

# Liquidator's Progress Report

# S.192

Pursuant to Sections 92A and 104A and 192  
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

02968910

Name of Company

Carina Design Limited

I / We

Stephen Powell, 12/14 Carlton Place, Southampton, SO15 2EA

Gordon Johnston, 12/14 Carlton Place, Southampton, SO15 2EA

the liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 29/09/2015 to 28/09/2016

Signed



Date

25/11/16

HJS Recovery (UK) Ltd  
12/14 Carlton Place  
Southampton  
SO15 2EA

Ref 5777CARX/SP/GJ/SJ/JP/HS

SATURDAY



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14/01/2017

#193

**Carina Design Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 29/09/2015 To 28/09/2016 £	From 29/09/2015 To 28/09/2016 £
	<b>ASSET REALISATIONS</b>	
	Stock	2,500 00
Uncertain	Stock	NIL
76,000 00	Book Debts	NIL
	Cash at Bank	76,701 12
	Bank Interest Gross	22 62
		<u>79,223 74</u>
		79,223 74
	<b>COST OF REALISATIONS</b>	
	Specific Bond	320 00
	Preparation of S of A	10,000 00
	Office Holders Fees	34,809 50
	Office Holders Expenses	683 05
	Statutory Advertising	251 00
		<u>(46,063 55)</u>
		(46,063 55)
	<b>FLOATING CHARGE CREDITORS</b>	
(85,035 84)	National Westminster Bank Plc	NIL
(23,736 21)	Merseyside Loan and Equity Fund LLP	NIL
		<u>NIL</u>
		NIL
	<b>UNSECURED CREDITORS</b>	
(204,091 11)	Trade & Expense Creditors	NIL
(46,126 26)	HM Revenue & Customs - VAT	NIL
(86,904 60)	HM Revenue & Customs - PAYE	NIL
		<u>NIL</u>
		NIL
	<b>DISTRIBUTIONS</b>	
(200 00)	Ordinary Shareholders	NIL
		<u>NIL</u>
		NIL
<u>(370,094 02)</u>		<u>33,160 19</u>
		33,160.19
	<b>REPRESENTED BY</b>	
	Vat Receivable	1,792 90
	Bank 1 Current	31,867 29
	Vat Payable	(500 00)
		<u>33,160.19</u>

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# **Liquidators' Annual Progress Report to Creditors & Members**

**Carina Design Limited  
- In Liquidation**

**25 November 2016**

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## **CARINA DESIGN LIMITED - IN LIQUIDATION**

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- B** Time Analysis for the Period from 29 September 2015 to 28 September 2016
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## CARINA DESIGN LIMITED - IN LIQUIDATION

### 1 Introduction and Statutory Information

- 1 1 I, Stephen Powell of HJS Recovery (UK) Ltd, was appointed as Joint Liquidator of Carina Design Limited (the **Company**) together with my colleague Gordon Johnston, on 29 September 2015. This progress report covers the period from 29 September 2015 to 29 September 2016 (**the Period**) and should be read in conjunction with any previous progress reports which have been issued.
- 1 2 The principal trading address of the Company was Unit 4-4A Valentines Building, Racecourse Business Park, Aintree L9 5AL. The business traded under the name Carina Design Limited.
- 1 3 The registered office of the Company has been changed to HJS Recovery, 12-14 Carlton Place, Southampton SO15 2EA and its registered number is 02968910.

### 2 Progress of the Liquidation

- 2 1 This section of the report provides creditors with an update on the progress made in the liquidation during the Period.
- 2 2 At Appendix A is my Receipts and Payments Account for the Period.

