disbursement policy may be obtained on request

Other Professional Costs

Agents Fees

Lahar Consultants Limited was instructed to value the company's assets. No monies have been paid in respect of their services from the liquidation.

8. FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

9. CONCLUSION

The administration of the liquidation will be continuing and to finalise the following outstanding matters that are preventing this case from being closed are the responses from the director regarding transactions out of the company bank account. A further letter will be issued to the director and should she not respond I will without further notice instruct litigation funders to act on my behalf.

If you require any further information please contact Danielle Jones on 01302 572701



Stephen Richard Penn
Liquidator

Enc

**Passing Clouds Trading Ltd - In Creditors Voluntary Liquidation
Liquidator's Abstract of Receipts & Payments**

From 03 February 2015 To 02 February 2016

S of A £		As Previously Reported	03/02/15 to 02/02/16	Total £
RECEIPTS				
2,750	Fixtures, Fittings & Equipment	NIL	7,750 00	7,750 00
250	Stock	NIL	1,000 00	1,000 00
406	Cash at Bank	NIL	158 81	158 81
NIL	Bank Interest Gross	NIL	10 10	10 10
380	Office Furniture & Equipment	NIL	825 00	825 00
NIL	Vat Payable	NIL	1,915 00	1,915 00
<u>3,786</u>		<u>NIL</u>	<u>11,658 91</u>	<u>11,658 91</u>
PAYMENTS				
	Statement of Affairs Fee	NIL	333 33	333 33
	Office Holders Fees	NIL	5,000 00	5,000 00
	Vat Receivable	NIL	1,066 67	1,066 67
		<u>NIL</u>	<u>6,400 00</u>	<u>6,400 00</u>
CASH IN HAND		<u>NIL</u>	<u>5,258 91</u>	<u>5,258 91</u>

Liquidator's Remuneration Schedule
Passing Clouds Trading Ltd
Between 03 February 2015 and 02 February 2016

Classification of work function	Partner/Director	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost	Average Hourly Rate
Administration & Planning	6 00	0 00	7 90	5 10	19 00	3,797 50	199 87
Investigations	1 10	0 00	6 00	18 10	25 20	3,095 00	122 82
Realisation of Assets	0 00	0 00	1 00	0 00	1 00	150 00	150 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 30	0 00	3 40	0 00	3 70	615 00	166 22
Case Specific Matters	1 70	0 00	1 90	0 00	3 60	880 00	244 44
Total hours	9 10	0 00	20 20	23 20	52 50		
Time costs	3,185 00	0 00	3,032 50	2,320 00	8,537 50		
Average hourly rate	350 00	0 00	150 12	100 00	162 62		

Description	Total Incurred £	Total Recovered £
	0 00	0 00
Totals	0.00	0.00

Summary of Fees

Time spent in administering the Assignment	Hours	52 50
Total value of time spent to 02 February 2016	£	8,537 50
Total Liquidator's fees charged to 02 February 2016	£	0 00

Chargeout Rates

The hourly rates for the different levels of staff are shown below

Director	£350
Senior Manager	£275
Manager	£225
Senior Administrator	£175
Administrator/Cashier	£150
Assistants and Support Staff	£100

Time is charged to the individual insolvency case in 6 minute units