

LIQ03

Notice of progress report in voluntary winding up



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 3 7 1 0 8 6 4

Company name in full HCL SOCIAL CARE LIMITED

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) MICHAEL

Surname LENNON

3 Liquidator's address

Building name/number THE CHANCERY

Street 58 SPRING GARDENS

Post town MANCHESTER

County/Region GREATER MANCHESTER

Postcode M 2 1 E W

Country UK

4 Liquidator's name ①

Full forename(s) STEVEN

Surname MUNCASTER

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number THE CHANCERY

Street 58 SPRING GARDENS

Post town MANCHESTER

County/Region GREATER MANCHESTER

Postcode M 2 1 E W


Country UK

② Other liquidator

Use this section to tell us about
another liquidator.

LIQ03

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6	Period of progress report												
From date	d	3	d	0	m	1	m	0	y	2	y	0	
To date	d	2	d	9	m	1	m	0	y	2	y	0	
7	Progress report												
<input checked="" type="checkbox"/> The progress report is attached													
8	Sign and date												
Liquidator's signature	<div>Signature</div> <div>  </div>												
Signature date	d	1	d	6	m	1	m	2	y	2	y	0	

**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 **CAROLINE SHEARD**

Company name **KROLL ADVISORY LTD.**

Address **58 SPRING GARDENS**

Post town **MANCHESTER**

County/Region **GREATER MANCHESTER**

Postcode **M 2 1 E W**

Country **UK**

DX

Telephone **0161 827 900**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse 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

14 December 2021

Progress Report to Creditors

HCL Social Care Limited (In Creditors' Voluntary Liquidation)

*Joint Liquidators' Progress Report to Creditors
For the period from 30 October 2020 to 29 October 2021*

**Kroll Advisory Ltd
The Chancery
58 Spring Gardens
Manchester
M2 1EW**

Kroll Advisory Ltd. has recently rebranded as Kroll with a new name, Kroll Advisory Ltd. Insolvency cases handled by insolvency practitioners from Kroll Advisory Ltd. are still being dealt with in the same way, by the same insolvency practitioners and staff. Our staff email addresses are now from kroll.com and our correspondence and website reflects the Kroll branding.

Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	30 October 2020, being the date of appointment of the Joint Liquidators
DBEIS	Department for Business, Energy & Industrial Strategy
Category 1 Expenses	The Joint Liquidators' expenses, in dealing with the liquidation, to persons providing the service to which the expense relates and who are not an associate of the Liquidator. These expenses can be paid without prior approval
Category 2 Expenses	The Joint Liquidators' expenses, in dealing with the Liquidation, to associates or where there is an element of shared costs. Such expenses require approval by creditors before payment
Close	Close Brothers Limited (Company Number: 00195626)
the Company	HCL Social Care Limited (In Creditors' Voluntary Liquidation) (Company Number: 03710864)
the Director	Ian James Munro the Director of the Company
HCL Workforce	HCL Workforce Solutions Limited (Company Number: 05790018)
HMRC	HM Revenue and Customs
the Joint Liquidators	Steven Muncaster and Michael Lennon of Kroll Advisory Ltd., The Chancery, 58 Spring Gardens, Manchester, M2 1EW
Preferential Creditor/s	A creditor with a claim that ranks in priority to other unsecured creditors, to floating charge holders and the prescribed part. Preferential debts are either 'ordinary', such as certain employee claims, or 'secondary', such as HMRC's claims for VAT and PAYE income tax, which will rank for payment after the ordinary preferential claims are paid in full
Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to Unsecured Creditors
the Previous Reports	The Director's Report to Creditors dated 19 October 2020 and; The Joint Liquidators' Fee and Cost Information to Creditors dated 18 January 2021
the Reporting Period	The period from 30 October 2020 to 29 October 2021
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)

Word or Phrase	Definition
Settlement Agreement	Settlement Agreement between (1) The Joint Liquidators (2) HCL Social Care Limited (In Liquidation) and (3) HCL Workforce Solutions Limited for a settlement in the sum of £200,000
SIP 9	Statement of Insolvency Practice 9 – Industry Best Practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses
SOA	Statement of Affairs, documentation supplied by the Director outlining the Company's financial position as at the commencement of the Liquidation.
the Solicitors	Hill Dickinson LLP, independent solicitors who were instructed to provide legal advice on the settlement agreement
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations 2006

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2. Analysis of Expenses Incurred
3. Analysis of Time Charged
4. Statement of Creditors' Rights
5. Proof of Debt Form

1. Introduction

The purpose of this progress report is to detail the Joint Liquidators' acts and dealings together with the conduct of the Joint Liquidators during the Reporting Period.

