

WU07

Notice of progress report in a winding-up by the court



Companies House

TUESDAY



A08 *A88V0ENS* 02/07/2019 #96
COMPANIES HOUSE

1 Company details

Company number 0 4 9 9 0 5 3 9

Company name in full 118 TRAVEL LIMITED

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) ANTHONY JOHN

Surname SARGEANT

3 Liquidator's address

Building name/number 108

Street RANBY ROAD

Post town SHEFFIELD

County/Region

Postcode S 1 1 7 A L

Country

4 Liquidator's name ①

Full forename(s)

Surname

① Other liquidator
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number

Street

Post town

County/Region


Postcode

Country

② Other liquidator
Use this section to tell us about
another liquidator.

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6	Period of progress report																	
From date	d	1	d	6	m	0	m	5	y	2	y	0	y	1	y	8		
To date	d	1	d	5	m	0	m	5	y	2	y	0	y	1	y	9		
7	Progress report																	
<input checked="" type="checkbox"/> The progress report is attached																		
8	Sign and date																	
Liquidator's signature	Signature X  X																	
Signature date	d	2	d	8	m	0	m	6	y	2	y	0	y	1	y	9		



**Private and Confidential
TO ALL CREDITORS**

**A J Sargeant & Co Limited
108 Ranby Road
Sheffield
S11 7AL**

Tel; 07889 387310
Email; tony@ajsargeant.co.uk

17 June 2019

Dear Sir

118 Travel Limited ("the Company") – In Compulsory Liquidation

Progress Report for the period 16 May 2018 to 15 May 2019

I was appointed Liquidator of the Company on 16 May 2017 following a Winding Up Order on 6 March 2017. This is my report to members and creditors following the second anniversary of my appointment as Liquidator.

Executive summary

My duties and functions as Liquidator are the realisation of the Company's assets and any investigations that are required to recover those assets, the agreement of the claims of creditors and the eventual distribution of the Liquidation funds between the creditors in accordance with their legal entitlements. I am not seeking fee approval as this was dealt with in my first Progress Report dated 10 July 2018. Details of my remuneration are set out later in the report.

Liquidators Actions Since Appointment

Creditors may recall that this was a case where the company had ceased trading three years prior to winding-up and was wound up by the liquidator of the Holding Company, On Holiday Group Limited. There are very few creditors and all are aware of matters surrounding the background to this case. There has not been any substantive change in events in the last year and I am waiting for a final dividend from a connected company that is also in liquidation. This is the subject of legal action between the connected company and HMRC and if and when this is received a dividend will be payable to creditors.

Costs of the liquidation

In my last report creditors agreed my fees on a mixed basis. The fees based on a time cost basis are reflected on the receipts and payments account. The time costs to 15 May 2019 are £36,167 which represents 122.6 hours at an average rate of £295 per hour. Of this amount, some 24.4 hours at a cost of £7198 were incurred in the period of this report from 16 May 2018 to 15 May 2019. This also represents an average rate of £295 per hour. Fees drawn in the period are £35,500. Please note that any future fees will be charged on a fixed fee basis as agreed in my last report with fee resolution.

The following documents are enclosed with this report:

- Liquidators Receipts and Payments Account
- Notice of invitation to form a Liquidation Committee; and
- Proof of debt form.

Assets and investigations:

The anticipated dividend of £98,224 was received from the Connected Company, On Holiday Group Accommodation Limited – in liquidation and this is reflected on the attached Receipts and Payments Account.

As previously mentioned, there is also a potential further dividend due from the connected company dependent on the outcome of a court case with HMRC. I understand that this is likely to be finalised some time this year and hopefully I will be in a position to report and pay a dividend in my next report.

I have also been involved in challenging a transaction at undervalue from a company claiming an assignment of the debt due to the company's main creditor. This was disputed by the Official Receiver at the first meeting of creditors. My solicitors were instructed to challenge the claim and after informal negotiations were not successful court proceedings were issued. Following this the claimant gave up the claim but not after substantial legal and insurance costs had been incurred. These are reflected on the receipts and payments account.

