

## The Insolvency Act 1986

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

To the Registrar of Companies

For Official Use

--	--	--

Company Number

04359131


Name of Company

AA Orton Building Services Limited

I / ~~We~~  
Michael Durkan  
17 Berkeley Mews  
29 High Street  
Cheltenham  
GL50 1DY

the liquidator~~(s)~~ of the company attach a copy of my/~~our~~ progress report  
under section 192 of the Insolvency Act 1986

Signed

Date 24 September 2012

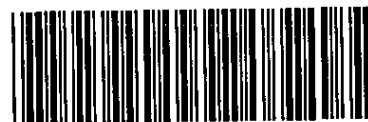
Durkan Cahill  
17 Berkeley Mews  
29 High Street  
Cheltenham  
GL50 1DY

Ref AAORT01/MPD/GT/KK

For Official Use

Insolvency Sect 1 Post Room

WEDNESDAY



\*A119XR76\*

A20

26/09/2012

#111

COMPANIES HOUSE

**AA Orton Building Services Limited**  
**(In Liquidation)**  
**Liquidator's Abstract of Receipts & Payments**

Statement of Affairs		From 30/07/2011 To 29/07/2012	From 30/07/2010 To 29/07/2012
	<b>HIRE PURCHASE</b>		
10,100 00	Motor Vehicles	NIL	NIL
(7,696 78)	Bank of Scotland Corporate Asset Fina	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
800 00	Plant & Machinery	NIL	NIL
400 00	Furniture & Equipment	NIL	NIL
6,400 00	Motor Vehicles	NIL	2,403 22
300 00	Stock	NIL	NIL
77,244 22	Book Debts	NIL	12,570 23
640 13	Cash at Bank	NIL	472 29
	Bank Interest Net of Tax	0 07	0 51
	Miscellaneous Receipts	NIL	563 72
		0 07	16,009 97
	<b>COST OF REALISATIONS</b>		
	Preparation of Statement of Affairs	NIL	7,500 00
	Liquidator's Fees	1,500 00	5,500 00
	Liquidator's Expenses	NIL	739 20
	Agent's Fees	NIL	800 00
	Legal Fees	653 53	653 53
	Statutory Advertising	NIL	180 00
		(2,153 53)	(15,372 73)
	<b>FLOATING CHARGE CREDITORS</b>		
(113,609 72)	Bank of Scotland	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(117,992 97)	Trade & Expense Creditors	NIL	NIL
(30,550 60)	Director	NIL	NIL
(84,536 39)	HM Revenue & Customs - PAYE	NIL	NIL
(102,757 12)	HM Revenue & Customs - VAT	NIL	NIL
(3,305 77)	Lloyds TSB Bank Plc	NIL	NIL
(34,000 00)	Landlord	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(1 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(398,566.00)</b>		<b>(2,153.46)</b>	<b>637.24</b>
	<b>REPRESENTED BY</b>		
	Bank 1 Current		637 24
			<b>637.24</b>

**AA Orton Building Services Limited in Creditor's Voluntary Liquidation**

**2<sup>nd</sup> Annual Progress Report**

**24 September 2012**

**CONTENTS**

- 1 Introduction
- 2 Background
- 3 Asset realisations
- 4 Investigations
- 5 Creditors' claims
- 6 Dividend prospects
- 7 Costs and expenses
- 8 Conclusion

**APPENDICES**

- 1 Liquidator's receipts and payments account
- 2 Analysis of time costs and Disbursement Recovery Policy

## **1. INTRODUCTION**

- 1 1 I write further to my appointment as Liquidator on 30 July 2010 and to my 1<sup>st</sup> Annual Report of 22 August 2011
- 1 2 The purpose of this report is to detail my acts and dealings together with the conduct of the Liquidation since my last report

## **2. BACKGROUND**

- 2 1 The members' and creditors' meetings were held on 30 July 2010, when I was appointed liquidator of the company
- 2 2 The company's registered office is 17 Berkeley Mews, 29 High Street, Cheltenham, GL50 1DY The company registration number is 04359131
- 2 3 The company's former registered office was previously at Corner Chambers, 590A Kingsbury Road, Birmingham, B24 9ND The company's trading address was situated at 57 Stoney Lane, Yardley, Birmingham, B25 8RE
- 2 4 The company's principal activity was construction and civil engineering
- 2 5 The main cause of failure was attributed to the company's main customer retaining approximately £200,000 of funds due to a number of issues on contracts that had been partially or fully completed The customer's reasons for withholding payment included the late completion of works and substandard finishes on completed works
- 2 6 Significant costs were incurred while completing remedial works which led to previously profitable contracts returning losses Furthermore, the reputation of the business with its main customer was damaged which resulted in no further work being done for them
- 2 7 In addition, a general loss in the total amount of new instructions had been suffered The company made every effort to cut costs and make payments to creditors, however the overall trading position continued to worsen and the decision to liquidate the company was made in July 2010

## **3. ASSET REALISATIONS**

### **Unencumbered assets**

- 3 1 On 21 June 2010, Alan Orton, the landlord to the company's premises and also the father of the company's sole director, issued Distant proceedings in respect of unpaid rent for the occupation of the company premises
- 3 2 The Distant proceedings had not completed at the date of my appointment and the company's property, including plant and machinery, furniture and equipment, motor vehicles and stock subject to the Notice of Seizure remained on the company's premises in the landlord's possession
- 3 3 The effect of the Distant proceedings was that the assets, or the proceeds of their sale, would become subject to a preferential charge in favour of the landlord pursuant to Section 176 the Insolvency Act 1986
- 3 4 I dealt with the assets by way of making a 'distribution in specie' to the landlord in respect of his preferential charge over the assets The values attributed to the assets were as per my agent's ex-situ valuation According to the distant notice the landlord was owed the sum of

£34,000 00 in respect of rent arrears. The value of the assets distributed to the landlord was £7,900 00. By making the distribution, the landlord's claim is reduced by the sum of £7,900 00.

#### **Motor Vehicles Subject to Finance**

- 3 5 The motor vehicles subject to finance with Bank of Scotland were professionally valued by independent agents, MGR Appraisals, prior to my appointment.
- 3 6 The valuation showed the vehicles to have an ex-situ value of £10,100 00. The outstanding finance due to Bank of Scotland stood at £7,696 78. The equity in the vehicles at the date of liquidation was therefore £2,403 22.
- 3 7 The landlord had retained the use of the vehicles after the date of liquidation and was therefore asked to pay for the residual equity in the vehicles.
- 3 8 The full amount of £2,403 22 was received from the landlord on 1 March 2011 and as such, there will be no further asset realisations in this matter.

#### **Book Debts**

- 3 9 According to company records debts amounting to £96,234 56 were due to be paid, the majority of which were due from four debtors.
- 3 10 The ledger was reviewed with the director and a specific provision of £5,646 01 was made for known miscellaneous bad debts. A general provision of 25% was made in respect of two of the debts but the director advised that the two remaining debts were fully collectable. It was therefore estimated that £77,244 22 would be collected, as per the Statement of Affairs.
- 3 11 Following my appointment I made attempts to collect in the book debt and extensive correspondence has been entered into with the debtors.
- 3 12 As advised in my report of 22 August 2011, recoveries of all but one debt have been concluded and a total of £12,570 23 has been collected.
- 3 13 The final debt of £36,800 00 remains outstanding. This debt is an associated debt and is due to be paid by the director. Negotiations have been ongoing since my last report and despite receiving an offer of settlement from the director of £10,000 00, no funds have been received. Bankruptcy proceedings have been instigated against the director and until the outcome of these proceedings is known, I am unable to comment on the likelihood of a recovery being made in respect of this debt.

#### **Cash at Bank**

- 3 14 As previously reported, £472 29 was received on 23 August 2010 from Barclays Bank in respect of the credit balance in the company's account.

#### **Miscellaneous Receipts**

- 3 15 Bank interest of £0 07 (net of tax) has been received since the date of my last report on funds held in the liquidation account, bringing the total interest received to date to £0 51.
- 3 16 A refund of £142 45 was received from British Telecom Plc on 23 May 2011.
- 3 17 £421 27 was received on 17 December 2010 from Hadgkiss Hughes & Beale representing a balance held in respect of a recovery following a small claims action.

#### **4 INVESTIGATIONS**

4 1 I have completed my investigations in to the affairs of the company in accordance with Statement of Insolvency Practice 2 Tasks undertaken in respect of my investigations include

- Analysis of bank accounts
- Examining validity of any security granted by the company
- Examining balance sheets and profit & loss accounts
- Review of company books and records to include review of sales and purchase invoices
- Receiving enquiries from and dealing with matters brought to my attention by creditors or other third parties
- Making enquiries of and obtaining information from officers of the company

4 2 My report on the conduct of the directors was submitted to the Insolvency Service on 17 January 2011 The content of the report is confidential and details will not be disclosed

4 3 No further investigations have been undertaken since my 1<sup>st</sup> Annual Report and there has been nothing further to report to the Insolvency Service in respect of the directors' conduct

#### **5. CREDITORS' CLAIMS**

##### **Secured Creditors**

5 1 The company granted a debenture to Bank of Scotland plc ('the bank') on 14 July 2005 The debenture was registered at Companies House on 19 July 2005 The debenture provides fixed and floating charges to Bank of Scotland plc over the company's assets

5 2 At the time of liquidation the bank were owed the sum of £113,609 72, as per the Statement of Affairs

5 3 On 30 July 2010 a claim for this amount was received from the bank

##### **Preferential Creditors**

5 4 As previously reported in paragraph 3, the landlord ranks as a preferential creditor in respect of the amount of the distribution in specie made to him and as such has been paid in full in respect of his preferential claim

5 5 There are no other preferential creditors in this matter

##### **Non-preferential Creditors**

5 6 Unsecured creditors, as per the statement of affairs totalled £373,142 85

5 7 A total of 12 creditors have submitted claims totalling £416,571 43

5 8 No work has been undertaken in respect of agreeing creditors' claims because until asset realisations are concluded it is not clear whether a dividend will become available to unsecured creditors

#### **6. DIVIDEND PROSPECTS**

6 1 Pursuant to section 176A of the Insolvency Act 1986 where a floating charge is created after 15 September 2003 a prescribed part of the company's net property shall be made available to unsecured creditors

6 2 I am of the opinion, based on the current information, that the prospects of a dividend being payable to any class of creditor is unlikely, however, until assets realisations are concluded this is by no means confirmed

6 3 The prescribed part is calculated as a percentage of net property, as follows

Net property less than £10,000	Nil
Net property under £600,000	50% up to £10,000 plus 20% thereafter to a maximum of £600,000

6 4 The maximum value of the ring-fenced proportion of the funds, is known as the "prescribed part", is £600,000

6 5 A distribution is unlikely to be made under the prescribed part as the company's current net property is less than the prescribed minimum

## 7. COSTS AND EXPENSES

7 1 Details of payments are shown on the receipts and payments account at Appendix 1

7 2 In accordance with Statement of Insolvency Practice 9 the Liquidator must disclose the time spent and charge out value, together with, where appropriate, such additional information sufficient to provide an explanation of the time spent and fees drawn

7 3 A schedule of my firm's disbursement recovery policy and list of typical charge out rates for each level of staff employed in the administration of this matter is attached at Appendix 2

7 4 At the meeting of creditors held on 30 July 2010 it was resolved that the Liquidator's remuneration be fixed in accordance with time charges incurred together with authorisation to re-charge category 2 disbursements

7 5 My expenses to date amount to £771 20, of which £32 00 was incurred in the twelve month period to 29 July 2012 I have drawn £739 20 to date, none of which was drawn in the twelve month period to 29 July 2012

Details of the expenses incurred and recovered from the funds held are as follows,

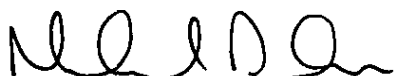
Category 1	Incurred	Recovered	Not yet recovered
Postage	£20 50	£13 00	£7 50
Specific Penalty Bond	£400 00	£400 00	Nil
<b>Category 2</b>			
Photocopying	£89 70	£85 20	£4 50
Meeting Room Hire	£70 00	£70 00	Nil
Mileage	£80 00	£80 00	Nil
Facsimile	£51 00	£51 00	Nil
Stationery	£20 00	£20 00	Nil
Storage of Records	<u>£40 00</u>	<u>£20 00</u>	<u>£20 00</u>
	<u>£771.20</u>	<u>£739.20</u>	<u>£32.00</u>

7 6 At a meeting of creditors held on 30 July 2010 it was resolved that payment shall be made out of the company's assets of the necessary expense of preparing the Statement of Affairs in the sum of £7,500 00 plus VAT Accordingly, the sum of £7,500 00 plus VAT has been drawn in respect of the Liquidator's Statement of Affairs fee

- 7 7 Attached to this report at Appendix 2 is a time and charge out summary for the twelve month period to 29 July 2012 and a time and charge out summary for the whole of the administration. The hours charged to this case are in respect of the performance of the statutory duties of the Liquidator and attending to the matters detailed in this report and his previous progress report.
- 7 8 Time costs incurred to date amount to £19,308.00. This equates to 125.20 hours at an average hourly rate of £154.22, of which £4,290.00 was incurred in the twelve month period to 29 July 2012. Remuneration of £5,500.00 has been paid to date, of which £1,500.00 was drawn in the twelve month period to 29 July 2012. Time costs of £13,808.00 remain outstanding.
- 7 9 An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.
- 7 10 An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

## 8. CONCLUSION

- 8 1 I shall be continuing my administration of the liquidation in order to recover the outstanding book debt.
- 8 2 When I have concluded all of the outstanding matters I will take steps to draw the liquidation to a close and a further report will be issued to you at that time.
- 8 3 I shall be pleased to provide any additional information that you may reasonably require.



