

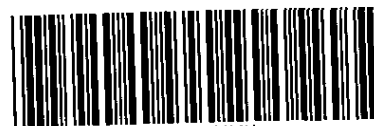
AM07

Notice of creditor's decision on administrator's proposals



Companies House

SATURDAY



A66BV5UI

A21

13/05/2017

#148

COMPANIES HOUSE

1 Company details

Company number 02673405

Company name in full AIR COURIERS INTERNATIONAL LIMITED T/A AIR
COURIER INTERNATIONAL

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) ASHER

Surname MILLER

3 Administrator's address

Building name/number PEARL ASSURANCE HOUSE

Street 319 BALLARDS LANE

Post town LONDON

County/Region

Postcode N12 8LY

Country ENGLAND

4 Administrator's name ①

Full forename(s) HENRY

Surname LAN

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number PEARL ASSURANCE HOUSE

Street 319 BALLARDS LANE

Post town LONDON

County/Region

Postcode N12 8LY

Country ENGLAND

② Other administrator

Use this section to tell us about
another administrator.

AM07**Notice of creditor's decision on administrator's proposals****6****Purpose of procedure or meeting**

To approve the Joint Administrators' proposals.

7**Description of procedure or meeting^③**

Decision by correspondence.

^③ Whether it was a virtual or physical meeting, some other decision procedure (please describe), or deemed consent.

8**Address of meeting**

If a meeting was held at a physical location, give the address below.

Building name/number

Street

Post town

County/Region

Postcode

Country

AM07

Notice of creditor's decision on administrator's proposals

9 Other platform for decision procedure or meeting^①

Voting forms via post.

① If a meeting was not held at (or the decision procedure was not undertaken at) a physical location, tell us what means were used—for example email, videolink

10 Meeting

If a meeting was held was the required quorum met?

☐ Yes

☐ No

11 Details of creditors' decisions

Details of decisions including any modifications to the proposals approved by the creditors are as follows:

Please see attached.

12 Details of any resolutions passed

Give details of any resolutions which were passed.

Please see attached.

AM07

Notice of creditor's decision on administrator's proposals

13

Date and time of decision made or resolution passed

Date

^d0^d8^m0^m5^y2^y0^y1^y7

Time

^h1^h2 : ^m0^m0

14

Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d1^d0^m0^m5^y2^y0^y1^y7

AM07**Notice of creditor's decision on administrator's proposals****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

Asher D Miller

Company name

David Rubin & Partners

Address

Pearl Assurance House**319 Ballards Lane**

Post town

London

County/Region

Postcode

N 1 2 8 L Y

Country

ENGLAND

DX

57368 FINCHLEY 1

Telephone

020 8343 5900**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 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 or email 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

RECORD OF DECISIONS SOUGHT FROM CREDITORS

BY A QUALIFYING DECISION PROCEDURE – BY CORRESPONDENCE

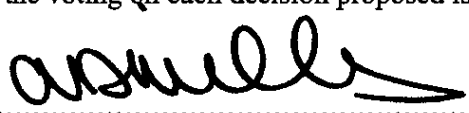
In the High Court of Justice, Chancery Division, Companies Court (full name of court)	Court Case Number 002949 of 2017
Name of Company Air Couriers International Limited T/A AIR COURIER INTERNATIONAL	Company number 02673405

Creditors of the Company were asked to consider the following Decisions by 8 May 2017. The results of the votes are set out below:

<u>THE PROPOSED DECISIONS</u>		Approve / Against
1.	THAT under Rule 3.52 of the Insolvency (England and Wales) Rules 2016, the unpaid pre-administration costs as detailed in the Administrator's Report be approved for payment	Approved
2.	THAT Joint Administrators' fee estimate for further work after the issue of their Proposals is noted and IT IS DECIDED THAT their remuneration be fixed by reference to the time given by them and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration and that they be authorised to draw their post appointment time costs of £13,187 as reported and such further remuneration as and when funds are available	Approved
3.	THAT the Administrators be authorised to draw Category 2 disbursements in accordance with their firm's published tariff as disclosed in the Report	Approved
4.	THAT the Administrators' proposals set out at paragraph 16 in their Report and Statement of Formal Proposals dated 20 April 2017 be approved.	Approved
5	THAT the Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.	Approved

Creditors did not decide to establish a creditors' committee.

A schedule of the voting on each decision proposed is appended which forms part of this record.

Signed: 
ASHER MILLER - JOINT ADMINISTRATOR
(CONVENOR)

AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL

PARAGRAPH 51

DECISION BY CORRESPONDENCE:

- 1 THAT under Rule 3.52 of the Insolvency (England and Wales) Rules 2016, the unpaid pre-administration costs as detailed in the Administrator's Report be approved for payment.
- 2 THAT Joint Administrators' fee estimate for further work after the issue of their Proposals is noted and **IT IS DECIDED THAT** their remuneration be fixed by reference to the time given by them and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration and that they be authorised to draw their post appointment time costs of £13,187 as reported and such further remuneration as and when funds are available
- 3 THAT the Administrators be authorised to draw Category 2 disbursements in accordance with their firm's published tariff as disclosed in the Report
- 4 THAT the Administrators' proposals set out at paragraph 16 in their Report and Statement of Formal Proposals dated 20 April 2017 be approved.
- 5 THAT the Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.

UNSECURED CREDITORS

	Resolution 1		Resolution 2		Resolution 3		Resolution 4	
	For	Against	For	Against	For	Against	For	Against
1 Kangaroo International Limited	£30,615.79		£30,615.79		£30,615.79		£30,615.79	
	£30,615.79	-	£30,615.79	-	£30,615.79	-	£30,615.79	-
	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%

Signed:



Asher D Miller FCA - Joint Administrator

Date: 16 May 2017

IN THE HIGH COURT OF JUSTICE

NO 002949 OF 2017

IN THE MATTER OF

AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL
- IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

THE JOINT ADMINISTRATORS' REPORT AND
STATEMENT OF FORMAL PROPOSALS AS REQUIRED BY
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986
AND RULE 3.35 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016

**AIR COURIERS INTERNATIONAL LIMITED
T/A AIR COURIER INTERNATIONAL
~ IN ADMINISTRATION**

JOINT ADMINISTRATORS' REPORT AND PROPOSALS - PARA 49

CONTENTS

1. Introduction
2. Statutory information
3. Brief Trading history and results
4. Background to the appointment of Administrators
5. Purpose of the Administration Order
6. Conduct of the Administration
7. Receipts and Payments Account
8. Statement of Affairs
9. Creditors, Prescribed Part, and dividend prospects
10. Investigation by the Joint Administrators
11. Creditors' Decisions by correspondence
12. Ending of Administration
13. Joint Administrators' Remuneration
14. Pre-Appointment time costs
15. EC Regulation on insolvency proceedings
16. Joint Administrators' Formal Proposals

APPENDICES

1. Statutory information
2. Receipts and payments account
3. Joint Administrators' fees and expenses estimates explanations
- 3A. Estimate of time costs matrix
4. Joint Administrators' time costs and expenses along with explanations
- 4A. Joint Administrators' Pre and Post Appointment time matrices
5. List of Creditors
6. Copy of SIP 16 Report

**AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL
– IN ADMINISTRATION**

**STATEMENT OF FORMAL PROPOSALS AND REPORT
OF THE JOINT ADMINISTRATORS AS REQUIRED BY
PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

1. INTRODUCTION

- 1.1 Henry Lan and I, Asher Miller, both of David Rubin & Partners, Pearl Assurance House, 319 Ballards Lane, London, N12 8LY were appointed Joint Administrators of Air Couriers International Limited T/A Air Courier International (“the Company”) on 12 April 2017. The appointment was made by Directors of the Company pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986 (the ACT).
- 1.2 The Joint Administrators act jointly and severally in the exercising of any and all functions exercisable by an administrator appointed under the provisions of Schedule B1 of the Act.
- 1.3 This report should be read in conjunction with my SIP 16 Report which should be treated as forming part of this Report as an attachment to it. The SIP 16 Report appears as a separate document on my Firm’s website and it deals with many of the matters that this Report should contain as prescribed by Rule 3.35 of the Insolvency (England and Wales) Rules 2016 (the Rules) and for the sake of clarity, these matters are not repeated in the main body of this Paragraph 49 Report.

2. STATUTORY INFORMATION

The Company’s statutory information is set out in Appendix 1 of this report.

3. BRIEF TRADING HISTORY AND RESULTS

The trading history of the Company and the latest three years financial information were provided in my SIP 16 report at paragraph 2.

4. BACKGROUND TO THE APPOINTMENT OF ADMINISTRATORS

The background to the Company proceeding into administration can be found at paragraph 3 of the SIP 16 Report.

5. PURPOSE OF THE ADMINISTRATION ORDER

- 5.1 Paragraph 3(1) of Schedule B1 of the Act states that Administrators must perform their functions with the objective of:
- (a) *rescuing the company as a going concern, or*
 - (b) *achieving a better result for the company’s creditors as a whole than would be likely if the company were wound up (without first being in Administration), or*
 - (c) *realising property in order to make a distribution to one or more secured or preferential creditors.*

- 5.2 It was clear from the outset that purpose (a) would not be achievable as the Company was insolvent; continuing to trade at a loss and attempts at raising fresh capital had failed. Therefore, as Joint Administrators, we have conducted our strategy both prior to and after our appointment with a view to achieving purpose B.

