

Mark Jones & Co.

CHARTERED ACCOUNTANTS

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6 January 2014

MJ

Our ref MPJ/csb

Your ref

06458659

**First annual progress report from the liquidator
Covering the period from 7 November 2012 to 6 November 2013**

Dear Sir or Madam

**AGW Consultants Limited – in Compulsory Liquidation
Kingston County Court number 5 of 2011
Formerly High Court number 6988 of 2010
Formerly trading in the provision of IT consultancy services
From 6 Hornchurch Close, Kingston upon Thames KT2 5GH**

Registered address now at 9a Southside Common, London SW19 4TL

I refer to my report to creditors of 5 December 2012 in which I advised that I had been appointed as liquidator to the above company on 7 November 2012

This had following a winding up order made in the High Court more than two years beforehand on 27 October 2010, this as based upon the petition of 27 August 2010 from HM Revenue & Customs (HMRC) in respect of unpaid taxes.

Annual progress reports

I am required by Rule 4.49(B) of the Insolvency Rules 1986 to provide annual progress reports. This is my progress report for the year ended 6 November 2013.

I have an obligation to provide a further progress report either within two months of 6 November 2014, or prior to my conclusion of the liquidation if this can be achieved beforehand.

The company's trade

AGW Consultants Limited was a personal service company for IT consultancy work performed by the sole director, Mr Andrew George Williams. Work was invoiced via two agencies at varying daily rates starting at £495, then at £600 and finally at £462 50

Estate assets

The Official Receiver provided an initial report to creditors on 21 December 2010, in which he made reference to the director's overdrawn loan account of £73,456, this as stated per the company's accounts to 31 December 2009.

When interviewed by the Official Receiver on 25 November 2010 Mr Williams acknowledged that such sum was indeed due from him. The Official Receiver then instructed a firm of solicitors, Moon Beaver, to liaise with the director in relation to the recovery of any balance which was outstanding from him. Moon Beaver have confirmed that all correspondence sent to Mr Williams was ignored.

TUESDAY



A27 *A2Z1LK1E* 07/01/2014 #167
COMPANIES HOUSE

My actions as liquidator and my contact with Mr and Mrs Williams

I wrote to Mr Williams on 28 November 2012 attaching a copy of the accounts to 31 December 2009. I asked that he provide me with details of movements on his loan account together with his proposals for repayment to the company of any final balance as may be due from him. I also asked that he provide me with the company's books and records.

I also sent correspondence to his wife Mrs Elizabeth Ekua Williams (nee Zormelo) who acted as the company secretary.

Unfortunately my correspondence to both Mr Williams and to Mrs Williams was largely ignored, this despite the fact that I continued to send chasing correspondence to each of them. On 5 February 2013 my correspondence referred to an application I had lodged with the court on 23 January 2013, this applying for court examinations under section 236 of the Insolvency Act 1986 of both Mr and Mrs Williams

I attended the court for the examinations set for 14 May 2013, but neither party was in attendance. The court ordered that two arrest warrants be issued. Whilst the court bailiff then made attempts to enforce the arrest warrants, neither Mr Williams nor Mrs Williams have yet been brought before the court.

Bankruptcy orders made against Mr Williams and Mrs Williams

On 14 September 2013 I then became aware that bankruptcy orders had been made against both Mr and Mrs Williams on 27 August 2013. This was when I received twin IVA proposals from their nominee at McCambridge Duffy. The bankruptcy petitioner had been a school in respect of unpaid tuition fees put at £28,800.

I considered that the IVA proposals submitted were unlikely to be in the best interests of the liquidation estate. In particular, the proposals would have entailed a long delay in seeing monies received, the projected dividend being only a fraction more than was otherwise projected to be paid in circumstances of the bankruptcies continuing.

Following the rejection of the proposals the Official Receiver then appointed Mr John Paylor of Guardian Business Recovery as act as trustee to both Mr Williams and to Mrs Williams.

