

The Insolvency Act 1986***Liquidator's Progress Report*****S. 192****Pursuant to section 192 of the
Insolvency Act 1986****To the Registrar of Companies**

For official use

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Company Number

06691736

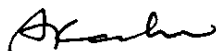
Name of Company

(a)
Insert full name of
company

(a) A & I MANCHESTER KNITWEAR LIMITED

(b)
Insert full name(s)
and address(es)I,
Alex Kachani of Crawfords Accountants LLP, Units 13 to 15 Brewery Yard,
Deva City Office Park, Trinity Way, Salford, M3 7BBthe liquidator of the company attach a copy of my Progress Report under section 192 of
the Insolvency Act 1986 (as amended)

The Progress Report covers the period from 11 May 2015 to 10 May 2016

Signed**Date 29 June 2016**Presenter's name,
address and
reference (if any)Crawfords Accountants LLP
Units 13 to 15 Brewery Yard
Deva City Office Park
Trinity Way
Salford
M3 7BB*For Official Use*

Liquidation Section

Post Room

TUESDAY



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A05

05/07/2016

#121

COMPANIES HOUSE

**A & I MANCHESTER KNITWEAR LIMITED
IN CREDITORS' VOLUNTARY LIQUIDATION**

LIQUIDATOR'S ANNUAL PROGRESS REPORT

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29 June 2016

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 11 May 2015, when I was appointed Liquidator of the company

The company's former registered office was 18B Harkness Street, Ardwick, Manchester, M12 6BT and this was changed to Stanton House, 41 Blackfriars Road, Salford, Manchester, M3 7DB and then to Units 13-15 Brewery Yard, Deva City Office Park, Trinity Way, Salford, M3 7BB

The company's former trading address was 18B Harkness Street, Ardwick, Manchester, M12 6BT.

The company's principal activity was in the manufacturing of knitwear

The main causes of failure were due to increased in level of competition in the industry principally due to cheaper import of knitwear from overseas and cheaper labourer from China. Both of these factors contributed to the decline of the company's sales and in turn its cash flow position. The company was then unable to meet its liabilities as and when they fell due

3. ASSET REALISATIONS

According to the Directors' Statement of Affairs verified by a Statement of Truth lodged in these proceedings, there were no realisable assets reported on the Statement of Affairs as there were purportedly two charges attached to the company's plant and machinery, which if valid would have meant that these assets could not be realised in the liquidation. However, the validity of the two charges was unclear at the outset of the liquidation in the absence of sight of legal charge documents and other associated supporting evidence

Plant and Machinery

I have since made detailed enquires into the company's plant and machinery and in particular, the validity of the two legal charges in favour of G D Yarns Limited. Having reviewed the two charges at great length with my legal advisor, Freeths LLP, I am advised that the two charges are invalid and therefore void against the Liquidator. I have since instructed Freeths LLP to approach G D Yarns Limited to advise them of the same who in turn appointed their own legal advisor to dispute my claim over the company's plant and machinery

My legal advisor entered into correspondence with their legal representative to obtain further particulars about the charges together with all other relevant information but not all of the information was received despite several reminders. Given the apparent lack of progress made in progressing this, my legal advisor recommended legal proceedings to be issued against G D Yarns Limited to set aside the two charges. An application was filed in Court and a Court Hearing date was listed for 22 December 2015

Following the issuing of formal legal proceedings, I can confirm that a settlement has since been reached with their legal representative who eventually accepted my claim about the company's plant and machinery and confirmed that their client has agreed to mark their two charges as satisfied at the Registrar of Companies. On 5 January 2016, the two charges in favour of G D Yarns Limited were marked as satisfied at the Registrar of Companies, which in turn allowed me to sell the company's plant and machinery as unencumbered assets

I have appointed independent agent, Robson Kay and Company Limited, a firm of Chartered Surveyors and Valuers, to sell the company's plant and machinery and the sum of £28,000 plus VAT has since been realised in the liquidation before deducting the agent's reasonable costs

Bank Interest

Bank interest in the sum of £2 38 has been earned in the liquidation

Deposit for Costs

The sum of £6,000 was received from the director to contribute towards the costs of the liquidation.

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.

I am continuing my investigation into the affairs of the company and will report the outcome of my investigation to creditors when it is appropriate to do so.

In accordance with Statement of Insolvency Practice 13, I can confirm that there were no company's assets sold to any connected party as defined by Section 435 of the Insolvency Act 1986 and therefore disclosure is not applicable in this case.

5. CREDITORS' CLAIMS

The creditors, as per the Statement of Affairs totalled £101,737.

There are still a number of outstanding claims and claims will be followed up once my investigation into the affairs of the company has been substantially completed.

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 believe there is a likelihood of a dividend to creditors but until I have concluded my investigation work I am not in a position to advise the likely value or timing of such a dividend to creditors at this stage.