The appendices attached form part of the progress report and should be read as a whole.

This report should be read in conjunction with the Previous Reports.

2. Progress of the Liquidation

The Company was incorporated on 4 February 1999, under company registration number 03710864. The principal activity of the Company was the provision of temporary health and social care staff to the private and public sector.

The manner in which the affairs and business of the Company have been managed since the Appointment Date and will continue to be managed are set out below.

2.1 Book Debts

The Company's books and records indicated a debtor balance with a book value of £145,592 at the Appointment Date. An estimated to realise value of £145,592 was attributed to the book debts in the SOA.

As previously reported the Company's books debts were subject to an invoice discounting facility with Close. As at the Appointment Date the Company's indebtedness to Close was £113,013.

During the Reporting Period the book debts were collected by Close, and they were repaid in full under the terms of their charge.

As advised previously, there is a deed of novation dated 27 July 2020 between the Company, Close and a connected company, being HCL Workforce. Therefore, the surplus of £32,597 from the collection of book debts was encompassed in the offer from HCL Workforce in relation to the Settlement Agreement, further details of which are provided below.

There will be no further realisations from this source.

2.2 Settlement Agreement

On 27 July 2020 a sale of the Company's business and certain assets was completed to HCL Workforce. The transaction was completed based on a business valuation with all of the Company's employees transferring to HCL Workforce pursuant to TUPE. The business valuation undertaken valued the Company at £300,000, which was the transaction price, no cash consideration was paid to the Company in respect of this sale.

An initial investigation was undertaken by Kroll's internal valuations team to establish whether the consideration attributed to the transaction was fair value for the Company's business. It has been confirmed that the consideration of £300,000 did fall within the valuation range for the business.

Additionally, the Solicitors were instructed to review the transaction. The Solicitors highlighted a potential Preference concern in relation to the payment mechanism.

The Solicitors wrote to both HCL Workforce and the Director highlighting the Joint Liquidators' findings.

HCL Workforce set out their defence to the concerns raised, however, subsequently, following a period of negotiation, HCL Workforce made an offer of £200,000 to settle any potential claim in

relation to the antecedent transaction, encompassing the surplus from the book debts collections as detailed above. The offer provided for initial consideration of £100,000 to be payable on completion of the settlement agreement, with the balance to be paid on deferred terms being four monthly payments of £25,000.

The Joint Liquidators and the Solicitors considered the offer and based upon the outcome of a detailed review of the proposal and the ongoing financial position of HCL Workforce, the Joint Liquidators accepted the offer. As at the Reporting Date the full balance of £200,000 has been received.

There will be no further realisations from this source.

2.3 Business Rates Refund

As detailed in the Receipts and Payments account attached at Appendix 1. The Joint Liquidators have realised the sum of £87,049 from Westminster City Council, from a business rates refund for the property at Part Lower Ground Floor Rear to date.

Further investigations have identified a potential further business rates refund regarding the property at Part Lower Ground Floor. The council are currently processing the adjustments and calculating if any amount is due. Once the confirmation of the surrender of lease is achieved, the amounts received will be realised for the benefit of the Liquidation estate.

It should be noted however, that the Joint Liquidators have been made aware of a potential claim against the business rates refund amounts received and also the proposed further amounts due. The claim is on the basis that these monies were originally paid in error by this party and therefore the monies are not an asset of the Liquidation estate and should be repaid to them.

The Joint Liquidators have undertaken an initial assessment of the claim made and provided their initial response however, as at the date of this report this matter remains ongoing.

An update will be provided in this regard in future reports to Creditors.

2.4 Gross Bank Interest

A nominal sum has been received in respect of bank interest during the Reporting Period.

2.5 Other Assets

The Company has no other known assets to be realised for the benefit of the Liquidation estate.

2.6 Statutory and Compliance Matters

Certain work has been performed solely to comply with statutory and compliance requirements. Whilst many of these tasks do not have a direct benefit in enhancing realisations, they assist in the efficient compliant progress of the Liquidation, ensuring that work is carried out to a high professional standard.

Such matters in the Reporting Period cover certain aspects of reporting to creditors, preparation of fee estimates, cashiering (including submission of VAT and tax returns and preparation of receipts and payments accounts), bonding, case reviews, pension scheme checks, insurance matters and general case management.

