

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**

For Official Use

To the Registrar of Companies

Company Number

01143652

Name of Company

H. Charlesworth &amp; Co Limited

I / We

Steven Muncaster, The Chancery, 58 Spring Gardens, Manchester M2 1EW

Sarah Helen Bell, The Chancery, 58 Spring Gardens, Manchester M2 1EW

supervisor(s) of a voluntary arrangement taking effect on

22 March 2016

Attach my progress report for the period

22 March 2016

to

21 March 2017

Number of continuation sheets (if any) attached

Signed



Date

14 / 6 / 17.

Duff & Phelps Ltd.  
The Shard  
32 London Bridge Street  
London, SE1 9SG

Ref: 66682/SBM/SB/MRP/JM/AxF

For Official Use

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# **Annual Progress Report to Creditors**

18 May 2017

## **H. Charlesworth & Co Limited (Company Voluntary Arrangement)**

Joint Supervisors' Annual Report to Creditors  
For the period from 22 March 2016 to 21 March 2017

**Duff & Phelps Ltd.  
The Chancery  
58 Spring Gardens  
Manchester  
M2 1EW**

## Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	22 March 2016, being the date of appointment of the Joint Supervisors
CBIF	Close Brothers Invoice Finance, the holder of a debenture incorporating a fixed and floating charge over the Company's assets, and provider of an invoice discounting facility to the Company
the Chairman's Report	The Chairman's Report pursuant to Section 4(6) of the Act
the Company	H. Charlesworth & Co Limited T/A Charlesworth Press (Company Registration Number: 01143652)
the CVA or the Arrangement	Company Voluntary Arrangement
the Directors	The Directors of the Company, namely Mark Gray, Adam Pugh, Lee Hewitt and Gary Wild
Duff & Phelps	Duff & Phelps Ltd., The Chancery, 58 Spring Gardens, Manchester, M2 1EW
the Joint Nominees	The persons who may at any time be acting as a Nominee in respect of the proposed CVA, being Steven Muncaster and Sarah Bell of Duff & Phelps
the Joint Supervisors	The persons who may at any time be acting as a Supervisor of the CVA, being Steven Muncaster and Sarah Bell of Duff & Phelps
the Proposal	The Proposal for a CVA under Part 1 of the Act, the terms of which are contained in this document and in the schedules attached to it
the Reporting Period	22 March 2016 to 21 March 2017
the Rules	The Insolvency Rules 2016
the Shareholder	Charlesworth Holdings Limited
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remunerations and disbursements

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1. Joint Supervisors' Receipts and Payments Account
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3. Proof of Debt Form

**1. Introduction**

- 1.1 The CVA was approved on the Appointment Date, with Steven Muncaster and Sarah Bell being appointed Joint Supervisors of the Company.
- 1.2 This is the first progress report to the creditors and members of the Company, detailing how the Arrangement has been conducted and the prospects for the full implementation of the Arrangement.
- 1.3 Please read this report in conjunction with the Proposal and the Chairman's Report. A copy of these reports can be obtained from this office on request.

**2. Background**

- 2.1 The nature of the Company's financial position and the events leading up to the convening of the meetings of members and creditors are detailed in full within the Proposal.
- 2.2 The Joint Nominees were appointed on 2 March 2016 and the report of the Joint Nominees' was filed in Court on this date.
- 2.3 Notices convening the meetings of creditors and members on the Appointment Date was distributed to relevant parties on 2 March 2016.
- 2.4 A meeting of creditors was held pursuant to Section 4 of the Act where a requisite voting majority was obtained approving the Proposal and the Joint Supervisors were appointed to monitor the Arrangement.
- 2.5 A meeting of the Company's members was held following the meeting of creditors, at which the Proposal was approved by the Shareholder.
- 2.6 The Chairman's Report was filed in Court on 24 March 2016 and subsequently issued to creditors on 31 March 2016
- 2.7 Since the Appointment Date, the Company has continued to trade whilst making monthly contributions in line with the approved Proposal agreed with the modifications, subject to an informal variation agreed with the Company by the Joint Supervisors – further details are provided in section 4 of this report.