6. CONDUCT OF THE ADMINISTRATION

- 6.1 Following our appointment as Joint Administrators, we completed the pre-packaged sale of the Company's business and assets. On 20 April 2017, we notified creditors of our appointment, and at the same time advised them that a copy of our SIP 16 report along with the Joint Administrators' Report and Proposals is available to download on our website.
- 6.2 As required by Schedule B1 to the Act, we have filed notice of our appointment with the Registrar of Companies, served formal notice on the Company and advertised our appointment in the *London Gazette*.
- 6.3 In addition to the work of developing the strategy for the Administration, including liaising with the Directors, evaluating the business and progressing the sale of the business as explained above, the Joint Administrators and their staff have undertaken the following tasks:-
- a) Corresponding with the Company's banks to freeze all accounts so that no payments are made;
 - b) Opening a designated bank account and dealing with the movement of funds;
 - c) Applying for the Joint Administrators' bonds, as required by the Insolvency Practitioners Regulations 2005;
 - d) Publishing the necessary statutory advertisement in respect of the Administration proceedings in the *London Gazette*;
 - e) Completing various searches at Companies House to obtain statutory information on the Company;
 - f) Submitting a VAT 769 notifying HMRC that the Company is now in Administration and requested that the Company be deregistered for VAT;
 - g) Drafting and circulating a report on the pre-packaged sale in line with the Statement of Insolvency Practice 16 ("SIP16");
 - h) Acknowledging creditors' claims, answering telephone enquiries and correspondence therewith;
 - i) Ongoing dealings with the Purchasers to ensure a seamless transfer of the business and assets;
 - j) Liaising with the Purchasers regarding the payment of the deferred consideration.
 - k) Liaising with the Company's bank regarding the closure of the accounts and ongoing correspondence with regard to the transfer of funds to the Administration.

- l) Dealing with the queries and concerns of the Company's directors following appointment.
- m) Cashiering time in relation to the allocation of funds, payments and bank reconciliations.

7. RECEIPTS AND PAYMENTS ACCOUNT

7.1 A copy of the Joint Administrators' receipts and payments account for the period from 12 April 2017 to 20 April 2017 is attached at Appendix 2. I would comment on the account as follows:-

7.2 RECEIPTS

7.2.1 Sale of business

As reported at paragraph 16.1 of our SIP16 Report, the Company's business was sold as a going concern to Air Couriers Worldwide Express Limited on 12 April 2017. The initial payment of £30,000 for the consideration has been allocated on a pro rata basis as follows:-

	£
Goodwill	5,984.42
Intellectual property	690.51
Plant & Machinery	234.77
Furniture & Equipment	1,028.86
Stock	92.07
Book debts	21,969.37
Total	<u>30,000.00</u>

7.2.2 Cash held on appointment

The amount of £8,700 was held by my firm prior to our appointment.

7.3 PAYMENTS

No payments have yet been made from the Administration. However, a number of expenses have been incurred, and payments are pending the approval of the Proposals which are detailed below:-

7.3.1 Outstanding expenses:-

- **Statutory Advertising £94**

This represents the costs of publishing statutory notices in the London Gazette.

- **Specific Bond £316.80**

The specific bond is the cost of insurance in respect of realisations by Henry Lan and myself as Joint Administrators, as required by the Insolvency Practitioners Regulations 2005.

- **Agents' Fees**

Costs of £1,500 plus VAT have been incurred by Williams & Partners Limited ("WP") in respect of their fees for providing the valuation of the Company's assets. A further amount of £2,000 plus VAT has been incurred for assisting in the subsequent marketing and sale thereof. The agreed basis of WP's fee was a fixed fee for the preparation of the valuation of the assets and report, and fees for preparing marketing materials and disbursements for the websites. An additional 10% of asset realisations is payable on the sale of the business and assets.

WP were selected as agents on the basis of their experience and expertise in dealing with valuations and the sale of assets in insolvency situations, taking into account the locality and size of the Company.

- **Legal Fees** – Costs of £5,250 plus VAT have been incurred by Keystone Law in respect of their services in the preparation of the Asset Sale Agreement.

Keystone Law have a specialist Insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. Keystone Law charge their fees on a time costs basis.

- **Joint Administrators' Pre-Appointment Remuneration** – Costs incurred by my firm during the pre-appointment period amount to £32,521.50. This equates to 118:06 hours at an average rate of £275.37.

8. STATEMENT OF AFFAIRS

- 8.1 I have asked the Directors of the Company to submit to us a statement as to the affairs of the Company. When this statement is available, copies will be circulated to all known creditors with the Joint Administrators' next report. I am unable to prepare a summary of the Estimated Financial Position of the Company, at this stage, as I do not yet have all the necessary information. However, I attach a list of creditors' names and addresses along with details of their debts. This is included at Appendix 4.

- 8.2 The creditors' claims are based on the last known position from the Company's records. Creditors, if they have not already done so, are requested to submit a formal proof of debt in order that the final position may be ascertained, although it is not the responsibility of the Joint Administrators to formally agree claims.

9. CREDITORS, PRESCRIBED PART AND DIVIDEND PROSPECTS

9.1 Secured Creditors

There are no unsatisfied secured creditors.

9.2 Preferential Creditors

As a result of the pre-packaged sale, the contracts of the Company's employees transferred to the Purchaser under Transfer of Undertakings (Protection of Employment) legislation, and accordingly there will be no preferential creditors.

9.3 Prescribed Part

Pursuant to section 176A of the Act where a floating charge is created after 14 September 2003 a prescribed part of the Company's net property shall be made available to unsecured non-preferential creditors. However, the Prescribed Part provision does not apply because there are no secured creditors.

9.4 Non-Preferential Unsecured Creditors

In addition to the Company's liabilities to the secured and preferential creditors, there are also trade and expense creditors, and Crown liabilities as set out in the attached list of creditors at Appendix 4.

9.5 Dividend Prospects

It is too early at this stage to provide a meaningful estimate of the likely level of distributions to the unsecured non-preferential creditors. However, given the level of the consideration payable for the pre-packaged asset sale, a dividend is likely to be paid to unsecured creditors in due course.

10. INVESTIGATION BY THE JOINT ADMINISTRATORS

The Joint Administrators will investigate and, if appropriate, pursue any claims that the Company may have under the Companies Acts 1985 and 2006 or the Act. The Joint Administrators are required, within six months of their appointment, to submit a return on the conduct of all persons who have acted as either Directors or shadow directors of the Company during the period of three years ending on the date of the Joint Administrators' appointment. To facilitate the preparation of that return and our enquiries into the Company's affairs, the Joint Administrators have already invited creditors to provide them with information on any matters of concern to the creditors.

11. CREDITORS' DECISION

As I anticipate the Company has sufficient property to enable a distribution to the unsecured creditors, under the Insolvency legislation, we are required to seek a decision from the Company's creditors as to whether they approve my Proposals.

Formal notice of the Decision Procedure by Correspondence, which includes specific Decisions, as required by the Rules, as regards the basis of the Administrators' remuneration, expenses, pre-administration costs and the timing of their discharge from personal liability on vacating office has been sent to all creditors for their use. The Notice contains further information about this decision process.

12. ENDING OF ADMINISTRATION

The options available to the Joint Administrators for the exit from the Administration are as follows:

- Compulsory Winding Up
- Creditors' Voluntary Liquidation
- Company Voluntary Arrangement
- Return of control to the Director
- Dissolution of Company (i.e. striking off the Companies House register)

The Joint Administrators recommend that the Company should move from Administration to Creditors' Voluntary Liquidation in accordance with the provisions of paragraph 83 of the Act so that the Liquidators may adjudicate creditors' claims and pay a dividend to the unsecured creditors.

13. JOINT ADMINISTRATORS' REMUNERATION

- 13.1 As Administrator, under the provisions of R18.16 of the Rules, I am required to provide creditors with details of the work I propose to undertake in the Administration and the expenses I consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration is to be fixed.
- 13.2 In addition to this, where an Administrator seeks to pass a resolution to agree the basis of his remuneration by reference to the time properly spent by him and his staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 13.3 In this case, I am seeking to agree that my remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake can be found in Appendix 2 to this report. Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration.
- 13.4 We will provide updates on the expenses we consider will be, or are likely to be, incurred during this case with my progress reports in due course.
- 13.5 We have now reviewed our time costs both for the period prior to our appointment and for the period in Administration from 12 April 2017 to 20 April 2017. A detailed report of our time costs is attached at Appendix 3.

14. PRE-APPOINTMENT COSTS

As stated in Appendix 2, unpaid pre-appointment costs are not part of the above proposals subject to approval under paragraph 53. However, in accordance with Rule 3.52 of the Rules, the Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and in Appendix 2 from creditors.

15. EC REGULATION ON INSOLVENCY PROCEEDINGS


It is considered that the EC regulation applies and that these proceedings are main proceedings as defined in Article 3 of the EC Regulation as the Company was incorporated in England and the centre of main interest of the Company is in England and Wales within the United Kingdom.