7. COSTS AND EXPENSES

A resolution was passed by creditors at the meeting of creditors on 11 May 2015 fixing the Statement of Affairs fee in the sum of £5,000 plus VAT and fixing the Liquidator's remuneration in accordance with the time spent and authorising payments on account. I confirm that I have drawn on account £2,000 plus VAT in accordance with that resolution.

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 £144 has been paid in respect of specific bonding for the insolvent estate.

Statement of Affairs

I have drawn on account £2,000 plus VAT in respect of the Statement of Affairs fee but this has not been drawn in full

Agents/Valuers Fees

I have made a payment of £3,500 plus VAT to Robson Kay & Company Limited, a firm of Chartered Surveyors and Valueers, who has valued and realised the company's assets on my behalf in the liquidation

Legal Fees and Disbursements

I have made a payment of £3,619.80 plus VAT and disbursements of £281 to Freeths LLP who has provided legal assistance in setting aside two legal charges in respect of the company's plant and machinery, as well as issuing court proceedings in this matter but the matter was resolved before Court Hearing stage

Statutory Advertising

The sum of £236 plus VAT has been paid in respect of statutory advertising

Case Management Fee

The sum of £110 has been 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 29 40 hours reflected in a total time cost of £7,494 50 plus VAT equating to an average hourly rate of £255 I have not drawn any post-appointment remuneration to date

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 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

I am continuing with my investigation into the affairs of the company with a view to recovering funds for the benefit of the insolvent estate but the outcome of such investigation remains uncertain

Based on current information, I believe there is a likelihood of a dividend to creditors but until I have concluded my investigation work I am not in a position to advise the likely value or timing of

such a dividend to creditors at this stage I will therefore need to chase outstanding claims and agree creditor claims once I have substantially concluded my investigation work

Anticipated Costs of Work

My on-going costs will primarily relate to on-going investigation works, on-going administrative matters, as well as defraying 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 believe there is a likelihood of a dividend to creditors in the liquidation and will report to creditors further once I have concluded my investigation into the affairs of the company. If there are further recoveries of funds as a result of my investigation, this would enhance the value of dividend to creditors. I will up-date creditors further on the dividend prospect at the next available report. I 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 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 professional firm -

Freeths LLP – solicitors – time cost basis

Robson Kay & Company Limited – Agents and Valueers – Percentage basis

8. CONCLUSION

The following matter remains outstanding -

- On-going investigation into the affairs of the company
- Agreeing creditors' claims, where appropriate


For and on behalf of
A & I Manchester Knitwear Limited



Alex Kachani
Liquidator

**A & I Manchester Knitwear Ltd - In Creditors Voluntary Liquidation
Liquidator's Abstract of Receipts & Payments**

From 11 May 2015 To 10 May 2016

| S of A £ | | £ | £ |
|-----------------------------|--------------------------|---|------------------|
| ASSET REALISATIONS | | | |
| NIL | Plant & Machinery | 28,000 00 | |
| NIL | Bank Interest Gross | 2 38 | |
| NIL | Security for Costs | 6,000 00 | |
| | | | 34,002 38 |
| COST OF REALISATIONS | | | |
| | Specific Bond | 144 00 | |
| | Statement of Affairs Fee | 2,000 00 | |
| | Agents/Valuers Fees | 3,500 00 | |
| | Legal Fees | 3,619 80 | |
| | Statutory Advertising | 236 00 | |
| | Legal Disbursements | 281 00 | |
| | | | (9,780 80) |
| | | | <u>24,221 58</u> |
| REPRESENTED BY | | | |
| | VAT Recoverable | 723 96 | |
| | Balance at Bank | <u>23,497 62</u> | |
| | | | <u>24,221 58</u> |
| | |  Alex Kachani Liquidator | |

A & I MANCHESTER KNITWEAR 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 | 3 20 | 1 10 | 1 30 | 5 60 | 1,294 50 | 231 |
| Investigations | 10 10 | 3 90 | - | 14 00 | 3,701 00 | 264 |
| Realisation of Assets | 5 20 | 0 20 | - | 5 40 | 1,571 00 | 291 |
| Creditors | 0 90 | 0 80 | - | 1 70 | 413 50 | 243 |
| Trading | - | - | - | - | - | - |
| Bank | - | 1 50 | 0 20 | 1 70 | 296 50 | 174 |
| Tax | 0 30 | 0 70 | - | 1 00 | 218 00 | 218 |
| | 19 70 | 8 20 | 1 50 | 29 40 | 7,494 50 | 255 |

| | | | |
|---|--------|--------|--------|
| Current Individual Hourly Charge Out Rate £ | 295 00 | 185 00 | 115 00 |
|---|--------|--------|--------|