Should you have any information about the way that the Company's business was conducted or potential asset recoveries that you consider will assist me, please write to me at the above address. This request for information forms part of my usual investigation procedures and is not intended to imply any criticism of the directors' conduct in respect of the Company.

Preferential Liabilities – Employees

As the company ceased trading some three years ago I am not aware of any preferential claims by employees.

Non-preferential unsecured Creditors

The statement of affairs included 5 non-preferential unsecured creditors with an estimated total liability of £3,364,481. A proof of debt is enclosed, and if you have not already lodged one you should now complete and return it to me, together with evidence in support of your claim.

Dividends

A dividend is dependent on the outcome of a legal case being carried on by a Connected Company. All creditors are fully aware of these matters.

Liquidator's Fees and Expenses

As well as the legal issues referred to above, since I was appointed Liquidator I have been attempting to collate the information relating to the background of this case to enable me to deal with the relatively complex issues. The company ceased trading in 2014 and there continues to be difficulties in locating the books and records. I have interviewed the Director and taken legal advice on certain transactions that have occurred since cessation of trade. For legal reasons, I cannot comment further but will report to creditors in full in my next report.

In addition, I have undertaken routine statutory and compliance work, such as filing my appointment notices with the Registrar of Companies and advertising in the London Gazette, notifying creditors and bonding which I am required to do. These are tasks that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they have to be carried out.

The following agents or professional advisors have been utilised in this matter:

<u>Professional Advisor</u>	<u>Nature of Work</u>	<u>Fee Arrangement</u>
M D Law Limited	Solicitors	Time cost basis estimate £20,000

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. This involves substantial risk given the matters referred to above.

I attach a receipts and payments account covering the period since I was appointed Liquidator.

My expenses drawn to 15 May 2019 amount to £2,025 represented by:

<u>Type of expense</u>	<u>Amount incurred/accrued to date</u>	<u>Amount still to be paid</u>
Liquidators Bond	£1,875	£1,875
Statutory Adverts	£150	£150

Expenses do not have to be approved, but when reporting to the committee and creditors during the Liquidation the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences (e.g. where legal costs rise due to escalated recovery action).

I attach a copy of my practice fee recovery policy. In this case I am seeking to charge my time to date based on a time basis as per the fee estimate enclosed with the report. This will be taken from dividends realised should my court action be successful. I propose taking a fixed % basis of 10% on any future realisations from second and future dividends from the Holding Company. As this is by no means certain and this case may have to be held open for several years with no certainty as to costs being paid, this represents a fair and reasonable fee basis and gives creditors some certainty as to costs and gives some degree of certainty as to dividends being paid.

There are certain tasks that I must carry out on nearly every Liquidation, namely Administration and Creditors. Although they are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not produce any direct benefit for creditors, but still must be carried out.

Administration: This represents the work that is involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

Creditors:

Claims of creditors - the office holder needs maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions. In this case I am aware that the major creditor was a company registered in Dubai although it traded from the company's offices in the UK. There is some dispute as to the ownership of the debt due to the major creditor which will require further investigation. This is currently being investigated but it appears the company ceased to trade some years ago and the directors are not contactable. This has added to the work involved in agreeing claims.

Investigations:

The insolvency legislation gives the office holder powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. In this case an action regarding a potential Transaction at Undervalue has very recently been settled. I do not intend to comment further on this matter at this stage. The office holder is required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holder will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holder will provide an estimate of that benefit if an increase in fees is necessary

Liquidation Fees:

The Liquidators fees were agreed at the last report stage and represent a mixture of time costs and fixed fees.

There are certain tasks that I only have to carry out where there are assets to recover. They may produce a direct benefit for creditors, but are subject to the costs of the proceedings generally. I undertake the work to protect and then realise the assets, initially at my own cost, suffering the loss if any asset is not realisable. If assets are recovered, I first recover my costs and then distribute any balance. I am seeking to recover a percentage of the assets that I realise in order to remunerate me for the work that I undertake in respect of realising them. The percentage I propose to charge will also share the anticipated benefit with the creditors.

I think the percentage I am seeking approval for reflects the risk that I am taking, the nature of the assets involved, and the complexity of the Liquidation, as highlighted above. As a result, I believe that this demonstrates why the percentages proposed are expected to produce a fair and reasonable reflection of the work that I anticipate will be necessarily and properly undertaken.

Whilst I am required to maintain records of creditors' claims in all cases, in those cases where sufficient realisations are made to enable me to pay a dividend to creditors, I have to undertake certain statutory formalities. This include writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at the R3 website. There are different versions of these Guidance Notes, and in this case please refer to the October 2015 version. Please note that we have also provided further details in the practice fee recovery sheet.

To comply with the Provision of Services Regulations, some general information about A J Sargeant & Co Limited, including about our complaints policy and Professional Indemnity Insurance, can be found in the attached summary sheet.

If creditors have any queries regarding the conduct of the Liquidation they should contact me by email or phone above.

Yours faithfully



ANTHONY SARGEANT
LIQUIDATOR
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Appendix 1: Details of work to be undertaken in the Liquidation

A. Work for which the Liquidator is seeking to be remunerated on a time cost fee basis:

Administration:

Case planning - devising an appropriate strategy for dealing with the case
Setting up physical case files
Setting up the case and entering data.
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).
Convening and holding decision procedures
Dealing with all routine correspondence and emails relating to the case.
Opening, maintaining and managing the office holder's estate bank account.
Creating, maintaining and managing the office holder's cashbook.
Undertaking regular reconciliations of the bank account containing estate funds.
Reviewing the adequacy of the specific penalty bond on a quarterly basis.
Undertaking periodic reviews of the progress of the case.
Preparing, reviewing and issuing annual progress reports to creditors and members.
Preparing the final account.
Filing final returns at Companies House.

Creditors:

Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
Maintaining up to date creditor information
Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.
Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.
Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.

Investigations:

Recovering and investigating the whereabouts of the books and records for the case.
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors
Detailed investigations into potential Transaction at Undervalue
Instructing and liaising with solicitors regarding a Court Case

Appendix 2: Estimate of expenses to be incurred in the Liquidation

Liquidators Specific Bond £1,875
Statutory Advertising £150

118 Travel Limited

Liquidator's SIP 9 time cost schedule
Period from 24 May 2017 to 23 May 2019

<u>Classification of work function</u>	<u>IP</u>	<u>Admin</u>	<u>Cashier</u>	<u>Total</u>	<u>Rate</u> <u>£</u>	<u>Time Cost £</u>	<u>Av. Hourly</u> <u>Rate</u>
Administration	33.3			33.3	295	9,823.50	295
Case Specific	-			-	295	-	
Creditors	7.6			7.6	295	2,242.00	295
Realisation	21.1			21.1	295	6,224.50	295
Investigations	60.6			60.6	295	17,877.00	295
other	-			-	295	-	
	<u>122.6</u>	<u>-</u>	<u>-</u>	<u>122.6</u>		<u>36,167.00</u>	
Total Fees claimed						-35,500	
Total Disbursements claimed					Bond Adverts	1875 150	

118 Travel Limited - In Compulsory Liquidation

Liquidator's Receipts and Payments Account for the period 16 May 2017 to date 15 May 2019

Statement of Affairs	Receipts	16.5.17 to 15.5.18	16.5.18 to 15.5.19	Total
200,000	Cash at Bank	0.00	0.00	0.00
140,000	Debtors	0.00	0.00	0.00
	Dividends OHG	0.00	98224.00	98224.00
	Vat	0.00	0.00	0.00
		<u>0.00</u>	<u>98224.00</u>	<u>98224.00</u>
	Payments			
	OR debit balance	-9400.00	0.00	-9400.00
	ISA fees	-110.00	-176.60	-176.60
	Petitioner		-6776.50	-6776.50
	Liq. Fees		-35500.00	-35500.00
	Bond		-1875.00	-1875.00
	Adverts		-150.00	-150.00
	ATE Insurance		-12320.00	-12320.00
	Legal fees		-20000.00	-20000.00
	Court Fees		-176.60	-176.60
	Vat		-11533.88	-11533.88
		<u>-9510.00</u>	<u>-88508.58</u>	<u>-97908.58</u>
	Balance	<u>-9510.00</u>	<u>9715.42</u>	<u>205.42</u>