**3. Asset Realisations**

- 3.1 As detailed in the Proposals, all assets of the Company are required for trading purposes and have therefore been excluded from the Arrangement.

**CVA Contributions**

- 3.2 Under the Proposals, the Company is to pay monthly contributions on the following basis to the Joint Supervisors:

Period	Contribution per month £
Months 1 - 12	12,500
Months 13 - 24	15,000
Months 25 - 36	17,500
Months 37 - 48	19,000
Months 49 - 60	23,624

- 3.3 Contributions falling due during the Reporting Period amount to £150,000. However, contributions received for the same period amount to £100,000. A further contribution of £12,500 was received shortly after the Reporting Period due to a payment delay, resulting in total arrears of £37,500 to date.

**Bank Interest**

- 3.4 The Joint Supervisors have realised £4 in respect of gross bank interest during the Reporting Period.

**4. Reporting Period Developments**

- 4.1 As detailed above, the contribution arrears for the Reporting Period total £37,500. These arrears relate to months 9-11 of the CVA, being the three-month period between December 2016 and February 2017.
- 4.2 Based on previous performance, this is typically a low period of trade for the business as it operates in a highly seasonal market.
- 4.3 In view of the above, the Company's management team requested a payment holiday for months 9-11 to keep contributions in line with the Company's seasonal trade and allow for cash flow to be managed more efficiently.
- 4.4 The Joint Supervisors agreed, under the discretion provisions in the Proposal, that these contributions arrears can be repaid over the next 6 months.
- 4.5 The monthly contributions will therefore increase to £27,500 during months 15 to 17 of the CVA.

**5. Creditors' Claims**

- 5.1 No steps have been taken to agree creditor claims to date, however this process will be started following the receipt of the preferential claim from the RPS.
- 5.2 The final level of adjudicated creditor claims will be determined by the quantum of the first non-preferential dividend to creditors.
- 5.3 Any creditors who have not yet submitted a claim should do so using the proof of debt form attached at Appendix 3.

**6. Dividend Prospects**

**Secured Creditors**

- 6.1 The Company granted fixed and floating charges to CBIF on 16 July 2014, in respect of an invoice discounting facility provided to the Company.
- 6.2 As at 2 March 2016, the sum of £632,718 was due to CBIF under its security.
- 6.3 CBIF is excluded from the CVA for dividend purposes and its security rights are not affected by the CVA. As such, the CVA funds held will only be utilised for the benefit of the preferential and non-preferential creditors.
- 6.4 However, CBIF retains its rights under its debenture, which provide for the appointment of an Administrator or other alternative enforcement proceedings in the event of any breach of the debenture terms and/or facility agreement, or ultimately the failure of the CVA.

### **Preferential creditors**

- 6.5 The Company operates a Group Personal Pension Scheme for its employees. There are outstanding pension contributions of £62,103, representing £27,035 of employee contributions and £35,068 of employer contributions.
- 6.6 In accordance with S124-127 of The Pensions Act 1993 (as amended) a claim may be submitted to the RPS for payment of such arrears, up to the date of insolvency, in this instance being the date of approval of the CVA proposal.
- 6.7 The Joint Supervisors made four submissions of the relevant forms to RPS to enable them to process the employee pension arrears claims. However, the RPS subsequently rejected these submissions and requested that the information provided be amended and resubmitted.
- 6.8 Following a fifth submission of the required documents to the RPS, it has been confirmed that this information has now finally been processed and payment has been made to the Group Personal Pension Scheme.
- 6.9 In view of the above, the RPS is entitled to submit a claim to the Joint Supervisors of the CVA to rank preferentially. Based on current information, it is estimated that a preferential claim of c£13,420 will be received from the RPS.
- 6.10 The Joint Supervisors are awaiting final details of preferential claim of the RPS. As per the terms of the CVA, the preferential dividend will be paid at 100 pence in the pound.
- 6.11 Once the final claims has been received from the RPS, the Joint Supervisors will start the preferential dividend process by issuing the requisite notices.