Claims against the bankruptcy estates

Whilst Mr Williams acknowledged to the Official Receiver that he owed the company £73,456 in respect of his overdrawn director's loan account as at 31 December 2009, I consider that this understates the obligation. I have yet to agree the claims with the trustee.

Given that the bankruptcy orders were only made a little over four months ago, it is too early to tell what dividends the liquidation estate might expect to receive from the bankruptcy estates, or when monies such might be received.

Receipts and payments accounts

Attached are two receipts and payments accounts, comprising the following:

- An account to 6 November 2013, being the first year of my having acted as liquidator
- An account shown up to date, this divided as between movements in my first year of office and as between the sole movement on the account from 7 November 2013 onwards, this simply reflecting a further quarterly bank charge.

The only receipt into the estate of £5 23 comprises the final balance held on the company bank account which had been held with Cater Allen Bank.

I have previously reported that the balance brought forward on the Insolvency Services Account from the time when the Official Receiver was liquidator of the company was an overdrawn sum of £1,235 00. This comprised the petitioning creditor's deposit of £1,000 00, from which the Official Receiver deducted an administration fee of £2,235 00.

The only other payments from the estate account comprise quarterly bank charges for maintaining the account held with the Insolvency Service. These are applied at £22, with total charges to date amounting to £110.

Other expenses to be paid when funds are available

Petitioning creditor's costs

Such costs have been agreed at £1,515 00, though no funds are yet available in order to discharge this obligation

My disbursements

I need to disclose those amounts which I have paid from my own office account on behalf of the liquidation estate in respect of disbursements. The only disbursements to be recovered by my firm are what are known as "category 1" disbursements, these where I have paid out monies on behalf of the estate from my own account. As a matter of policy, no other disbursements such as postage, copying, motoring and so on are billed by my firm.

The following disbursements, exclusive of VAT, have been incurred on behalf of the estate

	£
Liquidator's bond	66.00
Statutory advertising	76.50
Court fee	70 00
Parking	6.91
Search fees	<u>169.33</u>
Total	<u>388.74</u>

Claims against the estate and the prospects of dividends to be paid from the estate

On my appointment as liquidator I was advised that the only two known claims against the estate comprised sums due to the petitioner, HMRC. These were said to amount to £59,102 05, comprising £24,472.35 re VAT and £34,629.70 re other taxes. I have to date only received a claim in respect of the other taxes amounting to £34,908.02.

I have though agreed with HMRC that I shall defer formal consideration of their claim, this primarily on the basis that I consider that their claims are likely to have been understated. This will be particularly so in the case of the claim for "other taxes" of £34,908.02. The trial balance which was attached to the accounts to 31 December 2009 showed the following liabilities:

- Corporation tax of £47,837.47, representing the corporation tax payable for 2008 of £25,130 and for 2009 of £22,708
- VAT of £26,278.96
- PAYE/NI of £816 76
- This totalling £74,933 19

With continued trading into 2010, the 2009 trial balance obligations of just short of £75,000 will have further increased.

Given the uncertainty as the prospect of monies receivable from the bankruptcy estates of Mr and Mrs Williams, I am unable at present to comment further upon the likelihood of a dividend being paid from the liquidation estate, nor upon its amount

Liquidator's remuneration

I would remind creditors that it was agreed at the first meeting held on 16 January 2013 that my remuneration as liquidator would be based upon my time costs, the hourly rate being £345. I gave a first estimate as to likely time to be spent being of the order of 100 hours. I did though stress that in view of the uncertainties relating to this case it was rather difficult to make an accurate estimate

As a result of Mr and Mrs Williams having largely ignored me it was necessary for me to entirely reconstruct the bank position from duplicate statements I obtained from the bank. This proved to be quite an extensive task. In addition, the exercise of seeking to have Mr and Mrs Williams examined in court is one which I would ordinarily conduct with the benefit of legal assistance. Given that the estate is without funds I conducted all such work myself, including the service of all necessary documents.