16. JOINT ADMINISTRATORS' FORMAL PROPOSALS

The Joint Administrators hereby make the following proposals, in accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986, for the achievement of the purpose of the administration and creditors are asked to consider and cast their votes thereon or put forward any modifications they wish using the Voting Form sent to them by post:-

- i) The Joint Administrators will continue to manage the Company's affairs in accordance with the statutory purpose until such time as the Administration ceases to have effect.
- ii) As funds will become available for unsecured creditors, the Joint Administrators may at their discretion establish in principle the claims of unsecured creditors for subsequent adjudication by a subsequent liquidator and that the costs of so doing be met as a cost of the administration as part of the Joint Administrators' remuneration.
- iii) A creditors' committee may be formed if a creditors' meeting resolves to do so provided that three or more creditors are willing to serve on it. If the administration moves to creditors' voluntary liquidation, any creditors' committee which is in existence immediately before the Company ceases to be in administration shall continue in existence after that time as if appointed as a liquidation committee under Section 101. If a committee is formed, the Administrators and the Joint Liquidators (when appointed), will consult with it from time to time on the conduct of the administration and liquidation proceedings. Where it is considered appropriate, the committee's sanction will be sought to proposed action instead of convening a meeting of all the creditors.
- iv) Should a creditors' committee be formed and the Joint Administrators consider that an extension beyond an administration's statutory duration of one year would be advantageous, the Joint Administrators will consult with the committee prior to taking the necessary steps. If a creditors' committee is not appointed, the Joint Administrators shall either apply to the court or seek a Decision of the appropriate classes of creditors for the consent to an extension.
- v) That the basis of the Joint Administrators' fees will be fixed and their Category 2 disbursements will be agreed by the creditors' committee. If no creditors committee is formed, it is proposed that under Rule 18.16 (2)(b) of the Rules, the remuneration of the Joint Administrators shall be fixed by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration and that the Joint Administrators be authorised to draw category 2 disbursements in accordance with their firm's published tariff and they be entitled to draw sums on account of their remuneration and disbursements as and when funds permit.
- vii) That without prejudice to the provisions of Paragraphs 59 to 72 of Schedule B1 of the Act, the Joint Administrators may carry out all other acts that they consider to be incidental to the proposals above to assist in their achievement of the overriding purpose of the administration.
- vii) The Joint Administrators take whatever other actions they deem appropriate in the interest of creditors. This includes placing the Company into liquidation if it appears that this would be in the best interests of the general body of creditors. In these circumstances it is proposed that the Joint Administrators shall become the Joint Liquidators and any act required or authorised under any enactment to be done by the Joint Liquidators may be done by either or both persons from time to time holding office. Creditors are advised that, pursuant to Paragraph 83(7)(a) and Rule 3.60(6), they may appoint different persons as the proposed Joint Liquidators, provided the nomination is made after the receipt of these proposals and before these proposals are approved.

- ix) That the Joint Administrators' liability, in respect of any action of theirs as Joint Administrators, shall be discharged in accordance with Paragraph 98 of Schedule B1, immediately upon the appointment ceasing to have effect.



ASHER D MILLER FCA – JOINT ADMINISTRATOR

DATE: 20 APRIL 2017

APPENDIX 1

STATUTORY INFORMATION

Date of incorporation:	20 December 1991
Registered number:	02673405
Registered Office:	Pearl Assurance House 319 Ballards Lane London N12 8LY
Trading Address:	London Heathrow Airport Colndale Road Colnbrook Berkshire SL3 0HQ
Trading Name:	Air Courier International
Authorised Share Capital:	1,000 ordinary shares of £1 each
Issued Share Capital:	125 ordinary shares of £1 each fully paid
Shareholders:	Darren Winter Jaine Barker Raymond Empson
Directors:	Darren Winter Jaine Barker
Secretary:	Jaine Barker

AIR COURIERS INTERNATIONAL LIMITED
T/A AIR COURIER INTERNATIONAL
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD FROM 12 APRIL 2017 TO 20 APRIL 2017

	<u>P/E</u>
	<u>20-Apr-17</u>
	£
<u>Receipts</u>	
Cash held on appointment	8,700.00
Goodwill	5,984.42
Intellectual property	690.51
Plant & machinery	234.77
Furniture & equipment	1,028.86
Stock	92.07
Book debts	21,969.37
	<u>38,700.00</u>
<u>Payments</u>	Nil
<u>Receipts less Payments</u>	<u>38,700.00</u>
<u>Represented by:-</u>	
Balance at bank	<u>38,700.00</u>

APPENDIX 3

AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL - IN ADMINISTRATION

JOINT ADMINISTRATORS' ESTIMATE OF THE COSTS FOR THE ADMINISTRATION

Creditors should be aware all Insolvency Practitioners in the UK have to comply with Statutory Regulations and best practice directives issued by the Joint Insolvency Committee and they are monitored by the Office Holders' Regulatory Body. The best practice directives are mostly set out in a series of *Statements of Insolvency Practice*, better known as SIPs and also in the Insolvency Code of Ethics which is detailed at www.icaew.com/membershandbook. You will find copies of all the SIPs on R3's website:

<https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice>

R3 (also known as the Association of Business Recovery Professionals) is the trade body for the UK insolvency profession. You may also like to visit the following site launched by R3 specifically to guide creditors through the insolvency process: <http://www.creditorinsolvencyguide.co.uk>

Proposed Fee Basis

As Joint Administrators, we are seeking to agree the basis of our remuneration in respect of this case on the time properly spent by us and our staff in dealing with the affairs of the Company. I have set out in Appendix 3 my firm's time cost in respect of pre-appointment work and also the work carried out from appointment to 20 April 2017. I attach at Appendix 2A estimates of the further work which we consider will be necessary in the conduct of the administration. These estimates are provided to creditors in accordance with the requirements set out in Rule 18.16(4) of the Rules. However, please note that the Administrators' actual fees will be charged by reference to time properly spent by the Administrators and their staff in managing the Administration. If the actual time taken is less than the estimates, then only the time actually incurred will be billed and drawn.

In Appendix 3A, I have set out against each task the further time I estimate to be necessary to complete each particular task properly, analysed by different grades of staff. The estimate is intended to be viewed on a total basis and not on the basis of the individual tasks which have been provided as a guide only. It is inevitable that provisions for some tasks will be overestimated whilst others will be underestimated and, therefore, the guide should be taken as a whole. In addition, the estimate, together with the time already spent of £13,187 as shown in Appendix 4A, is a ceiling that is initially binding on us as Joint Administrators, but we have the right to refer back to creditors in circumstances where we consider that the time cost fees estimate will be exceeded.

If I consider that the estimate of £42,161.50 plus VAT is likely to be exceeded and doing so would result in better prospects of recovery for the creditors, I will seek sanction from creditors for a revised estimate and explain why I perceive there to be a benefit to the creditors of approving any increase in fees.

My firm's general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the task and case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

My firm's current hourly charge-out rates applicable to this appointment, which are charged in units of 6 minutes exclusive of VAT, are as follows:

	£
Senior / Managing Partners	450
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

Charge-out rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance.

Explanations of the Estimates

The majority of the tasks listed in Appendix 3 are self-explanatory and I do not therefore propose to elaborate on these. Creditors who require further details should feel free to contact my office. However, creditors may get a better understanding of the work and cost involved if I list out, in broad term, the various tasks which Administrators are required to complete in order to comply with statutory requirements and Best Practice protocols as set out in Statements of Insolvency Practice ("SIPs") issued by the Joint Insolvency Committee, as follows:-

Administration (including statutory compliance & reporting)

Under insolvency legislation the Administrator must comply with certain statutory compliance requirements which may not bring any direct financial benefit to the creditors of the Company. These tasks, as applicable, consist of:

- Notifying creditors of the Administrator's appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House.
- Opening, maintaining and managing the Administration estate cashbook, bank account(s).
- IPS set-up - Creation and update of case files on the firm's insolvency software which include company information, creditors, debtors and employees details.
- Securing the Company's books and records.
- Complying with statutory duties in respect of the Administrator's specific penalty bond.
- Trading as appropriate.
- Instructing valuers and agents and overseeing the sale of the business.
- Redirection of the Company's mail to the Administrator's office.
- Pension regulatory reporting, auto-enrolling whilst trading and auto-enrolment cancellation.
- Completion and filing of the notice of the Company's insolvency to HMRC .
- Dealing with former employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company.
- Dealing with all post-appointment VAT and corporation tax compliance.
- Liaising with secured creditors, obtaining charge documents and validating the security.
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the liquidation.
- Filing a statutory return to the Department for Business, Innovation and Skills under the CDDA.
- Preparing a paragraph 49 Report and formulating the Joint Administrators' Proposal.
- Preparing and issuing half yearly progress reports to members and creditors.
- Lodging periodic returns with the Registrar of Companies for the Administration.
- Establishing and holding periodic meetings of the Creditors' Committee and associated filing formalities (if a committee is appointed).
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter). Although these reviews are not a legal requirement, Regulatory Bodies who monitor the work of the

Administrator see this task as a best practice requirement with which the Office Holder is required to comply.

Investigations

As Administrators, we are required by the Company Directors Disqualification Act 1986 to review the conduct of the director(s) of the Company and transactions entered into prior to the Company's insolvency. The time estimated for this work is the minimum that is considered necessary in order to carry out any meaningful investigation.

SIP2 also requires that I review the Company's financial affairs in order to make an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire.

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake in order to be satisfied that all assets belonging to the Company have been accounted for. My initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and I consider that further work will be required to pursue these assets, I will refer back to creditors about the likely costs involved in pursuing such recoveries.

Realisation of assets

The business and assets of the Company were sold shortly after our appointment. The sale consideration is payable over a period of eight months, and we will be monitoring receipt of these payments.

Creditors (claims and distributions)

As it appears likely that there may be a dividend payable to unsecured creditors, the Administrators will be receiving and verifying creditors' claims for adjudication by the Liquidators at a later stage. It is not possible at this stage to provide an accurate estimate of cost for this work as this is dependent upon the quality of the records and the extent of any disputed debts if any. From past experience, we have found that as an average the cost of agreeing creditors' claims average out at around £100 per creditor on typical cases.

EXPENSES AND DISBURSEMENTS

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case, will be charged to the estate at cost, with no uplift. These include, but are not limited to, such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Below is a table which outlines the expenses that I consider at this stage will be, or are likely to be incurred in dealing with the Company's affairs. I will provide updates to creditors in my future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date
Agent's costs in dealing with property/chatel asset sales	Williams and Partners Ltd	£3,500 + 10% of net asset realisations, exclusive of VAT and disbursements	£16,500
Solicitor's costs in dealing with sale of property/ antecedent transactions	Keystone Law	Time costs	£5,250
Statutory advertising	Courts advertising	At cost	£94
Administrator's bond	AXA Insurance UK Plc	At cost	£316.80
Staff related travel expenses	Direct cost of Administrator & his staff	At cost	Nil

Indirect expenses ("Category 2 disbursements")

It is our normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate:

Headed paper	25p per sheet
Photocopying	6p per sheet
Envelopes	25p each
Postage	Actual cost
Meeting room facility	£150

Storage and Archiving Charges

We use a commercial archiving company for storage facilities for companies' records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £60 per hour.