3. Investigations

The Joint Liquidators are under a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made. Hence a basic level of investigation has been undertaken.

An initial assessment has been made which involved collecting and analysing the books and records of the Company, including the bank accounts and intercompany trading transactions, considering their responses to director and creditor questionnaires, contacting third parties (mainly banks, Company's accountants and solicitors and creditors) for further information relating to the Company's assets and dealings.

These investigations did not highlight the need for any further investigations or action. Therefore, unless additional information arises, it is not expected that further exploratory enquiries will continue.

The Liquidators' have incurred time costs for this investigation in this period of £18,072. This also includes filing a report with DBEIS, a statutory obligation, regarding the conduct of all directors of the Company that served in the three years prior to the Joint Liquidators' appointment. The content of this report is confidential.

There are no outstanding lines of enquiry and unless further information comes to light it is not expected that further fees will be incurred on investigatory matters.

4. Liabilities and Dividends

4.1 Secured Creditor

In consideration for monies advanced under an invoice discounting facility the Company granted Close a debenture, which confers fixed and floating charges over all assets of the Company, created and registered on 9 March 2018.

As at the Appointment Date, the Company's indebtedness to Close was approximately £113,013, subject to accruing interest and charges as applicable.

As detailed earlier in Section 2.1 of this report, Close have been repaid in full during the Reporting Period following the collection of the book debts, with the surplus being encompassed into the Settlement Agreement with HCL Workforce in regard to the antecedent transaction following the deed of novation dated 27 July 2020.

In view of the above, the Secured Creditor has been repaid in full and no further distributions will be made.

4.2 Preferential Creditors

As at the Appointment Date, the Company did not employ any staff and all staff were transferred to HCL Workforce pursuant to TUPE. Therefore, no preferential claims are anticipated or have been received against the Company during the Liquidation.

4.3 Prescribed Part

As noted above, the Company granted a floating charge to Close on 9 March 2018. Close have now been repaid in full under a specific assignment of the Company's book debts and therefore the floating charge did not crystallise. As such, the Prescribed Part is not applicable in this instance.

4.4 Unsecured Creditors

According to the SOA, Unsecured Creditors total £82,342. To date, the Joint Liquidators have received claims totalling £3,694,015 against the Company.

If you have not yet submitted your proof of debt, attached at Appendix 5 is a Proof of Debt form which should be submitted as soon as possible.

Based on the information currently available, it is anticipated that a dividend will be paid to Unsecured Creditors of the Company. The quantum and timing of any dividend is subject to the ongoing asset realisation and costs of the Liquidation.

An update will be provided in the Joint Liquidators next report to Creditors.

5. Costs and Expenses

5.1 Joint Liquidators' Remuneration

The Joint Liquidators' basis of remuneration, being time properly charged by them and their staff and the fee estimate in the sum of £46,850, was approved by the Company's creditors on 3 February 2021.

The time costs incurred during the Reporting Period amount to £69,385, which represents 266 hours with an average charge out rate of £261 per hour. Time has been charged in six-minute units and is detailed in full at Appendix 2.

In accordance with SIP 9, additional information regarding the major areas of time costs incurred during the Reporting Period has been provided below:

- Time costs of £21,444 have been incurred, representing 76 hours at an average hourly rate of £282, under the heading Strategy planning & Control during the Reporting Period. This includes internal discussions held to ensure the case is progressed general review and monitoring of the Liquidation strategy.
- Total time costs of £18,072 have been incurred under the heading Investigations, representing 72 hours at an average hourly charge out rate of £252. This relates to time spent dealing with the statutory investigations into the directors of the Company, and regarding the investigations into the antecedent transaction for the benefit of the Liquidation estate.
- Time costs of £9,721 have been incurred under the heading Statutory Matters (Meetings, Reports & Notices) representing 43 hours at an average hourly rate of £228. This relates to the time spent dealing with the filing of statutory notices, preparing previous correspondence sent to Creditors and attending to all other matters required of the Joint Liquidators under statute.
- Time costs of £7,332 have been incurred under the heading Case Review and Diary Management representing 29 hours at an average hourly rate of £253. This includes time spent conducting regular case reviews and progression matters, as required by the Joint Liquidators' Regulatory Body.
- Time costs of £3,045, representing 12 hours at an average hourly rate of £264, have been incurred under the heading Freehold and Leasehold Property. This includes time dealing with the Company's former landlord and ongoing negotiation regarding the Company's lease and its surrender.