The result has been that I have overrun my initial estimate of time. Up until yesterday, I had spent a total of 239.9 hours, this reflecting total time costs of £82,765.50, a broad division of the manner in which the time has been spent to date being as follows:

Subject area	Hours	Timecost
		£
Administration & statutory obligations	18.2	6,279.00
Case investigation, accounts reconstruction & ascertain claims	125.1	43,159 50
Court proceedings	41.4	14,283.00
Bankruptcies & IVAs	27 3	9,418 50
Creditors	21.6	7,452 00
Taxation	2.7	931.50
Banking and accounts	3 6	1,242 00
TOTAL:	<u>239.9</u>	<u>82,765.50</u>

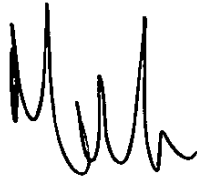
Given that aside from the small final bank balance of £5 odd no further sums have yet been realised into the estate, no remuneration has to date been paid. A guide to fees was attached to my report sent to creditors on 5 December 2012 and a further copy is attached.

Further information

Should any creditor require any further explanations, then please let me know and I shall try to assist.

Yours faithfully
for and on behalf of
AGW Consultants Limited

Mark Jones
Liquidator

A handwritten signature in black ink, appearing to be 'Mark Jones', written over the printed name.

AGW Consultants Limited - in Compulsory Liquidation

Liquidator's Receipts and Payments Account

For the period 7 November 2012 to 6 November 2013

			Realised to date
	£	£	£
Receipts			
Director's overdrawn loan account			-
Cash at bank			5 23
VAT refund			-
Interest received			-
			<u>5 23</u>
Payments			
Balance b/f from Official Receiver		1,235 00	
Insolvency Services Account fees			
Quarterly Bank charge	88 00		
Cheque fees	-		
Secretary of State fees	-		
	<u>-</u>	88 00	
Petitioning creditor's costs		-	
Dividend to non-preferential creditors at a rate of aaaa% on agreed non-preferential claims of £bbbb		-	
Liquidator's disbursements			
Searches	-		
Statutory Advertising	-		
Liquidator's bond	-		
	<u>-</u>		
Liquidator's bond		-	
Statutory Advertising		-	
Corporation tax on interest received		-	
Liquidator's remuneration as agreed by creditors		-	
VAT thereon		-	
		<u>-</u>	
			<u>1,323 00</u>
Cash at bank as at 6 November 2013			<u><u>(1,317 77)</u></u>

AGW Consultants Limited - in Compulsory Liquidation
Liquidator's Receipts and Payments Account
For the period 7 November 2012 to 6 January 2014

		These receipts & payments then analysed as follows			
		Subsequent to 6 November 2013		In the period to 6 November 2013	
	Realised to date	Paid	Realised	Paid	Realised
	£	£	£	£	£
Receipts					
Director's overdrawn loan account	-		-		-
Cash at bank	5.23		-		5.23
VAT refund	-		-		-
Interest received	-		-		-
	<u>5 23</u>		<u>-</u>		<u>5 23</u>
Payments					
Balance b/f from Official Receiver	1,235 00			1,235 00	
Quarterly Bank charge	110 00	22 00		88 00	
Cheque fees	-	-		-	
Secretary of State fees	-	-		-	
Petitioning creditor's costs	-	-		-	
Dividend to non-preferential creditors at a rate of	-	-		-	
aaa% on agreed non-preferential claims of Ebbbb	-	-		-	
Searches	-	-		-	
Liquidator's bond	-	-		-	
Statutory Advertising	-	-		-	
Corporation tax on interest received	-	-		-	
Liquidator's remuneration as agreed by creditors	-	-		-	
VAT thereon	-	-		-	
	<u>1,345.00</u>		<u>22 00</u>		<u>1,323 00</u>
	<u>(1,339 77)</u>		<u>(22 00)</u>		<u>(1,317 77)</u>
Cash at bank as at 6 January 2014					

1 Introduction

1.1 When a company goes into liquidation the costs of the proceedings are paid out of its assets. The creditors, who hope to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as liquidator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the liquidator's fees. This guide is intended to help creditors be aware of their rights to approve and monitor fees and explains the basis on which fees are fixed.