### **Non-Preferential Creditors**

- 6.12 At the commencement of the CVA, it was expected that creditors would total £996,912. To date claims of £468,971 have been received.
- 6.13 Distributions are to be made to the creditors in the priority given to such distributions under the Act and the Rules. Consequently, the Joint Supervisors are unable make payment of the non-preferential dividend until the preferential claims have been received and the preferential dividend has subsequently been paid.
- 6.14 The quantum and timing of the first non-preferential dividend is uncertain at this stage and will be dependent upon the level of the preferential claim received from the RPS.
- 6.15 Once the preferential dividend has been paid, the Joint Supervisors will begin the non-preferential dividend process. A notice of intended dividend will be issued to non-preferential creditors which allows 28 days for final claims to be submitted in the CVA.
- 6.16 Following the passing of the 28 day notice period, the Joint Supervisors will adjudicate on the claims received and payment of the first non-preferential interim dividend will subsequently be paid.
- 6.17 Creditors should note that there is a two month period after the last date for proving for the Joint Supervisors to adjudicate upon creditor claims. After this two month period has expired, the Joint Supervisors must declare a dividend and pay the distribution shortly thereafter.

**7. Joint Supervisors' Costs and Expenses**

**Joint Nominees' Fees**

- 7.1 The Joint Nominees' fee of £10,000 for acting as such was paid in full by the Company prior to the commencement of the CVA.
- 7.2 All costs and expenses of the Joint Nominees were paid in accordance with clauses 56 - 57 of the Standard Conditions of the Proposals.

**Joint Supervisors' Costs and Expenses**

- 7.3 As agreed under the CVA Proposal at the creditors' meeting held on 22 March 2016, the basis of the Joint Supervisors' remuneration is by reference to the time properly given by them and their staff in attending to matters arising in the CVA.
- 7.4 The time costs incurred during the Reporting Period are analysed at Appendix 2. Time has been charged in six minute units. Staff were chosen depending upon the appropriate level of experience required for such activity.
- 7.5 Creditors will note from the cash flow forecasts included within the Proposal that the Joint Supervisors are being remunerated by way of a fixed fee of £6,000 per annum.
- 7.6 Time costs incurred during the Reporting Period total £29,956, representing 99 hours at an average hourly rate of £302. A time cost analysis is attached at Appendix 2.
- 7.7 In accordance with SIP 9, the Joint Administrators have provided creditors with additional information regarding the areas of time incurred during the Reporting Period below:
- Total time costs of £11,784 have been incurred under the headings Employee Matters and Preferential Creditors. This relates to time spent dealing with employee claims for pension arrears and liaising with the RPS regarding the submission of the relevant documents.
  - Time costs of £9,807 have been incurred under the heading Strategy Planning & Control. This relates to internal discussions relating to general CVA progression matters.
  - Time costs of £3,870 have been incurred under the heading Unsecured Creditors. This relates to time spent liaising with creditors regarding their claims and the CVA in general.
- 7.8 No fees have been drawn by the Joint Supervisors to date.
- 7.9 The only expenses incurred by the Joint Supervisors during the Reporting Period relate to legal costs in the total sum of £1,730 paid to Bermans LLP.
- 7.10 The only disbursements incurred during the Reporting Period are bank charges of £4.
- 7.11 Information regarding the fees and disbursements of Supervisors, including details of the Duff & Phelps' disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a Creditor Guide document called "Voluntary Arrangement (appointment from 1 November 2011)". This can be viewed and downloaded from the Joint Supervisors' website at <http://www.duffandphelps.com/services/restructuring/corporate-restructuring-and-debt-advisory/Creditor-Guides-and-Employee-Fact-Sheets>.
- 7.12 Should you require a hard copy of this document, please contact this office.