Travel

Mileage incurred as a result of any necessary travelling is charged to the estate at HM Revenue & Customs approved rate, currently 45p per mile.

AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL
- IN ADMINISTRATION

JOINT ADMINISTRATORS' ESTIMATE OF TIME COSTS							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
IPS set up & maintenance	00:00	00:30	02:12	00:18	03:00	559.50	186.50
Statutory filings, circulars, notices, etc.	01:30	03:00	08:00	00:00	12:30	2,737.50	219.00
Case planning, strategy & control	05:00	03:00	01:30	00:00	09:30	3,190.00	335.79
Taxation: PAYE, C/Tax & VAT	01:00	02:00	07:00	00:00	10:00	2,205.00	220.50
Accounting & Cashiering	00:18	01:00	02:00	06:00	09:18	1,493.50	160.59
Case reviews & Diary maintenance	01:00	02:00	09:00	00:00	12:00	2,445.00	203.75
Statutory reporting and compliance	04:30	08:00	24:00	00:00	36:30	8,497.50	232.81
Investigations							
CDDA preparation & reporting	00:18	01:00	04:30	00:00	05:48	1,223.50	210.95
SIP2 assessment and financial review	00:30	01:00	08:30	00:00	10:00	1,982.50	198.25
Antecedant transactions & wrongful trading	00:30	01:00	06:00	00:00	07:30	1,692.50	225.67
Realisation of assets							
Intangible assets	01:00	02:30	07:00	00:00	10:30	2,512.50	239.29
Tangible assets	03:00	05:30	11:00	00:00	19:30	4,827.50	247.56
Creditors & distributions							
Unsec'd Creditors: correspondence & claims	06:00	11:00	21:00	00:00	38:00	8,795.00	231.45
Total hours and costs	24:36	41:30	111:42	06:18	184:06	42,161.50	229.01

APPENDIX 4

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

PRE-APPOINTMENT COSTS:

Statement under Rule 3.35(10) of the Insolvency Rules 1986

Unpaid pre-appointment costs as an expense of the administration is:-

- (i) subject to approval under Rule 3.52, and
- (ii) not part of the proposals subject to approval under paragraph 53.

By a letter of engagement between David Rubin & Partners and the Company, dated 28 March 2017 the Company agreed to pay for the remuneration based on time costs for assistance and advice on a prospective Administration of the Company.

Pre-Appointment Time Costs

The time costs we incurred between our first being consulted and the date of our appointment were £32,521.50 plus VAT for a total of 118:06 hours. This represents an average hourly charge out rate of £275.37 per hour. We therefore have outstanding pre-Administration time costs of £32,521.50 plus VAT. An analysis of the time spent is provided at Appendix 4A.

Overview

Our firm, David Rubin & Partners, was first consulted by the Directors in March 2017 as the Company was unable to pay its debts as and when they fell due. After discussing the financial position of the Company and considering the options available to the Directors, I advised them that a Company Voluntary Arrangement or an Administration would be the options available to the Company. However, given that a fresh injection of capital was unavailable, I advised that the best option was for the Company to be placed into Administration.

Having established that parts of the business appeared profitable and viable, we introduced independent valuation agents, Williams and Partners Limited ("WP"), to prepare a valuation of the business and its assets and to advise on prospective marketing. Following the completion of the valuation, we discussed the strategy with WP as it was decided that the best result for the creditor would be achieving a sale of the business as a going concern. WP produced a sales pack and began advertising the business for sale.

Issues impacting on the level of costs

At the outset, we requested a retainer of £7,000 towards some of our initial disbursements, expenses and costs. In addition to the provision of advice and assistance to the Board in relation to their statutory duties, insolvency processes and managing ongoing trading in an insolvent scenario with pressing creditors, a considerable amount of time was spent liaising with interested parties and WP after their marketing strategy elicited expressions of interest from multiple parties. This required further information gathering in order to ensure that the best offer was received for the sale of the business and assets of the Company. Further time was spent discussing the Asset Sale Agreement with our lawyers and negotiating amendments with the purchaser.

Due to the complex and critical nature of these negotiations, a high level of partner and senior manager involvement was required with this part of the assignment.

Pre-appointment expenses

Prior to the Joint Administrators' appointment, WP carried out a valuation of the Company's business and assets. WP has incurred costs in the amount of £1,500 plus VAT in this regard.

A further amount of £2,000 plus VAT was incurred by WP in relation to their assistance with the strategy undertaken for the marketing of the business as a going concern and the sale thereof.

In addition to these costs, WP are entitled to 10% of net realisations from the sale of the Company's business and assets.

Keystone Law have incurred time costs of £5,250 plus VAT in respect of their services in the preparation of the Asset Sale Agreement.

To date, none of these costs have yet been paid.

Seeking Approval for Payments

In accordance with Rule 3.52 of the Rules, we shall be seeking the approval of the Creditors Committee, if one is appointed, to our drawing the unpaid balance of our pre-appointment time costs and the disbursement of the pre-appointment expenses as reported at 6.2.3 and 6.2.4 of this Report and in this Appendix. If no Committee is appointed, we will seek the approval of the creditors at the meeting.

POST-APPOINTMENT

The time costs we have incurred from the date of our appointment to 20 April 2017 amount to £13,187 plus VAT for a total of 53:06 hours. This represents an average hourly charge out rate of £248.34 per hour. We have not drawn any fees on account and this entire sum is outstanding. An analysis of the time spent is also provided at Appendix 4A.

Case overview

On 12 April 2017, the Asset Sale Agreement selling the business and assets to Air Courier Worldwide Express Limited was signed. The sale included all business assets of the Company, including goodwill, plant and machinery, furniture and equipment, intellectual property and book debts.

The nature of the business was such that a seamless transfer was required in order to preserve customer relations and to continue servicing their needs and to be able to collect in the book debts. In addition, the contracts of employment of all the staff employed at the date of the Administration have been transferred to the purchaser.

Issues affecting costs

Shortly after our appointment the business was sold as a pre-packaged sale which meant that we were required to write a Statement of Insolvency Practice 16 report. This practice directive requires me to disclose a number of details on the sale in the report and this took a considerable amount of time.

To view an explanatory note concerning Administrators' remuneration approved by the Joint Insolvency Committee, please visit the Publications folder on our website www.drpartners.com/cases, using the following log-on details:

USERNAME: A415@drco.co.uk

PASSWORD: 514Aem*!

Alternatively, please contact this office to arrange for a copy to be sent to you.

Provision of further information

Within 21 days of receipt of this progress report, creditors may request the Administrators to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. Further details are set out at paragraph 9.2 and 9.3 of the Creditors' Guide to Administrators' Fees by following the URL link provided above.

AIR COURIER INTERNATIONAL LIMITED - IN ADMINISTRATION

JOINT ADMINISTRATORS' PRE-APPOINTMENT TIME COSTS
FOR THE PERIOD FROM 28 MARCH 2017 TO 11 APRIL 2017

Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Administration, Strategy and Planning							
IPS set up & maintenance	00:00	00:18	02:30	00:00	02:48	446.50	159.46
Case planning, strategy & control	14:30	18:42	22:30	00:00	55:42	14,637.00	262.78
Accounting & Cashiering	00:00	00:00	00:00	00:12	00:12	32.00	160.00
SIP16 Considerations	01:30	01:30	02:00	00:00	05:00	1,355.00	271.00
Review & Valuation of Assets							
Book Debts	00:30	01:30	00:30	00:00	02:30	720.00	288.00
Goodwill & Intellectual Properties	01:24	01:00	00:30	00:00	02:54	928.00	320.00
Others: Liaising with agents, Review of contracts, etc.	18:42	13:36	11:42	00:00	44:00	13,212.50	300.28
Creditors							
Secured creditors	00:30	00:30	00:30	00:00	01:30	425.00	283.33
Unsec'd Creditors: correspondence & claims	00:18	00:00	00:42	00:00	01:00	230.50	230.50
Preferential creditors & employees	00:00	01:00	01:30	00:00	02:30	535.00	214.00
Total hours and costs	37:24	38:06	42:24	00:12	118:06	32,521.50	275.37

JOINT ADMINISTRATORS' TIME COSTS

FOR THE PERIOD FROM 12 APRIL 2017 TO 20 APRIL 2017

Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
IPS set up & maintenance	00:00	00:00	00:12	00:00	00:12	32.00	160.00
Statutory filings, circulars, notices, etc.	01:00	01:48	06:12	00:00	09:00	1,804.00	200.44
Case planning, strategy & control	01:00	00:00	00:00	00:00	01:00	395.00	395.00
Statutory reporting and compliance	07:36	06:00	15:54	00:00	29:30	7,209.00	244.37
Realisation of assets							
Intangible assets	00:30	00:30	00:00	00:00	01:00	345.00	345.00
Book debts collection	01:00	00:30	00:12	00:00	01:42	574.50	337.94
Tangible assets	01:30	04:30	03:30	00:00	09:30	2,474.00	260.42
Creditors							
Unsec'd Creditors: correspondence & claims	00:24	00:30	00:18	00:00	01:12	353.50	294.58
Total hours and costs	13:00	13:48	26:18	00:00	53:06	13,187.00	248.34

David Rubin & Partners
Air Couriers International Limited T/A Air Courier International
B - Company Trade and Expense Creditors