2 Liquidation procedure

2.1 Liquidation (or 'winding up') is the most common type of corporate insolvency procedure. Liquidation is the formal winding up of a company's affairs entailing the realisation of its assets and the distribution of the proceeds in a prescribed order of priority. Liquidation may be either voluntary, when it is instituted by resolution of the shareholders, or compulsory, when it is instituted by order of the court.

2.2 Voluntary liquidation is the more common of the two. An insolvent voluntary liquidation is called a creditors' voluntary liquidation (often abbreviated to 'CVL'). In this type of liquidation an insolvency practitioner acts as liquidator throughout and the creditors can vote on the appointment of the liquidator at the first meeting of creditors.

2.3 In a compulsory liquidation on the other hand, the function of liquidator is, in most cases, initially performed not by an insolvency practitioner but by an official called the official receiver. The official receiver is an officer of the court and a member of The Insolvency Service, an executive agency within the Department of Trade and Industry. In most compulsory liquidations the official receiver becomes liquidator immediately on the making of the winding-up order. Where there are significant assets an insolvency practitioner will usually be appointed to act as liquidator in place of the official receiver, either at a meeting of creditors convened for the purpose or directly by the Secretary of State for Trade and Industry. Where an insolvency practitioner is not appointed the official receiver remains liquidator.

2.4 Where a compulsory liquidation follows immediately on an administration the court may appoint the former administrator to act as liquidator. In such cases the official receiver does not become liquidator. An administrator may also subsequently act as liquidator in a CVL.

3 The liquidation committee

3.1 In a liquidation (whether voluntary or compulsory) the creditors have the right to appoint a committee called the liquidation committee, with a minimum of 3 and a maximum of 5 members, to monitor the conduct of the liquidation and approve the liquidator's fees. The committee is usually established at the creditors' meeting which appoints the liquidator, but in cases where a liquidation follows immediately on an administration any committee established for the purposes of the administration will continue in being as the liquidation committee.

3.2 The liquidator must call the first meeting of the committee within 3 months of its establishment (or his appointment if that is later), and subsequent meetings must be held either at specified dates agreed by the committee, or when requested by a member of the committee, or when the liquidator decides he needs to hold one. The liquidator is required to report to the committee at least every 6 months on the progress of the liquidation, unless the committee directs otherwise. This provides an opportunity for the committee to monitor and discuss the progress of the insolvency and the level of the liquidator's fees.

4 Fixing the liquidator's fees

4.1 The basis for fixing the liquidator's remuneration is set out in Rules 4.127 – 4.127B of the Insolvency Rules 1986. The Rules state that the remuneration shall be fixed either

- as a percentage of the value of the assets which are realised or distributed or both, or
- by reference to the time properly given by the liquidator and his staff in attending to matters arising in the liquidation.

It is for the liquidation committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is to be fixed as a percentage, to fix the percentage to be applied. Rule 4.127 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the liquidator in connection with the insolvency,
- the effectiveness with which the liquidator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the assets which the liquidator has to deal with.

4.2 If there is no liquidation committee, or the committee does not make the requisite determination, the liquidator's remuneration may be fixed by a resolution of a meeting of creditors. The creditors take account of the same matters as the committee would. A resolution specifying the terms on which the liquidator is to be remunerated may be taken at the meeting which appoints the liquidator. If the remuneration is not fixed in any of these ways, it will be in accordance with a scale set out in the Rules.

5 What information should be provided by the liquidator?

5.1 When seeking fee approval

5.1.1 When seeking agreement to his fees the liquidator should provide sufficient supporting information to enable the committee or the creditors to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The nature and extent of the supporting information which should be provided will depend on

- the nature of the approval being sought,
- the stage during the administration of the case at which it is being sought, and
- the size and complexity of the case.

5.1.2 Where, at any creditors' or committee meeting, the liquidator seeks agreement to the terms on which he is to be remunerated, he should provide the meeting with details of the charge-out rates of all grades of staff, including principals, which are likely to be involved on the case.

5.1.3 Where the liquidator seeks agreement to his fees during the course of the liquidation, he should always provide an up to date receipts and payments account. Where the proposed fee is based on time costs the liquidator should disclose to the committee or the creditors the time spent and the charge-out value in the particular case, together with, where appropriate, such additional information as may reasonably be required having regard to the size and complexity of the case. The additional information should comprise a sufficient explanation of what the liquidator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the liquidator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged, bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the liquidator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject.

The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

5 1 3 – continued

The following categories are suggested as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the liquidator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the liquidator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases

5 1 4 Where the fee is charged on a percentage basis the liquidator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by a liquidator or his staff

5 2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the liquidator should notify the creditors of the details of the resolution in his next report or circular to them. When subsequently reporting to creditors on the progress of the liquidation, or submitting his final report, he should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information as may be required in accordance with the principles set out in paragraph 5 1 3. Where the fee is charged on a percentage basis the liquidator should provide the details set out in paragraph 5 1 4 above regarding work which has been sub-contracted out

5 3 Expenses and disbursements

There is no statutory requirement for the committee or the creditors to approve the drawing of expenses or disbursements. However, professional guidance issued to insolvency practitioners requires that, where the liquidator proposes to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, document storage or communication facilities provided by the liquidator's own firm), they must be disclosed and be authorised by those responsible for approving his remuneration. Such expenses must be directly incurred on the case and subject to a reasonable method of calculation and allocation

5 4 Realisations for secured creditors

Where the liquidator realises an asset on behalf of a secured creditor and receives remuneration out of the proceeds (see paragraph 8 1 below), he should disclose the amount of that remuneration to the committee (if there is one), to any meeting of creditors convened for the purpose of determining his fees, and in any reports he sends to creditors

5 5 Reporting in compulsory liquidations

It should be borne in mind that in compulsory liquidations there is no statutory requirement for the liquidator to report to creditors until the conclusion of the assignment. In most such cases, therefore, creditors will receive no information during the course of the liquidation unless they specifically request it

6 What if a creditor is dissatisfied?

6 1 Except in cases where there is a liquidation committee it is the creditors as a body who have authority to approve the liquidator's fees. To enable them to carry out this function they may require the liquidator to call a creditors' meeting. In order to do this at least ten per cent in value of the creditors must concur with the request, which must be made to the liquidator in writing

6 2 If a creditor believes that the liquidator's remuneration is too high he may, if at least 25 per cent in value of the creditors (including himself) agree, apply to the court for an order that it be reduced. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing. Unless the court orders otherwise, the costs must be paid by the applicant and not out of the assets of the insolvent company

7 What if the liquidator is dissatisfied?

If the liquidator considers that the remuneration fixed by the committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors or in accordance with the statutory scale is insufficient, he may apply to the court for it to be increased. If he decides to apply to the court he must give at least 14 days' notice to the members of the committee and the committee may nominate one or more of its members to appear or be represented at the court hearing. If there is no committee, the liquidator's notice of his application must be sent to such of the creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid out of the assets

8 Other matters relating to fees

8 1 Where the liquidator realises assets on behalf of a secured creditor he is entitled to be remunerated out of the proceeds of sale in accordance with a scale set out in the Rules. Usually, however, the liquidator will agree the basis of his fee for dealing with charged assets with the secured creditor concerned

8 2 Where two (or more) joint liquidators are appointed it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute between them may be referred to the court, the committee or a meeting of creditors

8 3 If the appointed liquidator is a solicitor and employs his own firm to act in the insolvency, profit costs may not be paid unless authorised by the committee, the creditors or the court

8 4 There may also be occasions when creditors will agree to make funds available themselves to pay for the liquidator to carry out tasks which cannot be paid for out of the assets, either because they are deficient or because it is uncertain whether the work undertaken will result in any benefit to creditors. Arrangements of this kind are sometimes made to fund litigation or investigations into the affairs of the insolvent company. Any arrangements of this nature will be a matter for agreement between the liquidator and the creditors concerned and will not be subject to the statutory rules relating to remuneration