#### ***Administration (including statutory compliance & reporting)***

- 2 3 An office holder must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work we anticipated would need to be done in this area was outlined to creditors in our initial fees estimate/information.
- 2 4 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Liquidators.
- 2 5 As noted in my initial fees estimate/information, this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

#### **Realisation of Assets**

##### *Stock/*

- 2 6 The director's estimated statement of affairs detailed stock with a book value of £127,000 and an estimated to realise value detailed as uncertain. Independent Agents, Asset Recovery & Insolvency Limited were instructed to value the stock and it was subsequently valued at £40,000. The stock was sold to Carina Cards Ltd t/a Grass Roots International Ltd, a company connected by virtue of common directors being Elisabeth Ardren and Robert Brown for the sum of £32,000 plus VAT. The sale consideration is being paid by way of monthly instalments and final lump sum payment. To date, the sum of £4,000 has been received in the liquidation. Further funds are anticipated from our agent shortly.

##### *Book Debts & Cash at bank*

- 2 7 At the date of liquidation, the company had a debtor ledger with a book value of £101,524 and an estimated to realise value detailed as uncertain. To date, the sum of £76,701 has been received in respect of debtor payments made directly into the Company's bank account which is shown as cash at bank on the receipts and payments account at Appendix A. I am currently awaiting up to date statements to enable a further reconciliation of the account and in order to determine if any further realisations are likely.

## CARINA DESIGN LIMITED - IN LIQUIDATION

- 2 8 It is considered that the work the Liquidator and his staff have undertaken to date will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3<sup>rd</sup> party security, result in a distribution to the preferential and unsecured creditors of the Company.

### ***Creditors (claims and distributions)***

- 2 9 Further information on the anticipated outcome for creditors in this case can be found at section 3 of this report. A Liquidator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2 10 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.
- 2 11 The above work will not necessarily bring any financial benefit to creditors generally, however a Liquidator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Liquidator in dealing with those claims.
- 2 12 We consider the following matters worth noting in our report to creditors at this stage:
- There are approximately 18 unsecured creditor claims in this case with a value per the director(s) statement of affairs of £445,894.
  - There are 2 secured creditors who are owed approximately £108,772.

### ***Investigations***

- 2 13 Some of the work the Liquidator is required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Liquidators can pursue for the benefit of creditors.
- 2 14 We can confirm that we have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, we are unable to disclose the contents.
- 2 15 Shortly after appointment, we made 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 s98 meeting or as a response to our request to complete an investigation questionnaire.
- 2 16 Our investigations have revealed an overdrawn loan account to the sum of £101,729 which is being pursued for the benefit of creditors.

## **3 Creditors**

### ***Secured Creditors***

- 3 1 Natwest Bank Plc holds a fixed and floating charge over the Company's assets. At the date of the liquidation the indebtedness to the secured creditor was estimated at £85,036. To date no payment has been paid on account.

## CARINA DESIGN LIMITED - IN LIQUIDATION

- 3 2 Merseyside Loan and Equity Fund LLP holds a floating charge over the Company's assets. At the date of liquidation the indebtedness to the secured creditor was estimated at £23,736. To date no payment has been paid on account.

### ***Preferential Creditors***

- 3 3 There are no preferential claims in this matter.

### ***Unsecured Creditors***

- 3 4 We have received claims totalling £444,947 from 13 creditors. We have yet to receive claims from 8 creditors whose debts total £113,997 as per the Company's statement of affairs.
- 3 5 The Company granted a floating charge to Natwest Bank Plc on 30 September 2004. Accordingly, we are required to create a fund out of the Company's net floating charge property for unsecured creditors (known as the **Prescribed Part**).
- 3 6 Based on present information, we estimate the value of the Company's net floating charge property to be £79,224. Arising from this, the value of the unsecured creditors' fund is presently estimated to be £13,845. Please note that this estimate is subject to fluctuation and the final outcome can only be determined once all asset realisations have been made.
- 3 7 I would confirm that it is anticipated there will be insufficient funds realised after defraying the expenses of the liquidation to pay a dividend to unsecured creditors.