- Time costs of £2,440 have been incurred representing 11 hours at an average hourly rate of £232 under the heading Cashiering & Accounting. The majority of these costs relate to time costs incurred in dealing with the Liquidation estate bank account, including bank reconciliations and payments during the Reporting Period.

The Joint Liquidators have exceeded their original fee estimate due to the additional work involved required during the investigations and time involved in liaising with HCL Workforce to agree the terms of the Settlement Agreement.

It is therefore anticipated that the Joint Liquidators will be requesting approval from Creditors for a revised fee estimate in due course.

The Joint Liquidators have not drawn any remuneration during the Reporting Period.

5.2 Expenses

Expenses are any payments from the Liquidation which are neither a Liquidator's remuneration nor a distribution to a creditor or member. Expenses also include disbursements. Disbursements are payments which are first met by the Liquidator and then reimbursed to the Liquidator from the Liquidation.

Expenses are divided into those that do not need approval before they are charged to the Liquidation (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Liquidator.

Category 2 expense are payments to associates or which have an element of shared costs and require approval from creditors in the same manner as the Liquidator's remuneration, whether paid directly from the estate or as a disbursement.

The Joint Liquidators provided in their report to creditors dated 18 January 2021 an estimate of expenses for the Liquidation, totalling £2,579. This was for information purposes only and was subject to change over the course of the Liquidation.

The Joint Liquidators have exceeded their original Expenses Estimate due to the increased legal costs incurred in reaching the Settlement Agreement.

Appendix 2 details the expenses incurred and paid for the Reporting Period.

In the Reporting Period, Category 1 expenses of £17,220 were incurred and paid in full.

No Category 2 expenses have been incurred.

6. Joint Liquidators' Receipts and Payments Account

A detailed Receipts and Payments Account for the Reporting Period is shown in Appendix 1. As at the Reporting Period end date there was a cash balance of £266,385.

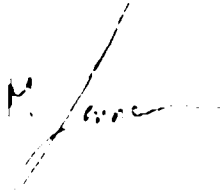
7. Creditors' Rights

Information regarding the fees and expenses of Liquidators, including the rights to challenge such costs, are attached at Appendix 4.

8. Conclusion

The Joint Liquidators will provide a progress report within two months of the anniversary of the Appointment Date, until the conclusion of the Liquidation. However, it is anticipated that the next report will be the final report of the Liquidation.

In the meantime, if you require any further information please contact Caroline Sheard of this office

A handwritten signature in black ink, appearing to read 'M. Lennon', with a long horizontal stroke extending to the right.

Michael Lennon
Joint Liquidator

Appendix 1

Joint Liquidators' Receipts and Payments Account

HCL Social Care Limited (In Liquidation)
Joint Liquidators' Summary of Receipts & Payments To 29/10/2021

S of A £	£	£
ASSET REALISATIONS		
Debtors	32,579.00	
HCL Workforce - Settlement	167,421.00	
Bank Interest Gross	0.14	
Business Rates Refund	87,048.50	
		287,048.64
COST OF REALISATIONS		
Legal Fees	17,022.75	
Legal Disbursements	8.00	
Statutory Advertising	189.00	
		(17,219.75)
		269,828.89
REPRESENTED BY		
VAT Receivable		3,443.95
Floating/main current account		266,384.94
		269,828.89

Appendix 2 – Analysis of Expenses Incurred

Joint Liquidators' Expenses: comparison with estimate

Expenses	Original expenses estimate £	Actual expenses incurred in the Reporting Period £	Actual expenses incurred to date £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Hill Dickinson LLP	2,000	17,023	17,023	The Joint Liquidators have exceeded the original fee estimate due to the costs incurred in agreeing the Settlement Agreement, regarding the antecedent transaction.
Courts Advertising Limited	254	189	189	The Joint Liquidators will incur further costs in this regard as the Liquidation progresses.
Total Data Management	100	-	-	This cost is yet to be incurred or paid
Willis Limited	225	225	225	The Joint Liquidators do not anticipate any further incurred costs in this regard.
TOTAL	2,579	17,437	17,437	

Notes

The above costs exclude VAT

The Joint Liquidators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.