Key	Name	Address	£
CA00	Acumen Promotions (Hitachi Capital Invoice Fin	Dorset House, Ring Street, Dorset, DT10 2LZ	1,002.83
CA01	Air Menzies Aviation Group	5 The Enterprise Centre, Kelvin Lane, Crawley, West Sussex, RH10 2PE	48,517.74
CA02	Alliance Services	52 Boulevard NEY, 75018 PARIS	1,452.09
CA03	Atlas Packing Services	Unit 4, Poyle Technology Centre, Willow Road, Colnbrook, SL3 0DP	3,792.00
CA04	ATS Euromaster Limited	Payments Centre, Heavens Walk, Doncaster Carr, Doncaster, South Yorkshire DN4 5HZ	612.28
CA05	Abbott and Bramwell	Maine House, Adlington Park, Adlington, Cheshire, SK10 4PZ	403.16
CA06	Alternative Networks	Chatfield Court, 56 Chatfield Road, London, SW11 3UL	138.95
CA07	Abbotts Office Solutions	Station Yard, Thame, Oxon, OX9 3UH	104.12
CB00	Bennetts Vehicle Insurance	Telford House, Hamilton Close, Basingstoke, Hampshire, RG21 6YT	251.48
CB01	BNP Paribas Leasing Solutions (Printer)	St James Court, St James Parade, Bristol, BS1 3LH	149.47
CB02	BT UK Ltd	Telecom House, Crouch End Hill, London, N8 8BA	511.15
CB03	Barclays Bank	54 Lombard Street, London, EC3P 3AH	0.00
CC00	Cityair Express	Unit 1, Provident Ind Est, Pump La, Hayes, UB3 3NB	1,176.43
CC01	City Sprint Delivery	Unit 5 Altens Trade Centre, Hareness Circle Altens, Aberdeen, Scotland, AB12 3LY	3,323.17
CE00	Europa Worldwide Logistics	Europa House, 68 Hailey Road, Erith Kent, DA18 4AU	614.40
CF00	First Global Express	483 Tenth Ave, Suite 101, New York, NY 10018	5,499.13
CF01	Fullers Logistics Ltd	126 Fairlie Road, Slough, SL1 4PY	720.00
CG00	GCI	Cavallino House, Corsley Heath, New Warrminster, Wiltshire, BA12 7PL	222.41
CH00	HM Revenue & Customs	Enforcement and Insolvency Service, MVL team, Elgin House, 20 Haymarket Yards, Edinburgh, EH12 5WT	0.00
CH01	HM Revenue & Customs	CT Services Euston, CT Services S0483, PO Box 29997, Glasgow, G70 5AB	0.00
CI00	ICT Wholesale Express Ltd	Unit 3 Coln Industrial Estate, Old Bath Road, Colnbrook, Berkshire, SL3 0NJ	358.58
CI01	Interlink Express	15th Floor, Castlemead, Lower Castle Street, Bristol, BS1 3AG	4,087.31
CI02	Independent Wholesale EXP	Unit 10, Britannia Ind. Estate, Poyle Road, Colnbrook, Berkshire, SL3 0BH	4,168.92
CI03	In-Time Wholesale Express	Unit 1, David Road, Colnbrook, Berkshire, SL3 0DB	2,503.72
CK00	Kangaroo International Xpress Ltd	Number 1, 1 David Road, Colnbrook, Berkshire, SL3 0DB	17,832.46
CK01	Kangaroo World Cargo	Number 1, 1 David Road, Colnbrook, Berkshire, SL3 0DB	7,860.71
CL00	Legal and General Company Healthcare	Temple Court, 11 Queen Victoria Street, London, EC4N 4TP	597.42
CL01	Liquid HR	Unit 11, Haddenham Business Park, Thame Road, Haddenham, Buckinghamshire, HP17 8LJ	297.07

David Rubin & Partners
Air Couriers International Limited T/A Air Courier International
B - Company Trade and Expense Creditors

Key	Name	Address	£
CL03	Lothbury Investment Management Limited	155 Bishopsgate, London, EC2M 3TQ	16,500.00
CM00	MapCargo International Ltd	Unit 1 A Westgate One, Staines Road, Bedford, Middlesex, TW14 8RS	3,450.00
CM01	Medex Mediterranean Exp	Blackthorne Road, Poyle Trading Estate, Colnbrook, Berkshire, SL3 0AH	410.09
CM02	Mex Courier & Cargo	Isis 5, 1-6 Horton Road, Poyle, Colnbrook, SL3 0DF	2,427.98
CM03	Metafour UK Ltd	2 Berghem Mews, Blythe Road, London, W14 0HN	1,549.98
CN00	Neopost	Neopost House, South Street, Romford, Essex, RM1 2AR	641.52
CN01	Network Vehicles Ltd	One Hardwicks Square, Wandsworth, SW18 4AW	1,221.78
CN02	Norsk European Wholesale Ltd	Unit 2.3, Willow Road Industrial Estate, Colnbrook, Berkshire, SL3 0BS	42,843.35
CS00	Sage (UK) Ltd	North Park, Newcastle Upon Tyne, NE13 9AA	1,958.34
CS02	Sovereign	3 Cygnus Court, Beverley Road, Derby, DE74 2SA	286.46
CS03	Spanish Courier Ltd	Unit 16 Britannia Industrial Estate, Poyle Road, Colnbrook, Slough, SL3 0BH	405.00
CT00	Test Valley	Watt Road, Churchfields Industrial Estate, Salisbury, Wiltshire, SP2 7UD	100.18
CV00	Vodafone	Vodafone House, The Connection, Newbury, Berkshire, G14 2FN	522.13
CW00	Wey Group	Premier House, 111 Chertsey Road, Byfleet, Surrey, KT14 7AX	160.33
CW02	Worldpay	25 Walbrook, London, EC4N 8AF	87.48
CX00	X One Wholesale Ltd	Unit 3 Coln Industrial Estate, Old Bath Road, Colnbrook, Berkshire, SL3 0NJ	1,956.00
48 Entries Totalling			186,217.62

IN THE HIGH COURT OF JUSTICE

NO 002949 OF 2017

IN THE MATTER OF

AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL
- IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

THE JOINT ADMINISTRATORS' REPORT
TO CREDITORS AS REQUIRED BY
STATEMENT OF INSOLVENCY PRACTICE 16

**AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL
IN ADMINISTRATION**

**REPORT TO CREDITORS AS REQUIRED BY
STATEMENT OF INSOLVENCY PRACTICE 16**

1. Introduction

- 1.1 Henry Lan and I, Asher Miller, were appointed Joint Administrators on 12 April 2017. The Administration is registered in the High Court of Justice, Chancery Division, Companies Court under Court number 002949 of 2017.
- 1.2 In my letter of 20 April 2017 to Creditors, I advised that the business and assets of the Company was sold as part of a pre-packaged sale. A pre-packaged sale is where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after, appointment.
- 1.3 When a pre-packaged sale is to a connected party to the Company, an Administrator is required to set out in a Report (the SIP 16 Report) an account of his acts and dealings with respect to the sale so as to satisfy creditors and other interested parties that he has acted professionally and with objectivity.
- 1.4 It should be noted that prior to his appointment as Administrator, an Insolvency Practitioner acts in an advisory capacity to the Company and not as an advisor to the directors personally or to any parties connected with any eventual purchaser of the Company's business and assets and the directors were encouraged to take independent legal advice. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the Insolvency Practitioner who provided the advice to the Company before any formal appointment was made.
- 1.5 The role of Administrator starts after his formal appointment as Administrator once the company has entered Administration.
- 1.6 Set out below is information containing a summary of the circumstances relevant to the pre-packaged sale of all or part of the Company's business and assets in accordance with the guidelines set out in Statement of Insolvency Practice 16 (SIP16).

2. Brief Trading History and Results

- 2.1 The Company was incorporated on 20 December 1991 and its principal trading activity was that of a national and international provider of air courier services specialising predominantly in the financial sector. The business was a fresh start and not as a result of an acquisition from an insolvency process.
- 2.2 The Company operated from leasehold premises at London Heathrow Airport, Colndale Road, Colnbrook, Berkshire, SL3 0HQ. The lease is for a term of 5 years commencing on 31 July 2012 with a current annual rent of £55,000, payable quarterly. The rent has been paid up to 24 March 2017. The Landlord has a registered fixed charge in respect of a rent deposit of £40,000.
- 2.3 The Company operated a bank account with Barclays Bank Plc and there are no outstanding charges registered at Companies House.

AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL IN ADMINISTRATION

REPORT TO CREDITORS AS REQUIRED BY STATEMENT OF INSOLVENCY PRACTICE 16

2.4 Extracts from the Company's Financial Statements are as detailed below:

	Year ended 31 Dec 15 (Statutory) £	Year ended 31 Dec 14 (Statutory) £	Year ended 31 Dec 13 (Statutory) £
Turnover	1,678,265	1,700,507	1,736,527
Gross profit	875,453	874,947	840,000
Operating profit/ (loss) after taxation	30,970	107,795	99,250
Dividends	-	-	-
Retained (loss)/profit for year	19,786	78,161	67,201
Shareholders' funds	125,998	106,212	28,051

2.5 Draft management accounts for the year ended 31 December 2016 show sales of £1,627,780.18, a net loss of £73,652.68.

2.6 The Company operated mainly within the financial services sector and as a consequence was heavily exposed to the 2008 financial crisis, when it lost two of its largest clients, Bear Stearns, which all but ceased to trade; and ABN Amro, which changed all of its suppliers when it was bought by RBS. ABN Amro was formerly the source of c. £50,000 of business per month and Bear Sterns c. £20,000 per month, out of a total monthly income of £150,000 - £160,000 (c. £1.8m per annum). Consequently, in 2009 turnover fell to c. £1.1m.

2.7 As a result, the Company went through a significant restructure, and diversified into other commercial sectors, particularly hospitality and retail and by 2011 turnover had risen back to £1.73m. However, in the years since then, the Company has not experienced any further growth with turnover steadily decreasing albeit at a slower rate.