**8. Future Prospects and Conclusion**

- 8.1 The Directors of the Company believe that the business will be able to continue as a going concern, making monthly contributions in line with the terms of the CVA.
- 8.2 The Joint Supervisors will continue to review the trading performance of the Company and will monitor the receipt of monthly contributions going forward.
- 8.3 The Arrangement is due to terminate on 21 June 2021. Provided that the terms of the Arrangement are met, the Joint Supervisors will send a notice to all prescribed persons that the Arrangement has been fully implemented, together with their final report in the matter.
- 8.4 Following the completion of the Arrangement, the Joint Supervisors will take steps to make a final distribution to all non-preferential creditors, upon completion of which their involvement in the Company will cease.

**9. Next Report**

- 9.1 The Joint Supervisors are required to provide a progress report within two months of the end of the anniversary of the Appointment Date. The next report will be provided no later than 21 May 2018.
- 9.2 Should you have any queries regarding the content of this report, please contact Jamie Maddox of this office.



**Steven Muncaster**  
Joint Supervisor

**Appendix 1**

**Joint Supervisors Receipts and Payments Account**

**Voluntary Arrangement of  
H. Charlesworth & Co Limited  
To 21/03/2017**

<b>S of A £</b>	<b>£</b>	<b>£</b>
<b>ASSET REALISATIONS</b>		
CVA Contributions	100,000.00	
Bank Interest Gross	3.87	
		100,003.87
<b>COST OF REALISATIONS</b>		
Legal Fees	1,530.00	
Legal Disbursements	200.00	
Bank Charges	3.84	
		(1,733.84)
		<b>98,270.03</b>
<b>REPRESENTED BY</b>		
VAT receivable		306.00
Main current account		97,964.03
		<b>98,270.03</b>

## **Appendix 2**

### **Analysis of Time Charged**

66682 H CHARLESWORTH & CO LIMITED - CVA

ANALYSIS OF TIME COSTS FOR THE PERIOD 22/03/2016 to 21/03/2017

CVA-Comp. Vol Arrangement - Supvr

Classification of Work Function	Hours					Total Hours	Time Cost	Avg Hourly Rate
	Partner	Manager	Senior	Assistant	Support			
<b>Administration and Planning</b>								
Cashiering & accounting	0.00	0.40	1.30	2.90	0.00	4.60	1,171.00	254.57
General admin	0.30	0.00	0.00	3.45	0.00	3.75	778.25	207.53
General correspondence	0.00	0.00	0.00	0.50	0.00	0.50	105.00	210.00
Statutory matters (Meetings & Reports & Notices)	0.00	0.50	0.00	11.30	0.00	11.80	2,440.50	206.82
Strategy planning & control	0.00	21.40	0.00	4.30	0.00	25.70	9,807.00	381.60
<b>Creditors</b>								
Employee matters	0.00	16.20	0.00	1.00	0.00	17.20	6,984.00	406.05
Preferential creditors	0.00	2.60	0.00	20.60	0.00	23.20	4,800.00	206.90
Unsecured creditors	0.00	6.50	0.00	5.70	0.00	12.20	3,870.00	317.21
<b>Total Hours:</b>	<b>0.30</b>	<b>47.60</b>	<b>1.30</b>	<b>49.75</b>	<b>0.00</b>	<b>98.95</b>		<b>302.74</b>
<b>Total Fees Claimed:</b>	<b>159.00</b>	<b>19,992.00</b>	<b>430.00</b>	<b>9,374.75</b>	<b>0.00</b>		<b>29,955.75</b>	

**Appendix 3**

**Proof of Debt Form**

**Proof of Debt -  
General  
Form**

**CVA  
Form  
4.25**

1.	Name of Creditor (If a company please also give company registration number)	
2.	Address of Creditor for correspondence	
3.	Total claim as at:  Date of meeting to consider Voluntary Arrangement, 19 April 2017  Include any Value Added Tax and outstanding uncapitalised interest	REF: £
4.	Attach details of any documents by reference to which the debt can be substantiated. [eg statement, judgment]	
5.	If total amount above includes outstanding uncapitalised interest, please state amount	£
6.	Particulars of how and when debt incurred, (if you need more space attach 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 relation to creditor	

Admitted to vote for:	Admitted for dividend for:
£	£
Date	Date
Nominee / Supervisor:	Supervisor: