

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

04464024

Name of Company

The Mersey Heritage Shiprepair Co Limited

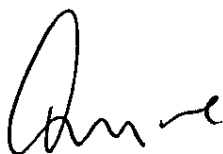
I / We
David Moore
340 Deansgate
Manchester
M3 4LY

Gary N Lee
No 1 Old Hall Street
Liverpool
L3 9HF

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 14/08/2012 to 01/07/2013

Signed



Date

13.08.2013

Begbies Traynor (Central) LLP
340 Deansgate
Manchester
M3 4LY

Ref TH264CVL/DM/GNL/RP/ANB

FRIDAY



A36 16/08/2013 #209
COMPANIES HOUSE

The Mersey Heritage Shiprepair Co Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 01/07/2013

S of A £		£	£
	HIRE PURCHASE		
5,000 00	Nissan NP300	NIL	
(3,000 00)	Owing to Network Lease Plan	NIL	
NIL	Leased Vehicles	NIL	
			NIL
	ASSET REALISATIONS		
800 00	Motor Vehicles	560 00	
10,000 00	Book Debts	11,059 18	
	Bank Interest Gross	7 59	
			11,626 77
	COST OF REALISATIONS		
	Specific Bond	30 00	
	Statement of Affairs Fee	3,250 00	
	Office Holders Fees	6,150 00	
	Agents/Valuers Fees (1)	560 00	
	Re-Direction of Mail	35 00	
	Statutory Advertising	279 00	
			(10,304 00)
	PREFERENTIAL CREDITORS		
(19,888 52)	RPO re Arrears/Holiday Pay	NIL	
			NIL
	FLOATING CHARGE CREDITORS		
(33,000 00)	Barclays Bank plc	NIL	
			NIL
	UNSECURED CREDITORS		
(67,614 67)	Trade Creditors	NIL	
(146,691 00)	RPO Pay in Lieu & Redundancy	NIL	
(72,000 00)	Directors Loan Account	NIL	
(162,000 00)	HMRC (PAYE & NI)	NIL	
(10,250 00)	Landlord	NIL	
			NIL
	DISTRIBUTIONS		
(100 00)	Ordinary Shareholders	NIL	
			NIL
(498,744.19)			1,322.77
	REPRESENTED BY		
	Vat Receivable		310 00
	Bank 1 Current		1,012 77
			1,322.77

The Mersey Heritage Shiprepair Co Limited (In Creditors' Voluntary Liquidation)

Progress report pursuant to Section 104A of the
Insolvency Act 1986 and Rule 4.49C of the
Insolvency Rules 1986

Period: 14 August 2012 to 1 July 2013



COMPANIES HOUSE

Important Notice

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	The Mersey Heritage Shiprepair Co Limited (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators pursuant to Section 98 of the Act on 14 August 2012
"the liquidators", "we", "our" and "us"	David Moore and Gary N Lee of Begbies Traynor (Central) LLP, No 1 Old Hall Street, Liverpool, L3 9HF
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none">(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. COMPANY INFORMATION

Trading name(s)	The Mersey Hentage Shiprepair Co Limited
Company registered number	04464024
Company registered office	No 1 Old Hall Street, Liverpool, L3 9HF
Former trading address	Riverbank Road, Off Thermal Road, Bromborough, Wirral, CH62 4YP

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced	14 August 2012
Date of liquidators' appointment	14 August 2012
Changes in liquidator (if any)	None in the Period

However, following a Block Transfer Order at the High Court of Justice in Manchester on 1 July 2003, Jason Greenhalgh was appointed as Joint Liquidator following the resignation of David Moore from Begbies Traynor

The filing of the Order has triggered a new reporting period for each of the cases involved. Although the anniversary of this case is every 14 August, the Order has superseded the anniversary date and therefore reports will now all be due on each 1 July. The next report will therefore be due on 1 July 2014, unless the liquidation is closed in the meantime

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 14 August 2012 to 1 July 2013. A detailed description is provided below with comparisons from the directors' estimated statement of affairs. This is to provide creditors with a comparison of the estimated values of realisations, alongside what was actually realised.

Progress for the full period 14 August 2012 to 1 July 2013

Upon appointment all of the relevant notices were sent to all parties concerned. Companies House received the Notice of Appointment and the Statement of Affairs for filing. The Notice of Appointment was also advertised in the London Gazette. All creditors received a copy of the report presented at the Section 98 Meeting.

We issued a letter to all employees with the relevant forms to be able to claim for outstanding wages and holidays, notice pay and redundancy pay. These forms were sent to the Redundancy Payments Office, 'RPO', who would process and make payments if they believed the claims were valid.

Messrs Robson Kay & Co Ltd were instructed to value the assets prior to our appointment and to proceed with a disposal of the assets, these being three Company vehicles. The agents opted to sell these at one of their auctions. It was also noted that the Director, Mr E Dybell was interested in purchasing the equity in the Nissan NP300 vehicle.

Messrs Robson Kay & Co Ltd wrote formally to the Director to advise of the options available in relation to the vehicle. These being either that Nissan agree to the contract being novated, and that we would receive the equity in the vehicle valued at circa £2,000. The other option would be to have the vehicle collected by Nissan.

Following the issue of this letter communication became difficult. The agents spent time trying to establish what the Director intended to do with the vehicle but with little success. It was assumed that Nissan would contact the Company in order to seek recovery of its asset but this has not been the case. Following the communication breakdown, we decided that it was not cost effective to pursue. We will write to Nissan to request confirmation of any action they may have taken in order that we are able to close our investigations in relation to this asset.

The amount of £3,250 plus VAT was paid to Begbies Traynor for completing the Statement of Affairs and for assisting the Company and its Director in fulfilling the statutory requirements for placing the Company into Creditors Voluntary Liquidation. An amount of £295 was approved to be paid to Kemp & Beggs Accountants for assisting in the finalisation of the Company's records and the preparation of the Statement of Affairs. This was agreed at the Section 98 Meeting by Members and Creditors. We have requested the invoice, but to date, it has not been received.

On appointment, we were advised that the Company's only other asset was a book debt ledger. The Director estimated that we should recover £10,000 of the £16,000 outstanding. This was due to various disputes.

We received names and addresses of the debtors and wrote to them requesting payment. The collection was successful as we were able to realise almost £11,060, which was better than the Director has anticipated.

There is one debtor still outstanding in this case. We have written to the company on numerous occasions requesting payment of the outstanding debt of £4,860. We may consider handing this matter over to a solicitor to commence recovery proceedings.

During our investigations of the Company's books and records, we have discovered round payment sums to two shareholders, and also a payment to the Director. These occurred in a period shortly prior to the appointment. We have written to these parties to request their comments and they have explained that they have been drawn in lieu of wages. The succeeding Liquidator will review these transactions further, prior to informing creditors of their options.

We submitted our Statutory Investigation Report to the Department of Business, Innovation and Skills on 5 February 2013.

The relevant VAT and Tax Returns were completed on a timely basis, as were reviews and statutory reporting to creditors.

As previously stated in the report, the departure of David Moore from Begbies Traynor triggered a Block Transfer Order on all of his cases to various different Insolvency Practitioners within the Company.

Prior to the transfer, case reviews were carried out and handover notes presented to the new case workers who would be taking over the day to day management of the files.

Receipts and Payments for the full period to 1 July 2013

Receipts

Bank Interest Gross - £8.46

This amount relates to interest accrued since appointment

Book Debts – £11,059

We have received the amount of £11,059 in relation to the Book Debts, which is a better outcome than the Director had anticipated. There may be the possibility to collect a further amount and we therefore do not consider this matter concluded.

Motor Vehicles - £560

We have received the sum of £560 in relation to the sale of the Company vehicles. This was slightly less than anticipated on the Director's Statement of Affairs. As they were sold at auction this is considered the most appropriate method of achieving the best results.

Payments

Pre Appointment Fees - £3,250

The amount of £3,250 plus VAT and disbursements of £470 was paid to Begbies Traynor for assisting in the preparation of the Statement of Affairs and for assisting the company and its Directors in fulfilling the statutory requirements for placing the company into Creditors Voluntary Liquidation. This was agreed at the Section 98 Meeting by Members and Creditors.

Agents Fees - £560

An amount of £560 was paid to Robson Kay & Co Ltd for their time involved in dealing with the disposal of the company's assets.

Statutory Advertising - £279

We are required to advertise notice of the meetings of our appointment and the appointment of the Joint Liquidators in the London Gazette. The sum of £279 was been paid to our advertising agents.

Mail Redirection - £35

This was paid initially on appointment in order that any of the Company's post was directed to our offices. The service has not been renewed.