It is considered that these expenses are fair and reasonable and proportionate to the liquidation

Appendix 3 – Analysis of Time Charged

Joint Liquidators' Fees

Refer to the table below for a detailed breakdown on the Joint Liquidators' time and cost summary in accordance with SIP 9

HCL SOCIAL CARE LIMITED (In Liquidation)

ANALYSIS OF JOINT LIQUIDATORS TIME COSTS FOR THE PERIOD 30/10/2020 to 29/10/2021								
Classification of Work Function	Managing Director	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost £	Avg Hourly Rate £
Administration and Planning								
Case review & Case Diary	0.30	4.95	0.00	23.75	0.00	29.00	7,332.00	252.83
Cashiering & accounting	0.00	1.60	0.00	8.90	0.00	10.50	2,440.00	232.38
Dealings w/ directors & management (inc associated	0.00	1.75	0.00	2.05	0.00	3.80	1,266.00	333.16
IPS set up & maintenance	0.00	0.00	0.00	1.60	0.00	1.60	358.00	223.75
Statutory matters (Meetings & Reports & Notices)	0.00	1.50	0.00	41.20	0.00	42.70	9,721.00	227.66
Strategy planning & control (incl engagement finan	0.00	33.05	0.00	42.95	0.00	76.00	21,444.00	282.16
Tax Compliance / Planning	0.00	1.70	0.00	6.20	0.00	7.90	1,841.00	233.04
Creditors								
Dealings with creditors and	0.00	5.30	0.00	1.15	0.00	6.45	2,625.50	407.05
Non Pref Creditors / Employee claims handling	0.00	0.25	0.00	0.85	0.00	1.10	259.00	235.45
Secured Creditors	0.00	0.00	0.00	0.10	0.00	0.10	25.00	250.00
Investigations								
CDDA & reports & Communication	0.00	11.20	0.00	49.65	0.00	60.85	14,931.50	245.38
Financial review and investigations (S238/239 etc)	0.00	5.25	0.00	5.75	0.00	11.00	3,140.00	285.45
Realisation of Assets								
Book debts	0.00	0.75	0.00	0.00	0.00	0.75	292.50	390.00
Freehold and Leasehold Property	0.00	3.60	0.00	7.95	0.00	11.55	3,044.50	263.59
Other Intangible Assets	0.00	0.90	0.00	1.65	0.00	2.55	664.50	260.59
Total Hours:	0.30	71.80	0.00	193.75	0.00	265.85		260.99
Total Fees Claimed: £	195.00	30,726.00	0.00	38,463.50	0.00		69,384.50	

Appendix 4 - Statement of Creditors' Rights

STATEMENT OF CREDITORS RIGHTS

*Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)
Section numbers refer to Insolvency Act 1986*

'Office-holder' is the current Administrator or Liquidator as applicable

Information for creditors on remuneration and expenses of liquidators

Information regarding the fees and expenses of Liquidators, including details of the Kroll' expenses policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "Liquidation: A Guide for Creditors on Insolvency Practitioner Fees". This can be viewed and downloaded from the Joint Liquidators' website at:

<https://www.kroll.co.uk/services/restructuring/corporate-restructuring-and-debt-advisory/creditor-guides-and-employee-fact-sheets>

(click on 'Liquidations'). Should you require a copy, please contact this office.

Creditors have the right to request information from the office-holder under rule 18.9

A secured creditor, an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question) or any unsecured creditor with the permission of the court may make a written request to the office-holder for further information concerning remuneration or expenses. Such a request must be made within 21 days of receipt of this report and a response will be provided within 14 days of receipt of the request.

Creditors have recourse to court, application to be made within 21 days of the office-holder giving reasons for not providing all the information requested or the expiry of the 14 days within which an office-holder must respond to a request.

Creditors have the right to challenge the office-holder's remuneration and expenses under rule 18.34

A secured creditor, an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or any unsecured creditor with the permission of the court, may make an application to court on the grounds that the remuneration charged or expenses incurred are excessive and/or that the basis fixed for the office-holder's remuneration is inappropriate. The application to court must be made no later than eight weeks after receipt of the Progress Report where the charging of the remuneration or the incurring of expenses in question occurs

Appendix 5 – Proof of Debt Form

HCL Social Care Limited - (In Creditors Voluntary Liquidation) Company No. 03710864		
Date of Liquidation: 30 October 2020		
1.	Name of Creditor (If a company please also give company registration number)	
2.	Address of Creditor for correspondence	
	Contact telephone number of creditor	
	Email address of creditor	
3.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest (please advise of any set off claimed)	
4.	Details of any documents by reference to which the debt can be substantiated (please attach)	
5.	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Particulars of any reservation of title claimed, in respect of goods supplied to which the claim relates	
9.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	DATE
	Position with or in relation to creditor Address of person signing (if different from 2 above)	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Liquidator		Liquidator