## **4 Liquidators' Remuneration**

- 4 1 The Creditors approved that the basis of the Liquidators' remuneration be fixed by reference to the time properly spent by him and his staff in managing the Liquidation.
- 4 2 The time costs for the Period are £35,208.75. This represents 159.27 hours at an average rate of £221.06 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent by this firm in managing the liquidation. To date, £34,809.50 plus disbursements of £683.05 of which £562.95 relates to travel and subsistence and £120.10 relates to meeting room hire has been paid on account.
- 4 3 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from [www.hjsrecovery.co.uk/publications](http://www.hjsrecovery.co.uk/publications).
- 4 4 Attached as Appendix C is additional information in relation to the Liquidators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

## **5 Creditors' Rights**

- 5 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidator provide further information about his remuneration or expenses which have been itemised in this progress report.
- 5 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the

## **CARINA DESIGN LIMITED - IN LIQUIDATION**

Liquidator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive

### **6 Next Report**

- 6 1 We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation, unless we have concluded matters prior to this, in which case we will write to all creditors with our final progress report ahead of convening the final meeting of creditors

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stephen Powell', with a stylized, cursive script.

**Stephen Powell FCCA MABRP**  
Joint Liquidator



**Carina Design Limited**  
**(In Liquidation)**  
**Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £		From 29/09/2015 To 28/09/2016 £	From 29/09/2015 To 28/09/2016 £
	<b>ASSET REALISATIONS</b>		
	Stock	2,500 00	2,500 00
Uncertain	Stock	NIL	NIL
76,000 00	Book Debts	NIL	NIL
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	Bank Interest Gross	22 62	22 62
		<u>79,223 74</u>	<u>79,223 74</u>
	<b>COST OF REALISATIONS</b>		
	Specific Bond	320 00	320 00
	Preparation of S of A	10,000 00	10,000 00
	Office Holders Fees	34,809 50	34,809 50
	Office Holders Expenses	683 05	683 05
	Statutory Advertising	251 00	251 00
		<u>(46,063 55)</u>	<u>(46,063 55)</u>
	<b>FLOATING CHARGE CREDITORS</b>		
(85,035 84)	National Westminster Bank Plc	NIL	NIL
(23,736 21)	Merseyside Loan and Equity Fund LLP	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>UNSECURED CREDITORS</b>		
(204,091 11)	Trade & Expense Creditors	NIL	NIL
(46,126 26)	HM Revenue & Customs - VAT	NIL	NIL
(86,904 60)	HM Revenue & Customs - PAYE	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	<b>DISTRIBUTIONS</b>		
(200 00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<b>(370,094.02)</b>		<b><u>33,160.19</u></b>	<b><u>33,160.19</u></b>
	<b>REPRESENTED BY</b>		
	Vat Receivable		1,792 90
	Bank 1 Current		31,867 29
	Vat Payable		(500 00)
			<u>33,160.19</u>

## TIME AND CHARGE OUT SUMMARIES DATED 29 SEPTEMBER 2015 to 28 SEPTEMBER 2016

Hours							
Classification of work function	Insolvency Practitioner	Manager/ Senior Manager	Supervisor	Assistants & Support Staff	Total Hours	Time Cost	Average hourly rate
Administration, Planning & Statutory Duties	0 50	5 20	0 50	11 85	18 05	£2,305 50	£127 73
Investigations	5 75	2 00	11 50	1 20	20 45	£4,515 00	£220 78
Realisations of assets	37 50	48 00	1 00	7 65	94 15	£23,514 25	£249 75
Creditors	0 50	19 30	0 00	2 87	22 67	£4,275 00	£188 58
Tax reviews	0 60	0 00	0 00	3 35	3 95	£599 00	£151 65
<b>Total Hours</b>	<b><u>44 85</u></b>	<b><u>74 50</u></b>	<b><u>13 00</u></b>	<b><u>26 92</u></b>	<b><u>159 27</u></b>	-	-
<b>Total Costs</b>	<b><u>£16,782 50</u></b>	<b><u>£17,340 00</u></b>	<b><u>£2,275 00</u></b>	<b><u>£2,583 00</u></b>	-	<b><u>£35,208 75</u></b>	<b><u>£221 06</u></b>
Current Chargeout rates	£350	£200 - £275	£150 - £175	£50 - £125			
Previous Chargeout rates	£275 - £500	£150 - £200	£125	£50 - £105			