Specific Bond - £30

This was paid to our Insurers AUA Insolvency Risk Services for the protection of the Company's assets.

Office Holders Fees - £6,150

There has been £6,150 of office holders time costs drawn to date. Further details are provided below.

5. ESTIMATED OUTCOME FOR CREDITORS

Based on realisations to date and estimated future realisations, we anticipate the following outcome to each class of creditor,

Secured Creditor

Barclays Bank hold a fixed and floating charge debenture registered at Companies House on 23 April 2007. At the date of appointment, the debt due to Barclays was £33,000. There is also a Personal Guarantee in the name of the Director for the amount of £50,000.

Preferential Creditors

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated at £19,888 52

Unsecured Creditors

Trade and expense creditors were estimated at £67,614

HM Revenue & Customs (PAYE & NI) – £162,000

RPO – Pay in Lieu of redundancy - £146,691

Directors Loan Account - £72,000

Landlord - £10,250

Secured creditor

Due to a lack of funds, it is not anticipated that there will be any dividend to the secured creditors

Preferential creditors

There are insufficient funds to allow a dividend for the employees for wages and holidays

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the liquidator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows

- ☐ 50% of the first £10,000 of net property,
- ☐ 20% of net property thereafter,
- ☐ Up to a maximum amount to be made available of £600,000

A liquidator will not be required to set aside the prescribed part of net property if

- ☐ the net property is less than £10,000 and the liquidator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the liquidator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

There will be no distribution of the prescribed part as our estimate of the Company's net property is less than the minimum prescribed by the Insolvency Act 1986 (Prescribed Part) Order 2003 and we think, in accordance with Section 176A(3)(b) of the Act, that the costs of making a distribution of the prescribed part to unsecured creditors would be disproportionate to the benefits

Unsecured creditors

Based upon realisations to date and estimated future realisations, it is anticipated that there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors

Notice that no further dividend will be declared

We confirm, pursuant to Rule 11.7 of the Rules that no dividend will be declared in respect of unsecured claims as the balance of funds realised have already been distributed or used or allocated for defraying the expenses of the liquidation

6. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the liquidation and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Affairs and other information presented to the meeting of creditors convened pursuant to Section 98 of the Act and which is attached at Appendix 2 of this report

Our time costs for the period from 14 August 2012 to 1 July 2013 amount to £11,599 which represents 46.7 hours at an average rate of £248.37 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- ☐ Table of time spent and charge-out value for the period 14 August 2012 to 1 July 2013
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy

7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3

8. ASSETS THAT REMAIN TO BE REALISED

There may be the possibility of a further debtor realisation and possibly a repayment of the round sum amounts to the three connected parties paid shortly prior to our appointment. It may be possible to negotiate a settlement without recourse to litigation. The succeeding Liquidator will review the information available and make further enquiries where possible

9. OTHER RELEVANT INFORMATION

Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, as explained in the report circulated at the meeting of creditors convened pursuant to Section 98 of the Act, such report having also been sent to creditors following the meeting, a liquidator is also required to consider the

conduct of the Company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. We can confirm that we have discharged our duties in these respects.

Investigations carried out to date

We have undertaken an initial assessment of the manner in which the business was conducted prior to the liquidation of the Company and potential recoveries for the estate in this respect.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 4.49E of the Rules, 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, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been detailed in this progress report.

Right to make an application to court

Pursuant to Rule 4.131 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

11. CONCLUSION

We will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner.



David Moore
Joint Liquidator

Dated 12 August 2013

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Table of time spent and charge-out value for the period from 14 August 2012 to 1 July 2013

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 per meeting,
- Car mileage is charged at the rate of 40 pence per mile,
- Storage of books and records when not chargeable as a *Category 1 disbursement* is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² *Ibid* 1

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Liverpool office as at the date of this report are as follows:

	Standard 1 May 2011 – until further notice Regional (£ per hour)
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units.

[illegible]

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharge) £
Liquidators S of A Fee	Begbies Traynor	3,250 00	3,250 00	Nil
Office Holders Fees	Begbies Traynor	6,150	6,150	Nil
Statutory Advertising	TMP Worldwide Ltd	279 00	279 00	Nil
Agents Fees	Robson Kay & Co	560	560	Nil
Specific Bond	AUA Insolvency Risk Services	30 00	30 00	Nil
Mail Re Direction	Royal Mail	35 00	35 00	Nil