2.8 In recent years, the business has suffered from decreasing margins coupled with increasing overheads, particularly in relation to its principal trading premises. The most recent lease provided for a lower initial rent and became "loaded" at the back end, causing annual rent to rise by between £3,000 and £5,000 per annum. Although the lease was due to come to an end in June 2017, the landlord advised the Company that he intended to increase the rent for a new lease by a further £5,000, to £63,000 per annum. In addition, business rates added an additional £28,500 per annum, partly due to the mezzanine floor put in by the Company. The Company found itself in a "catch 22" situation, where it could not afford to take on the new lease but would, if it left the premises, be subject to extensive dilapidations claims by the landlord.

2.9 The squeeze on profitability that the Company has experienced was further compounded by the fact that in March 2017, one of the Company's largest clients, Agent Provocateur, entered into administration, causing the Company to lose annual revenue of c. £300,000. Whilst that client had been squeezing gross margins for some time, the severe financial strain the Company faced had been precipitated by the fact that in January, the Company undertook £60,000 of work for Agent Provocateur which was still unpaid when the client entered into Administration. This loss of revenue caused significant cash flow and profitability issues for the Company.

**AIR COURIERS INTERNATIONAL LIMITED T/A AIR COURIER INTERNATIONAL
IN ADMINISTRATION**

**REPORT TO CREDITORS AS REQUIRED BY
STATEMENT OF INSOLVENCY PRACTICE 16**

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- 2.10 Management accounts for the year ended 31 December 2016 show that the Company had made a loss for the year of between £50,000 and £60,000 (after depreciation) and, whilst the Directors were confident that the business could have continued trading despite the losses, the subsequent impact from the non-payment of the Agent Provocateur invoices exacerbated the financial position and, with the imminent increase in rent, such losses were too great for the Company to recover from.
- 2.11 The Company was therefore in a critical state as it was unable to afford to pay its creditors. This resulted in two major suppliers, air courier companies that were used to deliver parcels worldwide, putting a stop on the Company's account due to non-payment of invoices.
- 2.12 Furthermore, the March quarter rent of £16,500 on the current premises was due for payment on 25 March 2017 which the Company had also been unable to pay. As the 21 day deadline for non-payment of rent fell due on 14 April 2017, it was noted that the landlord would have been within his rights to forfeit the lease and the Company was at immediate risk of being evicted from its premises. In turn, this would have caused the business to stop trading immediately thus decreasing the value of the assets and goodwill. Accordingly, steps were taken to place the Company into Administration.

3. Background To The Appointment Of Administrators

- 3.1 In view of the reasons stated above, my firm was approached by the Directors of the Company for insolvency advice. On 27 March 2017, the Directors, Darren Winter and Jaine Barker, attended our offices at Pearl Assurance House, 319 Ballards Lane, London N12 8LY and we carried out a brief review of the Company's financial affairs. Following that review, it became apparent that the Company had substantial liabilities, which it had no means of paying as they significantly exceeded its assets.
- 3.2 When viewed with its inability to pay its debts as and when they fell due, it was clear that the Company was insolvent both on a cash flow basis and on a balance sheet test.
- 3.3 It was apparent that the Company should enter into some form of rescue procedure as it had substantial turnover and a long trading history. At our request, the Company authorised us to instruct Williams and Partners Ltd ("WP"), an independent firm of professional valuers and insolvency agents, to assist in the valuation and marketing of the business. It was determined that in view of the size of the Company's liabilities and the lack of profitability due to the loss of its major customer, rescuing the company by means of a Company Voluntary Arrangement was not a viable proposition. Equally, a creditor's voluntary liquidation would involve the cessation of trading and hence only forced sale values would be achieved for the assets. Accordingly, it was considered that a pre-packaged Administration sale, which would permit trading to continue and achieve a sale as a going concern for the business and its assets, would produce the highest realisations.
- 3.4 Together with WP and the Company's management, we considered the possibility and risks of carrying on the trade in Administration whilst the business and assets were being marketed.

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- 4. Why it was not appropriate to trade the business, and offer it for sale as a going concern, during the Administration**
- 4.1 We considered whether or not it might be appropriate to trade the business whilst a purchaser was sought and after taking into consideration a number of factors decided that it would not be possible to continue trading.
- 4.2 The first and most significant factor was the Company's cash flow position. The Company would not have sufficient funds on hand to enable an appointed Administrator to meet the ongoing trading expenses expected to be incurred while a formal marketing strategy was developed and implemented, particularly given the fact that its major suppliers were no longer supporting the business.
- 4.3 The long standing and secure customer accounts built up by the Company had been cultivated and developed over a period of many years by the Directors and senior members of staff. Even if trading was possible, the goodwill of the business was therefore inherent on the long established personal relationships with the clients and these clients were mostly likely to go elsewhere in a very competitive market rather than do business with an Administrator.
- 4.4 Continuation of trade would also render the Administrators becoming liable for the employment contracts of the staff, for business rates on premises while in administration and potentially for rent on the premises. It is not appropriate for Administrators to trade at a loss to the detriment of creditors and any period of trading at a loss would have reduced the funds available from the sale already in prospect and which was unlikely to be enhanced with a sale to any other party.
- 4.5 It was therefore concluded that a trading administration would not be a viable option and in the circumstances, the mechanism best suited to the Company was an administration 'pre-pack' sale which would allow for a seamless transfer of the Company's business and assets to a prospective purchaser.
- 4.6 By achieving a going concern sale through a pre-pack administration, realisations from the Company's assets would be maximised while contingent liabilities in respect of employee claims would be minimised due to the application of the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). In the event, the sale price achieved was the best reasonably obtainable in all the circumstances.
- 5. Details of requests made to potential funders to fund working capital requirements**
- 5.1 The Directors had in recent months been trying to raise funds from potential investors in order to enhance cash flow. Unfortunately, their efforts were unsuccessful and this did not materialise.
- 6. Pre-packaged sale of the Company's business and assets.**
- 6.1 As advised, these administration proceedings have been coupled with a pre-packaged sale of the Company's business and assets. In agreeing to the pre-packaged sale, I can confirm that I have considered the statutory purpose of the Administration and the fulfilment of my obligations to creditors under paragraphs 3(2) and 3(4) of Schedule B1 to the Insolvency Act 1986, which is further explained in the Report to my Proposals. SIP 16 sets out requirements for matters to be disclosed to the creditors in such circumstances. I set those out below, together with my comments.

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7. The source of the Administrators' initial introduction

- 7.1 My firm was first approached by Mr Larry McLaughlin, who had been contacted by the Directors with a view to providing finance for the Company, although this did not ultimately materialise. Mr McLaughlin put me in contact with the Directors, with whom I set up a meeting. Prior to that neither I, nor my firm, had met or acted for the Company or its Directors in any capacity.

8. The extent of the Administrators' involvement prior to appointment

- 8.1 As mentioned above, I met with Mr Winter and Mrs Barker on 27 March 2017 to discuss the Company's financial situation and Mr Winter signed a letter of engagement authorising our firm to act on behalf of the Company on 28 March 2017.
- 8.2 With the directors' agreement and as advised above, I instructed WP as agents. Mr Antony Berg LLB, who is a member of the National Association of Valuers and Auctioneers ("NAVA"), attended the Company's premises and carried out an inventory of the assets and provided me with a valuation report. Following which WP and I discussed the strategy for the marketing of the business as a going concern.
- 8.3 Once an acceptable offer for the business had been received, I instructed Keystone Law, a firm of solicitors with a specialist insolvency department, to draft an Asset Sale Agreement to sell the business and assets as a going concern.

9. The alternative courses of action that were considered by the Administrators, with an explanation of possible financial outcomes

- 9.1 Various insolvency procedures, being administration, company voluntary arrangement ("CVA") and creditors' voluntary liquidation ("CVL") available to the Company were considered. From my discussions with management, it was apparent that there was a good core business. Therefore, liquidation was not considered to be an appropriate route to take as that would result in trading ceasing immediately and the disbanding of the entire workforce. The realisation of the assets in a forced sale would have been significantly lower and book debts realisations would have been severely depleted. In addition, Liquidation would have resulted in a number of substantial claims by long standing members of staff.
- 9.2 The most appropriate insolvency procedure was therefore either a Company Voluntary Arrangement or an Administration.
- 9.3 A CVA was not considered to be a viable option because of the lack of funding available to support continued trading whilst a strategy was being implemented to turn the business around. It was also concluded that the volatility of the current global economy could not guarantee that the Company would be able to sustain the extra financial burden of the regular contributions required in a CVA. Accordingly, the directors decided that an Administration would be more appropriate and sought my firm's assistance in this regard.

10. Marketing activities conducted by the Company and/or the Administrators

- 10.1 Prior to our appointment, we advised the directors that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

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-
- The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
 - Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company;
 - Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
 - Any marketing attempts must by default, include the use of the internet.
- 10.2 WP is a reputable firm of valuers and marketing agents which has vast experience in dealing with distressed asset sales. In their letter of Engagement and in subsequent written communication, WP has confirmed its independence in carrying out this task and that it has adequate Professional Indemnity Insurance.
- 10.3 In order to find a buyer, details of the business were advertised on two specialist websites for distressed companies, IP Bid and Deal Opportunities. Details were then supplied to interested parties upon their signing of a non-disclosure agreement ("NDA").
- 10.4 WP received a total of ten expressions of interest across the two websites, and five of these parties returned signed NDAs. However, despite negotiations taking place with a number of these parties, no offers ultimately materialised. The Company's TUPE liability and the Directors' unwillingness to work for a competitor, together with the absence of restraint of trade clauses in their contracts, proved off-putting to several of these parties. One party expressed an interest in considering the opportunity further despite these factors, but only on the basis that they be allowed to carry out due diligence with no commitment to purchasing the business, and without providing a non-refundable deposit. It was WP's view that agreement to these terms would incur a serious risk of the party walking away from the sale whilst retaining information that could potentially adversely affect the value of the Company's goodwill, not to mention the lack of any formal unconditional offer within a timeframe that would have been achievable.
- 10.5 During the negotiations, an interested party through their own means had sought out the Company's name from a third party and subsequently started to contact the Company's client base to advise them of the Company's financial position and attempt to take over the contracts. It was our agent's view that this development would potentially allow the interested party to take business away from the Company without agreeing to formally purchase the assets and goodwill from the Administrator. This development changed the nature of the negotiations and in order to protect the value of the assets and goodwill for the benefit of the creditors, they recommended that an immediate sale be concluded with Air Courier Worldwide Express Ltd.
- 10.6 Furthermore, WP believed that a sale to Air Courier Worldwide Ltd was more likely to return a greater value from the debtors due to the continuation of service and supply which will minimise the potential for debtors to dispute or refuse to pay past invoices which typically occurs when a business ceases to trade or the debtors are collected by an independent third party.
- 10.7 Accordingly, the sale price achieved was the best price achievable in the given circumstances.

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11. Connected Party Transaction

- 11.1 Where there are connections between an insolvent company and the purchasing entity, there have been new regulations to try to overcome concerns expressed about such transactions in the context of insolvency by having an independent party, known as the Pre-Pack Pool ("the Pool"), review the proposed sale and offer an opinion on the appropriateness of the grounds for the sale.
- 11.2 As the transaction meets the definition of a connected party sale, the transaction is eligible for review by the Pool. The pool is an independent body of experienced business people and has been set up in response to a series of recommendations contained in an independent review of pre-packaged sales in administrations. A Pool member will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator.
- 11.3 The Pool, through its members, operates only to review and opine on applications made voluntarily by connected parties. Further information on the work of the Pool can be found in the 'Questions and Answers about the Pre-Pack Pool' document on the Pool's website at www.prepackpool.co.uk
- 11.4 The purchasers were made aware of their ability to approach the Pool and the potential for enhanced stakeholder confidence from the connected party approaching the Pool and preparing a viability statement for the purchasing entity.
- 11.5 In this case, the Pool has not been approached by the connected party.

12. Viability Statement

12. It has been recommended that a connected party wishing to make a pre-packaged purchase prepare a viability statement. The review should cover the greater of 12 months or the period over which any consideration is to be deferred in order to demonstrate how the purchasing entity will survive for this period from the date of the proposed purchase.
- 12.1 As Administrator, I requested that the connected party provide me with a copy of its viability statement and this was received and is attached at Appendix 1. We have reviewed this and it appears reasonable, but we have not conducted any formal verification or audit of these numbers.

13. Valuations obtained of the business or the underlying assets

- 13.1 We attach at Appendix 2 an extract of WP's valuation report which sets out the narrative for the basis of the valuations.

14. Whether efforts were made to consult with major creditors

- 14.1 The Company has no outstanding floating charges registered against it.
- 14.2 In view of the sensitivity of the situation where discretion was necessary, the Company major trade creditors were not contacted as it would have been inevitable that the precarious financial position of the Company would have got out.
- 14.3 There was also an additional risk that the Company's employees, many of whom possess specialised skills and accreditation, would have been head hunted by the Company's competitors.

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15. The date of the transaction

15.1 The sale took place on 12 April 2017, shortly after our appointment as Administrators.

16. Details of the assets involved and the nature of the transaction

16.1 The sale was on a 'going concern' basis and included all business assets of the Company, including goodwill, intellectual property, and book debts but excluded the lease as it had no commercial value.

16.2 The nature of the business required a seamless transfer in order to preserve customer relations and to continue servicing their needs and to be able to collect in the book debts. In addition, the contracts of employment of all the staff employed at the date of the Administration, including all liabilities due to them, have been transferred to the purchaser.

17. The consideration for the transaction, terms of payment, and any condition of the contract that could materially affect the consideration

17.1 The following consideration was accepted from Air Couriers Worldwide Express Ltd for the business and assets of the Company:

	£
Book Debts	95,448.52
Office Furniture & Equipment	4,470.00
Plant & Machinery	1,020.00
Stock	400.00
Website & Domain Name	3,000.00
Goodwill	26,000.00
Total	<u>130,338.52</u>

17.2 The terms of sale to Air Courier Worldwide Express Limited include an immediate payment of £30,000. The balance of the consideration of £100,338.52 is to be paid in 7 equal monthly instalments of £12,542.31 and one final instalment of £12,542.35. Jaine Barker and Darren Winter have jointly and severally provided personal guarantees in respect of Air Courier Worldwide Express Limited's payment obligations.

17.3 The terms of the sale also provide that the purchaser does not obtain title to any goods or assets where full title did not vest in the Company at the time of sale.

18. If the sale is part of a wider transaction, a description of the other aspects of the transaction

18.1 The sale is as described above and is not part of a wider transaction.

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19. The identity of the purchaser

19.1 The purchaser of the business and assets of the Company was Air Courier Worldwide Express Limited, a company registered in England and Wales with company number 04556685.

20. The names of any directors, or former directors, of the Company who are involved in the management or ownership of the purchaser, or of any other entity into which any of the assets are transferred

20.1 Mr Darren Winter and Mrs Jaine Barker are Directors of both the Company and the purchaser, Air Courier Worldwide Express Ltd.

21. Whether any directors had given guarantees for amounts due from the Company to a prior financier, and whether that financier is financing the new business

21.1 None.

22. Any options, buy-back arrangements or similar conditions attached to the contract of sale

22.1 None.

23. Conclusion

23.1 I am pleased to advise that the sale has preserved the jobs of 10 employees, thus eliminating the substantial claims against the Company in respect of wages, holiday pay, notice pay and redundancy costs, elements of which would have been preferential. The sale as a going concern has also preserved the goodwill of the Company. Further, it has also prevented the materialisation of substantial debtors' counter claims in respect of breaches of contract. And other disputes which would have substantially reduced debtor realisations. A comparison between the break up value set out at Paragraph 13.1 and the sale consideration at paragraph 17.1 above, shows that what has been achieved in the pre-pack Administration is a considerable improvement on the result that would have been likely had the Company proceeded into immediate liquidation.



ASHER D MILLER FCA – JOINT ADMINISTRATOR

Asher Miller and Henry Lan are licensed to act as Insolvency Practitioners in the UK by the ICAEW and the Joint Administrators act as agents to the Company and without personal liability.

DATE: 20 APRIL 2017

Viability Statement

Although not exclusively, the main reason for Air Courier International's insolvency is the falling into administration of Agent Provocateur, one of our high value accounts, which coincidentally had incurred a very large bill during January (some £60,000) which had been due to have been paid at the exact time they went into administration. The loss of that account, plus the lack of need for our current premises following it, has lead us to this position. 2016 had been a challenging year, but we had confidence in being able to trade through that prior to the collapse of our biggest client.

We are left with a business of approximately £1.3m revenues. Immediately after the announcement of Agent Provocateur's administration, we laid off 3 staff, saving £54,000 annually. In December we also parted company with a long term manager, so effectively that will reduce overheads by a further £45,000. Further, we intend to trade from new premises. The landlord at Colndale Road had indicated in writing rent for a new lease to be £63,300.00 for an FRI 6 year lease and the rates payable on this unit are £28554.50. At the premises we have secured going forward, we will pay £27,000 PA rent on an internal only lease, and the rates payable are £0. Our premises insurance was £4240.95, which we will no longer be responsible for, and water rates were £255.58.

Further, we will no longer require 1 of our vehicles or a forklift, so a further saving of £7312.60 net of VAT is made. We also expect that given we are moving into an internal unit of 2200 ft sq, we will see a reduction in utility bills estimated at £2800 per annum. We will invest in a VOIP telephone system, with included calls over internet, at £17.99 per user per month (for 7 users, £1511.60 annually), saving a further £5716.76 annually. Given the much smaller space in which we work, we will save approximately £3000 in cleaning services annually. Waste disposal is part of our tenancy in our new premises, saving another £3780.34 annually. Rent insurance of £836.33 will also be lost.

The total saving we estimate as per the above is £191,797.06

The company will be dedicated to ensuring existing business not only stays with us but will look to exploit further business from existing clients where possible, alongside selling into new companies very aggressively. We are projecting a modest 8% growth in turnover for the coming 12 months meaning an annual turnover of approximately £1.4m going into our second year of trading.

Average gross margin is approximately 54%, meaning £702,000.00 gross margin over first 12 months if we maintain £1.3m turnover. Overheads in 2016 were £750692, and we have shown above that we will cut our operating overheads by £191797.06, leaving a net projected profit of circa £143,105

This will adequately fund the purchase, plus the directors have secured finance to pay a substantial percentage of the sale price up front.

On this basis we believe the company that we ran successfully for 25 years before succumbing to a large bad debt, can be successful once more and go on to continued profitability in the short and long term. We are also investigating credit insurance to cover large volume traders to insulate ourselves against a similar issue in future.