## CARINA DESIGN LIMITED - IN LIQUIDATION

### Appendix C

#### Additional Information in Relation to the Liquidators' Fees, Expenses & Disbursements

##### 7 Staff Allocation and the Use of Sub-Contractors

- 7.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case
- 7.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment
- 7.3 On this case we are proposing to use the services of the following sub-contractors

Service (s)	Provider	Basis of fee arrangement	Cost to date
Book debt collection	Carina Cards T/A Grass Roots International	7.5% of total debtor monies collected	£5,753

##### 8 Professional Advisors

- 8.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis

Name of Professional Advisor	Basis of Fee Arrangement
JMW Solicitors (legal advice)	£15,000 + VAT
Asset Recovery & Insolvency Limited (valuation and disposal advice)	Hourly rate and disbursements

- 8.2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them

##### 9 Liquidators' Expenses & Disbursements

###### *Current position of Liquidators' expenses*

- 9.2 An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below

	Paid in prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Agents' costs	Nil	Nil	8,000.00	8,000.00
Solicitors' costs	Nil	Nil	Nil	15,000.00
Statutory advertising	Nil	251.00	Nil	351.00
Specific penalty bond	Nil	320.00	Nil	320.00
External meeting room hire	Nil	120.10	Nil	120.10
Case related travel & subsistence	Nil	562.95	Nil	562.95

- 9.3 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also

## CARINA DESIGN LIMITED - IN LIQUIDATION

chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.

- 9.4 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidators' fees were approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

### 10 Charge-Out Rates

- 10.1 HJS Recovery's current charge-out rates effective from 31 May 2011 are detailed below. Please note this firm records its time in minimum units of 6 minutes.

10.2

	(Per hour) £
Insolvency Practitioners	350
Senior Managers & Managers	200-275
Senior Managers & Managers	150-175
Administrators and Support Staff	50-125
Specialist departments within HJS accountants, such as Tax, VAT and Pensions, do sometimes charge a small number of hours to an assignment, should the Insolvency Partners require their expert advice. Their rates do vary however, the figures given below provide an indication of the rates charged per hour.	
Directors	110-175
Senior Managers & Managers	82-120
Supervisors	42-70
Administrators and Support Staff	20-40

Please note that we reserve the right to amend these rates from time to time during the course of the assignment. However, any material amendments to these rates will be advised to creditors in the next statutory report.

## Appendix D

An indication of the tasks undertaken by the Joint Liquidators and their staff are detailed below

### 1.1 Administration and Planning

- Statutory duties associated with the appointment including the filing of relevant notices,
- Notification of appointment to creditors, members, other interested parties,
- Reviewing available information to determine appropriate strategy,
- Setting up case files,
- Setting up and maintaining bank accounts
- Progress reviews of the case
- Statutory reporting to creditors

### Realisation of Assets

Please refer to section 2 of the report, but in summary the time spent includes

- Liaising with agents & solicitors
- Correspondence and meetings with interested parties
- Monitoring and chasing of deposits and deferred sale consideration
- Identifying, securing & insuring of assets
- Debt collection

### Creditors

- Recording and maintaining the list of creditors,
- Dealing with retention of title claims
- Meetings with creditors
- Recording creditor claims,
- Dealing with creditor queries,
- Reviewing and evaluating creditor claims and providing responses

**Investigations**

- Corresponding with the former directors & management
- Recovery and schedule of the company's books and statutory records
- Conduct an analytical review of company records
- Review of questionnaires and comments provide by interested parties
- Questioning of directors and other key personnel,
- Completion of statutory report to the Department for Business, Innovation and Skills

**Tax Reviews**

- Completion of post-appointment VAT returns and Corporation Tax returns
- Review of post appointment tax matters