

In accordance with Rule 18.7 of the Insolvency (England & Wales) Rules 2016 and Sections 92A, 104A and 192 of the Insolvency Act 1986.

LIQ03

Notice of progress report in voluntary winding up



Companies House



A18 *A7797Y8Z* #165
02/06/2018
COMPANIES HOUSE

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

SATURDAY

1	Company details
Company number	0 5 8 8 6 7 7 7
Company name in full	A L Smith Decorators Limited
→ Filling in this form Please complete in typescript or in bold black capitals.	
2	Liquidator's name
Full forename(s)	Alex
Surname	Kachani
3	Liquidator's address
Building name/number	Units 13 -15 Brewery Yard
Street	Deva City Office Park Trinity Way
Post town	Salford
County/Region	
Postcode	M 3 7 B B
Country	United Kingdom
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	0	d	1	m	0	m	4	y	2	y	0	y	1	y	7
To date	d	3	d	1	m	0	m	3	y	2	y	0	y	1	y	8

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

d	2	d	5	m	0	m	5	y	2	y	0	y	1	y	8
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LIQ03

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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

Company name

Address

Post town

County/Region

Postcode

Country

DX

Telephone



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

**A L SMITH DECORATORS LIMITED
IN CREDITORS' VOLUNTARY LIQUIDATION**

LIQUIDATOR'S ANNUAL PROGRESS REPORT

CONTENTS

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

APPENDICES

1. Statutory Information
2. Receipts and Payments Account
3. A Summary of the Liquidator's Time Costs
4. Costs and Expenses Incurred to Date
5. Narrative Description of Work Undertaken during the Reporting Period

25 May 2018

1. INTRODUCTION

The purpose of this report is to detail my acts and dealing as Liquidator and it should be read in conjunction with my previous correspondence to creditors.

2. BACKGROUND

The members' and creditors' meetings were held on 1 April 2011, when I was appointed Liquidator of the company.

The company's former registered office was at 1 Winkley Court, Chapel Street, Preston PR1 8BU and this was changed to Stanton House, 41 Blackfriars Road, Salford, Manchester, M3 7DB. The company's current registered office has been changed to Units 13-15 Brewery Yard, Deva City Office Park, Trinity Way, Salford, M3 7BB.

The company's former trading address was at 1 Cartmell Avenue, Larkholme, Fleetwood, Lancashire, FY7 8NF.

The company's principal activity was painting and glazing.

The main causes of failure were due to the insolvency of a major customer coupled with slow payments from other customers, which placed significant cash flow pressure on the company. It became clear that the company was unable to meet its liabilities as and when they fell due.

The company's statutory information is appended at Appendix 1.

3. ASSET REALISATIONS

According to the Directors' Statement of Affairs verified by a Statement of Truth lodged in these proceedings, the assets of the company had an estimated value of £3,100, which comprised principally of the following assets: -

Motor Vehicles

As per the Statement of Affairs, the only assets of any realisable value held by the company at the date of liquidation were five motor vehicles, which were independently valued by JPS Chartered Surveyors via a desktop appraisal on a market value basis in the total sum of £3,100. These vehicles were subsequently sold for the sum of £3,000, to The Decorating Shop Limited, a company connected by common director, Ashley Smith.

Bank Interest

Bank interest in the sum of £1.92 has been received during the period under review, totalling £5.54.

Plant, Machinery & Equipment

The company's other assets comprised plant, machinery and equipment but these were not anticipated to be realisable and can confirm that these were abandoned at the company's premises.

The company held no other assets or any realisable value at the date of liquidation.

Deposit for Costs

A deposit for costs in the sum of £3,000 was received in the liquidation from the director, Ashley Smith.

Recovery of Preference Claim

I pursued claims against two respondents, Ashley Smith and Pamela Smith, in respect of salaries and dividends drawn by them in the period leading up to the date of the liquidation, which I believe were excessive at a time when they ought to have known that the company was insolvent and the Company's turnover was decreasing. Further details of the claims against the two respondents are set-out under paragraph 4 below but can confirm that a Tomlin Order was granted which required the two respondents

to jointly pay the sum of £40,000 in full and final settlement of the Liquidator's claims. I can confirm that the sum of £31,225 has been received by my solicitors, which includes a payment of £1,225 in respect of the legal costs of the possession and sale application. The balance of £10,000 is expected to be received from the respondents by 23 August 2018. My solicitors have deducted their legal fees of £9,242 plus VAT and disbursements of £14,500.45 which principally relates to the cost of taking out an after event insurance in pursuing the legal claims against the two respondents. My solicitors are currently holding a balance of £416.

4. INVESTIGATION

The appropriate investigation into the company's affairs has been conducted and the relevant form submitted to the Department for Business, Innovation and Skills in accordance with the Company Directors Disqualification Act 1986. The contents of this report are confidential.

The Department for Business, Innovation and Skills confirmed that the director, Ashley Smith, had accepted an undertaken not to act as a director for 3 years and 6 months from 26 March 2013.

As previously reported, I commenced legal proceedings against two respondents, Ashley Smith and Pamela Smith, with a view to seeking recoveries for the insolvent estate, which resulted in exchanged of dialogues between legal representatives from both sides in respect of my claims against the two respondents for excessive drawing of salaries and dividends to themselves at a time at a time when they ought to have known that the company was insolvent and the Company's turnover was decreasing.

I can confirm that an out of court settlement was reached with the two respondents and a Tomlin Order was granted which required the two respondents to jointly pay the sum of £40,000 in full and final settlement of the Liquidator's claims.

I can confirm that the sum of £31,225 has been received by my solicitors, which includes a payment of £1,225 in respect of the legal costs of the possession and sale application. The balance of £10,000 is expected to be received from the respondents by 23 August 2018. My solicitors have deducted their legal fees of £9,242 plus VAT and disbursements of £14,500.45 which principally relates to the cost of taking out an after event insurance in pursuing the legal claims against the two respondents. My solicitors are currently holding a balance of £416.

I can confirm that the investigations conducted have not resulted in a financial benefit to creditors in the liquidation due to the necessary legal costs and disbursements incurred in pursuing the claims and the low value of the settlement reached with the two respondents. I believe this was the best possible outcome in the circumstance as this mitigated the risk and uncertainty of incurring further legal fees and costs if the claims had ended up in Court for a full trial. I also believe that if my claims had not been vigorously contested by the two respondents, the legal costs would have been significantly lower and the cost of taking out an after event insurance would have been avoided altogether, and in that situation I would have expected a dividend return to creditors in the liquidation.

In accordance with Statement of Insolvency Practice 13, I can confirm that the company's assets were sold to The Decorating Shop Limited, a connected company, for £3,000. A desktop valuation of these vehicles confirmed that the sale was transacted at arm's length and therefore not considered as a transaction at an undervalue.

5. CREDITORS' CLAIMS

The creditors, as per the statement of affairs totalled £182,263.

Claims have not yet been agreed and will be agreed once the balance of the settlement has been recovered from the two respondents, which is expected to be by 23 August 2018.

6. DIVIDEND PROSPECTS

Section 176A of the Insolvency Act 1986 (as amended) requires the Liquidator to set aside a percentage of a company's assets for the benefit of the unsecured creditors in cases where the company gave a "qualifying floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge.

A Liquidator has to set aside: -

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property up to a maximum of £600,000.

There is no qualifying floating charge in this case so the prescribed part provisions do not apply.

Based on current information, I can advise there is no prospect of a dividend to creditors in the liquidation after discharging the necessary costs and expenses of the liquidation, as well as the necessary legal costs and disbursements in pursuing the legal claims as set-out in this report.

7. COSTS AND EXPENSES

A resolution was passed by creditors at the meeting of creditors on 1 April 2011 fixing the Statement of Affairs fee in the sum of £4,000 plus VAT and fixing the Liquidator's remuneration in accordance with the time spent and authorising payments on account. I have not drawn my Statement of Affairs fee to date.

The payments shown on the summary of the attached receipts and payments account are in the main self-explanatory.

Payments

Specific Bond

The sum of £37.20 was paid in respect of specific bonding for the insolvent estate.

Office Holder's Fee

The sum of £2,000 plus VAT was drawn on account by my firm in accordance with the resolution approved by creditors.

Agents/Valuers Fees

The sum of £350 plus VAT was made to JPS Chartered Surveyors, a firm of Chartered Surveyors and Valueers, who had carried out an independent valuation of the assets at the company's premises.

Legal Fees and Legal Disbursements

I instructed Freeths LLP, a firm of solicitors, to commence legal proceedings against two respondents, Ashley Smith and Pamela Smith, in respect of excessive salaries and dividends drawn by them in the period leading up to the date of the liquidation. I have made payments of £9,242 plus VAT in respect of their legal fees and disbursements of £14,500.45 which principally relates to the cost of taking out an after event insurance in pursuing the legal claims against the two respondents.

Statutory Advertising

The sum of £180 plus VAT was paid in respect of statutory advertising.

VAT Irrecoverable

There is an element of the output tax of £70 which is irrecoverable in respect of costs and expenses incurred in the liquidation.

Case Management Fee

The sum of £110 was paid for the use of case management software provided by an independent external software provider.

Summary of Costs

The total time spent on this case amounts to 65.50 hours reflected in a total time cost of £13,947 plus VAT equating to an average hourly rate of £213. As at the date of my last report, my remuneration was £12,851 plus VAT. My remuneration charged during the period of the report is £1,096 plus VAT. I have drawn on account £2,000 plus VAT in respect of the Liquidator's remuneration in accordance with the approved fee resolution.

Crawfords rate of hourly charges are: Partner £295, manager £185, assistant £115, cashier £95, junior assistant £80 exclusive of VAT.

In common with all professional firms, charge out rates may increase from time to time over the period of the liquidation. A summary of time spent in accordance with Statement of Insolvency Practice No.9 (SIP 9) is attached.

I have set out below a summary of the additional information which will provide creditors with some guidance in respect of work which is likely to be incurred during the remaining period of the liquidation until I am in a position to conclude the liquidation. I must emphasise that these guidance are based solely on present information available and are therefore estimates only. The final position of the liquidation and actual costs may well be different to the guidance provided below.

Anticipated Work

All notified assets have been realised into the liquidation. I am monitoring the balance of the funds due from Ashley Smith and Pamela Smith arising from a Tomlin Order granted by the Court. Once the balance of the settlement sum has been recovered in full, I will discharge the remaining costs of the liquidation and take steps to conclude the liquidation.

Anticipated Costs of Work

My on-going costs will primarily relate to monitoring the balance of funds to be paid into the liquidation from the two respondents and finalising administrative matters with a view to concluding the liquidation, as well as discharging the costs and expenses of the liquidation.

Actual Work Done

I have set out the asset realisations achieved in the liquidation in this report, as well as my other statutory and non-statutory work which I am required to undertake as Liquidator of the company. It should be noted that the work set out in this report is intended to provide an overall summary of work carried out by my staff and myself as Liquidator of the company, and does not intend to provide a full and comprehensive coverage of all the work which has been undertaken as to do so would be too onerous and therefore give rise to unnecessary costs.

Actual Costs of Work and Expenses

Please refer to the attached receipts and payments account detailing all the receipts and payments incurred in the liquidation up to the period of reporting. These are all necessary costs which have been incurred during the course of the liquidation.

Financial Benefit of Work to Creditors

I can confirm that there is no prospect of a dividend to creditors in the liquidation but can confirm that all the work which has been undertaken in the liquidation is necessary in order to wind-up the affairs of the company.

Disbursements

Crawfords disbursement policy is as follows:

Category 1 Disbursements:

- Category 1 expenses are expenses directly attributable to the insolvent case. These include insolvency bonds, advertising, company searches, post redirection orders, postages and travelling and accommodation costs incurred by staff whilst attending to the administration of the insolvent estate.
- Postage will be charged at the first class postage rate prevailing.
- The list as stated above is not exhaustive and any other external supplies and services, specifically identifiable to the case will also be recovered as a category 1 disbursement at cost.

Category 2 Disbursements:

- Category 2 expenses are additional overheads that relate to the insolvent estate but are not directly attributable to it.
- These expenses include, inter alia, stationery, photocopying, storage costs and travel which will be charged at up to 50p per mile.
- Crawfords Accountants LLP does not seek to recover Category 2 disbursements except for travel and business mileage directly attributable to the case.

In accordance with Statement of Insolvency Practice No.9 (SIP 9), creditors must be provided with a statement of all expenses incurred during the period irrespective of whether payment was made during the period.

The expenses incurred are itemised in the enclosed receipts and payments account and represent only those expenses properly chargeable and necessarily disbursed in the course of the Liquidation.

Within 21 days from receipt of this report creditors may request further information about the remuneration and expenses. The request must be made in writing and made either by a secured creditor or an unsecured creditor or creditors that total at least 5% in value of unsecured creditors or with the permission of the Court. Other than in specific circumstances, which if applicable I would explain, I will provide this within 14 days.

A copy of the creditors' guide to Liquidator's fees, Crawfords' disbursements policy, creditors' and members' rights to request further information, are available to download from <http://www.crawfordsinsolvency.co.uk/>. Alternatively you may request a copy from this office free of charge by post or e-mail.

Other professional Costs

As sanctioned at the initial meeting of creditors, solicitors and agents of my choice may be appointed at my discretion. Agents and debt collectors have been paid on a combination of time spent and level of realisations, where appropriate.

I have engaged the services of the following firms: -

JPS Chartered Surveyors- Agent and Valuer – Nominal fee plus disbursements

Freeths LLP – solicitors – Time cost basis


Freeths LLP have incurred time costs of £19,606.60 plus VAT and disbursements of £14,500.45 up to 31 March 2018. To date, they have incurred time costs of £19,918.10 plus VAT, of which £9,242 plus VAT on account has been paid on account, leaving an outstanding balance of £10,676.10 plus VAT. I have not yet agree their final costs but will do so shortly.

8. **Conclusion**

The following matters remain outstanding: -

- Collection of balance of funds due from the two respondents under a Tomin Order
- On-going administrative matters with a view to concluding the liquidation, subject to the above.

For and on behalf of
A L Smith Decorators Limited



Alex Kachani
Liquidator

Statutory Information

Company Name	A L Smith Decorators Limited
Company Number	05886777
Date of Incorporation	25 July 2006
Trading Name	None
Principal Activity	Painting and glazing
Former Registered Office	1 Winkley Court, Chapel Street, Preston PR1 8BU
Current Registered Office Salford, Manchester, M3 7BB	Units 13-15 Brewery Yard, Deva City Office Park, Trinity Way,
Trading Address	1 Cartmell Avenue, Larkholme, Fleetwood FY7 8NF
Officeholder	Alex Kachani
Officeholder's address Salford, Manchester, M3 7BB	Units 13-15 Brewery Yard, Deva City Office Park, Trinity Way,
Date of appointment	1 April 2011
Changes to Officeholder	None

A L Smith Decorators Limited - In Creditors Voluntary Liquidation
Liquidator's Abstract of Receipts & Payments

From 01 April 2017 To 31 March 2018

S of A £		From 01/04/17	From 01/04/11
		To 31/03/18	To 31/03/18
ASSET REALISATIONS			
NIL	Plant & Machinery	NIL	NIL
3,100.00	Motor Vehicles	NIL	3,000.00
NIL	Bank Interest Gross	1.92	5.54
NIL	Equipment	NIL	NIL
NIL	Deposit for Costs	NIL	3,000.00
NIL	Recovery from Preference	30,838.55	30,838.55
3,100.00		30,840.47	36,844.09
COST OF REALISATIONS			
	Specific Bond	NIL	(37.20)
	Office Holders Fees	NIL	(2,000.00)
	Agents/Valuers Fees	NIL	(350.00)
	Legal Fees	(9,242.00)	(9,242.00)
	Statutory Advertising	NIL	(180.00)
	Vat Irrecoverable	(70.00)	(70.00)
	Case Management Fee	NIL	(110.00)
	Legal Disbursements	(14,500.45)	(14,500.45)
		(23,812.45)	(26,489.65)
		7,028.02	10,354.44
REPRESENTED BY			
	VAT Recoverable		(650.00)
	VAT Refund		2,898.40
	Balance at Bank		8,106.04
			10,354.44


 Alex Kachani
 Liquidator

A L SMITH DECORATORS LIMITED - IN LIQUIDATION**LIQUIDATOR'S TIME AND CHARGEOUT SUMMARY**

Classification of Work Function	Partner	Manager	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	1.70	18.90	2.60	23.20	4,228.50	182
Investigations	21.60	11.40	-	33.00	8,481.00	257
Realisation of Assets	-	-	0.70	0.70	66.50	95
Creditors	0.60	-	1.80	2.40	510.00	213
Trading	-	-	-	-	-	-
Bank	-	0.30	3.60	3.90	397.50	102
Tax	-	0.50	1.80	2.30	263.50	115
	23.90	31.10	10.50	65.50	13,947.00	213

Current Individual Hourly Charge Out Rate £	295.00	185.00	115.00
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A L SMITH DECORATORS LIMITED - IN CREDITORS VOLUNTARY LIQUIDATION**SUMMARY OF COSTS AND EXPENSES**

Below are details of the Liquidator's costs and expenses for the period under review and the total to date.

	Actual Expenses incurred in the Review Period	Actual Expenses incurred to date	Notes
	£	£	
Statutory Bonding	0.00	37.20	
Statement of Affairs (Pre- appointment Fee)	0.00	0.00	1
Office Holder's Fee	0.00	2,000.00	2
Agents/Valuers Fees	0.00	350.00	
Statutory Advertising	0.00	180.00	
VAT Irrecoverable	70.00	70.00	
Case Management Fee (Visionblue Solutions)	0.00	110.00	

Notes

1. Statement of Affairs fee was approved in the sum of £4,000 plus VAT. I have not drawn my Statement of Affairs fee to date but will do so shortly.
2. The Liquidator's time costs amount to £13,947 plus VAT up to 31 March 2018. I have drawn on account £2,000 plus VAT in respect of the Liquidator's remuneration in accordance with the approved fee resolution and the balance remains outstanding but will be paid in due course.

**A L SMITH DECORATORS LIMITED - IN CREDITORS VOLUNTARY LIQUIDATION
WORK UNDERTAKEN BY THE LIQUIDATOR DURING THE REPORTING PERIOD**

I have set-out below the key areas of work which have been undertaken by the Liquidator and his staff during the reporting period in the liquidation. This list is a summary of the routine work undertaken during the reporting period and is not intended to be an exhaustive list.

Administration and Planning

Work
Undertaken

Case set-up and case planning;	
Review of case strategy;	
Review ethics and money laundering checks;	
Regular case management and reviewing of progress, including regular team update meetings;	✓
Reviewing and authorising case workers correspondence and other work;	✓
Dealing with queries arising on appointment;	
Allocating and managing staff/case resourcing and budgeting exercises and reviews;	✓
Liaising with legal advisors regarding various instructions, including agreeing content of engagement letters;	
Maintenance of office holder's case management records;	✓
Internal notification of administration of the insolvent estate;	✓
Complying with internal filing and information recording practices	✓
Reviewing matters affecting the outcome of the liquidation;	

Statutory Compliance

Liaising with the post-appointment insurance broker to provide information, assess risks and ensure appropriate cover in place and on-going monitoring of the adequacy of the level of insurance premiums;
 Notifying creditors of appointment of Liquidator and complying with statutory requirements including but not limited to advertising the appointment of Liquidator and special resolution for winding-up the affairs of the company in London Gazette; filing of Notice of Appointment of Liquidator, special resolutions for the winding-up of the company, Statement of Affairs of the company accompanying by a Statement of Truth, and notice of change of the company's registered office at the Registrar of Companies, circulating a report to creditors following the appointment of Liquidator, notifying HM Revenue and Customs and all interested parties of the appointment of Liquidator;
 Obtaining searches and documentary evidence to verify identity of stakeholders to ensure compliance with all applicable current laws and legislations;
 Agreeing the basis of the Liquidator's remuneration in accordance with the current applicable legislations, laws and current best practice;
 Requesting the delivery of the company's statutory and non-statutory books and records and scheduling of the records received;
 Preparing annual reports to creditors and shareholders and reporting on the progress of the efficacy of the liquidation, including filing of receipts and payments account at the Registrar of Companies within the relevant timescales;
 Preparing draft final report and final reports to creditors and shareholders and reporting on the progress of the efficacy of the liquidation, including filing of receipts and payments account at the Registrar of Companies within the relevant timescales;
 Preparing minutes of meetings of creditors and shareholders;
 Ensuring compliance with all statutory obligations within the relevant timescales;
 Finalising administrative matters and diarise for destruction of company's records in accordance with applicable laws and legislations

✓

Asset Realisation

Reviewing, insuring, and realising assets into the liquidation;
 Liaising with agents regarding the sale of business assets;
 Reviewing outstanding debtors and management of debt collection strategy;
 Instructing agents to assist with assets realisations and subsequent communications with the agents on the efficacy of the assets realisations;
 Instructing solicitors to assist with assets realisations and subsequent communications with the solicitors on the efficacy of the assets realisations;

Investigation

- Reviewing the company's books and records; ✓
- Reviewing the directors' questionnaire; ✓
- Preparing CDDA Checklists; ✓
- Preparing a statutory report on the conduct of the directors and submitting the report within the relevant timescales. ✓
- Reviewing and recovering potential antecedent transactions for the benefit of creditors in the liquidation. ✓

Creditors

- Liaising with employees regarding their employment claims;
- Dealing with employees' claims and filing of all relevant redundancy forms with the Redundancy Payments Office;
- Up-dating the list of secured, preferential, and unsecured creditors;
- Responding to enquiries from creditors regarding the administration and submission of their claims; ✓
- Reviewing completed forms submitted by creditors, recording claims amounts and maintaining claim records;
- Dealing with assignment of debts;
- Reviewing and assessing of retention of title claims

Distribution

- Based on preliminary information available, there is a likelihood of a dividend to creditors in the liquidation. ✓

Cashiering

- Opening of the Liquidator's bank account for the liquidation; ✓
- Preparing and processing vouchers for the payment of post-appointment invoices; ✓
- Creating remittances and sending payments to settle post-appointment invoices; ✓
- Reconciling post-appointment bank accounts to internal systems; ✓
- Maintenance of accounting records onto a computerised system (e.g. Visionblue Solutions Software); ✓
- Monitoring cheque presentations and re-issuing replacement cheques of any un-presented cheques, where applicable; ✓
- Ensuring compliance with appropriate risk management procedures in respect of receipts and payments; ✓

Tax

- Analysing VAT related transactions; ✓
- Collating information and preparing VAT returns for the post-appointment periods; ✓
- Analysing Corporation Tax related transactions; ✓
- Collating information and preparing Corporation Tax returns for the post-appointment periods. ✓
- Dealing with post-appointment tax compliance ✓

Other

- Where applicable - disclaiming of the company's lease and filing of Notice of Disclaimer to all interested parties under the lease;