Darren Winter – Director

	April	May	June	July	August	September	October	November	December	January	February	March
Monthly sales Gross	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98
Capital Investment	£ 70,000.00											
Debtor Book March	£ 60,000.00	£ 60,000.00										
Debtor Control		£ 46,453.19	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98
	£ 130,000.00	£ 106,453.19	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98	£ 116,132.98
Purchase of Air Courier	£ 35,000.00	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36	£ 8,636.36
Rent Deposit	£ 8,400.00											
Creditors control		£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93	£ 66,362.93
Salaries	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00	£ 24,500.00
Paye and NI	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00	£ 8,380.00
Vat			£ 9,977.46				£ 9,977.46			£ 9,977.46		
	£ 76,280.00	£ 107,879.29	£ 107,879.29	£ 117,806.75	£ 107,879.29	£ 107,879.29	£ 117,806.75	£ 107,879.29	£ 107,879.29	£ 117,806.75	£ 107,879.29	£ 107,879.29
Cash Flow B/F	£ 53,720.00	£ 1,426.10	£ 8,253.69	£ 1,673.77	£ 8,253.69	£ 8,253.69	£ 1,673.77	£ 8,253.69	£ 8,253.69	£ 1,673.77	£ 8,253.69	£ 8,253.69
	£ 52,293.90	£ 60,547.59	£ 58,873.82	£ 67,127.51	£ 75,381.20	£ 73,707.43	£ 81,961.12	£ 90,214.81	£ 88,541.04	£ 96,794.73	£ 105,048.42	£ 103,595.70



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VALUATION

OFFICE EQUIPMENT & FURNITURE: The Company owns the office furniture and equipment listed in the schedule attached to this report. The furniture and equipment is standard for this type of office and accordingly, it is unlikely that the office furniture will retain any value on a forced sale basis and only a nominal value on a willing buyer basis due to the generally depressed value of these types of assets as a consequence of the excess of similar furniture on the second hand market.

The remaining IT equipment is generally made up of older computers, printers and other equipment that in some cases is past its economic lifespan and therefore uneconomic to remove on a forced sale basis. However, as the IT equipment remains usable, there will be a modest willing buyer value.

The Company has use of 2 Ricoh MPC C2003 colour photocopier/printers which have been obtained on a 39 month service and maintenance agreement and from the information provided it would appear that they are not owned by the Company and the Director has confirmed this.

In addition, the Company owns 5 x iPhone 6s and 2 x Galaxy S6 mobile phones all of which will have both a forced sale and willing buyer value.

In our opinion, we would value the Office Equipment and Furniture as follows:

FORCED SALE

£1,050.00 - £1,250.00

WILLING BUYER

£3,740.00 - £4,470.00

STOCK: The Company does not own any stock other than a small amount of Company branded packing boxes and pouches listed in the schedule attached to this report and which would have no value on a forced sale basis. The stock will only retain a willing buyer value if the business name is retained and given the amount owed to trade creditors, it is uncertain whether this would be the case.

We are not aware of any retention of title in relation to the stock and have valued them on the basis that they are unencumbered.



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In our opinion, we would value the Stock as follows:

FORCED SALE
£NIL

WILLING BUYER
£350.00 - £440.00

VEHICLES: The Company has the use of 4 sign-written vehicles that have all been obtained on lease hire contracts, details of which have been provided. The contracts specifically state that the Company cannot own the vehicles and can only sell them (to an unconnected party) at the end of the 36 month hire period. As these contracts were only entered in to in March & April 2016, the vehicles do not belong to the Company and are therefore expressly excluded from this valuation report.

In our opinion, we would value the Vehicles at £NIL

PLANT & MACHINERY: The Company owns the plant and machinery listed in the schedule attached to this report and which consists of one pallet truck and 18 bays of 2 tonne racking. In addition the Company has use of a Mitsubishi FG18NT forklift and pallet wrapper. According to the Director the forklift was obtained from new in August 2016 on a hire only contract (although the Director was unable to provide a copy of the hire contract). The pallet wrapper was also obtained on a pure hire contract and we have been provided with a copy of the rental invoice. Consequently as neither is owned by the Company we have expressly excluded both from this valuation but reserve the right to amend our valuation should alternative information be provided.

The 18 bays of racking consist of 36 x 3m uprights and 72 horizontal beams. 10 of the bays are relatively new. Due to the quantity and cost of removal it is unlikely that there would be any value to the racking on a forced sale basis. However, based on a value of £5 per cross beam and £8 per metre per upright we would estimate the value of the warehouse racking at £792.00 on a willing buyer/in situ basis.





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In our opinion, we would value the Plant & Machinery as follows:

FORCED SALE
ENII - £125.00

WILLING BUYER
£990.00 - £1,020.00

WEBSITE & DOMAIN NAME: The Company owns a static text-based website (subject to any third party copyright or IPR claims) and uses the domain name www.aircourieruk.com. Having researched the domain name, the registered owner is currently the Director in a personal capacity although he has confirmed that the domain has only recently been transferred to him and the domain is actually owned by the Company. Our research has not uncovered any other domain names and therefore our valuation is expressly limited to the domain name stated above. We reserve the right to amend our valuation in light of new information.

There are certain accepted elements in valuing a domain name and these include the following:

- Shorter domain names are more valuable than longer domain names. Domain names with hyphens are worth less than those without.
- .Com domain names are more valuable than .net and .org domain names and .co.uk domains are more valuable than other .uk domains (e.g. .ltd.uk or .plc.uk)
- Domain names are more valuable if they contain sought after keywords such as business or commerce related keywords
- Generic domain names (e.g. business.com or jobs.co.uk) tend to have a greater value than brandable domain names. However, brandable domain names can be highly valued, but less so when cheaper alternatives or unregistered alternatives are available. Currently, www.aircourieruk.co.uk and www.aircourier-uk.com are available and can be purchased at a cost of between £5.00 and £10.00.
- With the introduction of a significant number of new domain name extensions, the general value of domain names has fallen sharply from their previous peak, with the possible exception of three letter domains names.

The domain name holds little value on a forced sale basis as most clients do not use the Company as a result of an internet search. There is likely to be a reasonable value in the





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domain name to a willing buyer not only for marketing purposes if the business name is retained but also to ensure at the very least that emails can be forwarded to a new email address, but most importantly to enable clients to continue to log on to domain to track packages (see below) prior to any remarketing of any new domain name.

The website itself has 32 text-based landing pages and is easily replicable and relatively cheap to build having only cost c£1,000 5 years ago for the design. According to URL Metrics, the website is ranked at number 161,845 in the UK with over 1,700 monthly page views from over 950 monthly visits. However whilst these are relatively healthy figures it is our assessment that the figures are artificially high since the website has a parcel tracking system (licenced from a third party) that clients use as required rather than the metrics relating to potential new clients looking to engage the Company. This assumption is further proven by the fact that the Company only has c185 clients of which only 60 are active accounts and who would not have any need to use the website other than to track their parcel.

In our opinion we would value the Website and Domain Name as follows:

FORCED SALE

ENIL

WILLING BUYER

£2,500.00 - £3,000.00

GOODWILL: The Director informs us that the business is in a contracting but highly competitive industry where rates are being squeezed by the major players who, for large accounts, will squeeze their margins to secure the business. To distinguish itself, the Company provides a much more personal customer service experience whereby clients can call and speak to an individual 24 hours a day 365 days per year rather than using an automated booking system. However, whilst the Company's clients seem to like and prefer this service they are not willing to pay a higher rate to receive it and, consequently, the Company is effectively having to fund this additional service out of profits simply to retain their client business.

Given the amount owed to trade creditors there must be some question as to whether there would be value to a willing buyer in retaining the Company name as once the limited





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company ceases to trade there is a significant and likely possibility that neither Air Menzies nor the two DHL customers would be willing to trade with a new business carrying the same trade name unless some commercial agreement was established relating to how future bookings are paid for and possibly a repayment of some or all of the debts owed.

Contracts: The Director informs us that whilst the business might quote a price in advance of a job, 99% of bookings are received on the day and therefore there are no formal contracts.

Database: The Director advises us that the Company has about 185 clients although only 60 are active clients and, of these, approximately 40 use the Company's service on an exclusive basis and do so mainly as a result of the personal relationships and personal service developed by the directors and their senior staff over many years (which has been a necessity to enable them to compete with the larger players in the industry).

Trademarks: The Director advises us that Company does not own any trademarks or other intellectual property.

NB: We are advised by the Director that although both he and his wife, who is also a director of the Company, have contracts of employment, neither of them contain any non-compete or non-solicitation clause. These are factors that will be taken in to account by any third party who might be interested in taking over the business as a going concern out of administration. The Director has informed us that the relationships that have been developed with clients over many years are quite personal to either the directors and/or his senior staff who have cultivated and developed those clients over many years. We are further informed that a number of years ago the Company lost Associated Press as a client when an ex-employee left the business and took that client with them to their new employer. Given the personal nature of these relationships it is likely to be a key requirement of any third party purchaser that the Director and senior staff remain with the Company for a minimum set period of time to effect a seamless transition and introduction of the existing clients to the new business and so minimising the risk of clients leaving with staff. However, at the time of writing this report, there is no guarantee that the Director(s) would be willing to work for another courier company and could resign and start a new courier business and solicit senior staff to join them without any claim for damages against them by the purchaser of the business as to act in this way would not be a breach of their contract.

Furthermore, should the Directors and senior staff agree to remain and work for a third party then the potential c£105,000 TUPE liability (including a liability of c£56,000 in relation to the directors alone) is such that this element itself may deter any potential buyer(s).





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In our opinion, we would value the Goodwill as follows:

FORCED SALE
£NIL

WILLING BUYER
£22,750.00 - £26,000.00

AGED DEBTORS: The Director has provided us with an aged debtors report as at 1 April 2017 and which includes invoicing up to and including 31 March 2017. According to the information provided, the total aged debtors are £113,748.72 with current - 30 day debtors at £79,042.19, 31 - 60 day debtors at £31,867.28, 61 - 90 day debtors at £Nil, 91 - 120 day debtors at £1,608.67 and older debtors at £1,230.58.

Taking in to account the possibility the some of the current debts may not be paid in an insolvency situation together with the costs of collection, on a willing buyer basis we would value the current debts at 90% of value, the 31-60 debts at 75% and the 90+ day debts at 10%, a total value of £95,322.36. On a forced sale basis, we would value the current debts as 50% of value, the 31-60 debts at 33.33% and the 90+ day debts at Nil, a total value of £50,143.52.

In our opinion, we would value the Book Debts as follows:

FORCED SALE
£50,143.52

WILLING BUYER
£95,322.36