Michael Durkan  
Liquidator



**APPENDIX 1**

**Liquidators' Receipts and Payments Account**

**AA Orton Building Services Limited**  
**(In Liquidation)**  
**Liquidator's Abstract of Receipts & Payments**

Statement of Affairs		From 30/07/2011 To 29/07/2012	From 30/07/2010 To 29/07/2012
	<b>HIRE PURCHASE</b>		
10,100 00	Motor Vehicles	NIL	NIL
(7,696 78)	Bank of Scotland Corporate Asset Fina	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
800 00	Plant & Machinery	NIL	NIL
400 00	Furniture & Equipment	NIL	NIL
6,400 00	Motor Vehicles	NIL	2,403 22
300 00	Stock	NIL	NIL
77,244 22	Book Debts	NIL	12,570 23
640 13	Cash at Bank	NIL	472 29
	Bank Interest Net of Tax	0 07	0 51
	Miscellaneous Receipts	NIL	563 72
		0 07	16,009 97
	<b>COST OF REALISATIONS</b>		
	Preparation of Statement of Affairs	NIL	7,500 00
	Liquidator's Fees	1,500 00	5,500 00
	Liquidator's Expenses	NIL	739 20
	Agent's Fees	NIL	800 00
	Legal Fees	653 53	653 53
	Statutory Advertising	NIL	180 00
		(2,153 53)	(15,372 73)
	<b>FLOATING CHARGE CREDITORS</b>		
(113,609 72)	Bank of Scotland	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(117,992 97)	Trade & Expense Creditors	NIL	NIL
(30,550 60)	Director	NIL	NIL
(84,536 39)	HM Revenue & Customs - PAYE	NIL	NIL
(102,757 12)	HM Revenue & Customs - VAT	NIL	NIL
(3,305 77)	Lloyds TSB Bank Plc	NIL	NIL
(34,000 00)	Landlord	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(1 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(398,566.00)</b>		<b>(2,153.46)</b>	<b>637.24</b>
	<b>REPRESENTED BY</b>		
	Bank 1 Current		637 24
			<b>637.24</b>

**APPENDIX 2**

**Analysis of time costs &  
Disbursement Recovery Policy**

# Time Entry - SIP9 Time & Cost Summary

AAORT01 - AA Orton Building Services Limited  
Project Code POST  
To 29/07/2012

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	2.60	10.10	0.00	31.40	44.10	6,930.00	157.14
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	2.00	0.00	7.90	9.90	1,410.00	142.42
Investigations	3.00	1.20	0.00	39.00	43.20	5,868.00	135.83
Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Chargeable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	2.00	11.50	0.00	14.50	28.00	5,100.00	182.14
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>7.60</b>	<b>24.80</b>	<b>0.00</b>	<b>92.80</b>	<b>125.20</b>	<b>19,308.00</b>	<b>154.22</b>
<b>Total Fees Claimed</b>						<b>5,500.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

# Time Entry - SIP9 Time & Cost Summary

AAORT01 - AA Orton Building Services Limited  
Project Code POST  
From 30/07/2011 To 29/07/2012

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.00	6.10	0.00	12.70	18.80	2,970.00	157.98
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.40	0.40	48.00	120.00
Investigations	0.00	0.30	0.00	0.10	0.40	84.00	210.00
Marketing	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Chargeable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	2.00	1.70	0.00	1.50	5.20	1,188.00	228.46
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>2.00</b>	<b>8.10</b>	<b>0.00</b>	<b>14.70</b>	<b>24.80</b>	<b>4,290.00</b>	<b>172.98</b>
<b>Total Fees Claimed</b>						<b>5,500.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

## **Durkan Cahill Disbursements Recovery Policy**

### **Category 1 Disbursements**

Bordereau/Insurance	Charged at cost
Case Advertising	Charged at cost
Courier	Charged at cost
DTI IVA Registration Fee	Charged at cost
Subsistence	Charged at cost
Land Registry/ Co Searches	Charged at cost
Postage	Charged at cost
Post re-direction	Charged at cost
Travel	Charged at cost for public transport and taxis

### **Category 2 Disbursements**

Fax	£1 00 per page sent, based on the average cost of consumables, maintenance, line rental and call charges
Telephone	Record of outgoing calls to be made, calls charged at £1 00 per call made, based on estimated average cost of calls to land lines and mobile networks
Photocopying	15 pence per copy irrespective of size, based on the average cost of consumables and maintenance
Room Hire	£70 for room hire made available in house for creditors meetings, based on the cheapest external rate for room-hire used by the firm in the last 4 years External room hire charged at cost
Storage	£5 00 per box per annum, boxes are currently stored on the firms premises at 17 Berkeley Mews, 29 High Street, Cheltenham, GL50 1DY
Mileage	Car travel charged at 40 pence per mile
Stationery	Initial case set up fee of £20 per case Annual case/file maintenance charge of £10 These charges are based on the average costs involved in the purchase of files and associated stationary

### **Durkan Cahill Staff Charge Out Rates**

Principal	£300 per hour
Senior Manager	£240 per hour
Manager	£180 per hour
Assistant Manager	£150 per hour
Administrator	£120 per hour
Clerical	£60 per hour