

LIQ03

Notice of progress report in voluntary winding up



Companies House

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

1 Company details

Company number	0	8	7	4	1	5	9	0
Company name in full	Arlington Industries Group Ltd							

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

2 Liquidator's name

Full forename(s)	James Andrews
Surname	Saunders

3 Liquidator's address

Building name/number	The Shard
Street	32 London Bridge Street
Post town	London SE1 9SG
County/Region	
Postcode	
Country	

4 Liquidator's name ①

Full forename(s)	Allan Watson
Surname	Graham

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

5 Liquidator's address ②

Building name/number	35 Newhall Street
Street	Birmingham
Post town	B3 3PU
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 3	^m 0	^m 5	^y 2	^y 0	^y 2	^y 2	
To date	^d 0	^d 2	^m 0	^m 5	^y 2	^y 0	^y 2	^y 3	

7 Progress report

<input checked="" type="checkbox"/> The progress report is attached	
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8 Sign and date

Liquidator's signature	Signature X  X								
Signature date	^d 3	^d 0	^m 0	^m 6	^y 2	^y 0	^y 2	^y 3	

**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 **Matthew.Dunnill**

Company name **Kroll Advisory Ltd.**

Address
The Chancery
58 Spring Gardens

Post town **Manchester M2 1EW**

County/Region

Postcode

Country

DX

Telephone
+44 (0) 161 827 9000

**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

Progress Report to Creditors

30 June 2023

Arlington Industries Group Ltd (In Creditors' Voluntary Liquidation)

*Joint Liquidators' Progress Report for the period from 3 May 2022 to
2 May 2023*

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1. Introduction

This Progress Report provides an update on the Liquidation of the Company. It should be read in conjunction with the Joint Liquidators' previous progress report.

For details regarding the background to the appointment of the Joint Liquidators, please refer to the Directors' Report to Creditors dated 2 April 2021.

The Joint Liquidators have also explained their future strategy for the Liquidation and how likely it is that they will be able to pay each class of Creditor.

You will find other important information in this Progress Report such as the costs the Joint Liquidators have incurred.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 7.

2. Progress of the Liquidation

This section provides an update on the Joint Liquidators' strategy for the Liquidation and progress during the Reporting Period.

2.1 Intercompany Debtors

As detailed in the Directors' Report to Creditors, the Joint Liquidators were made aware of a significant intercompany debt due to the Company from AMS, a subsidiary of the Company. Following further investigation by the Joint Liquidators, the balance outstanding was confirmed as £51,122,520 and a claim was submitted in the Administration of AMS to rank as a unsecured claim for dividend purposes.

A Prescribed Part dividend was declared in the AMS Administration during the previous reporting period, and a dividend of £315,809 was received in respect of the claim submitted.

There are no further realisations anticipated from this source.

2.2 Statutory and Compliance Matters

Certain work has been performed solely to comply with statutory and compliance requirements. Whilst many of these tasks do not have a direct benefit in enhancing realisations, they assist in the efficient compliant progress of the Liquidation, ensuring that work is carried out to a high professional standard.

Such matters in this period cover, but are not limited to, certain aspects of reporting to Creditors, preparation of fee estimates, cashiering (including submission of VAT and tax returns and preparation of receipts and payments accounts), bonding, case reviews, the management of the Company's former pension scheme and general case management.

There are no other known assets to be dealt with in respect of the Company and as such, it is anticipated that there will be no further asset realisations.

2.3 Investigations

During the Reporting Period, no matters requiring further Investigations have arisen. The Joint Liquidators will continue to monitor this and will take action when necessary.

3. Outcome for Creditors

3.1 Secured Creditors

According to the information lodged at Companies House, a debenture incorporating fixed and floating charges is registered in favour of Midcap which was originally created on 5 April 2019.

It should be noted that on 15 March 2021, this security was assigned to Pangaea as part of a wider transaction for the Thermal Management business. As a result of this, Midcap has been repaid in full and Pangaea has assumed all the same security rights that existed in favour of Midcap. The outstanding liability due to Pangaea at the date of assignment was £5,028,479.

It is currently anticipated that based on the level of asset realisations to date, that there will be insufficient funds to enable any distributions to Pangaea from the Liquidation.

3.2 Preferential Creditors

Employees

The Company operated as a holding company for the wider Arlington Group and did not employ any staff, therefore no Primary Preferential claims have been received.

HMRC

According to the Company records, it is understood that there are no amounts outstanding in respect of Secondary Preferential claims.

3.3 Unsecured Creditors

Based on the Directors' SOA, the Unsecured Creditors of the Company totalled £13,718,922.

Unsecured Creditor claims received to date total £16,213,951.

Based on current information, it is not anticipated that there will be sufficient realisations to enable a distribution to the Unsecured Creditors of the Company, other than via the Prescribed Part as detailed below.

3.4 Prescribed part

According to the information lodged at Companies House, there is an unsatisfied floating charge against the assets of the Company delivered on 15 April 2019 and as such, the Prescribed Part provisions apply. A dividend to Unsecured Creditors was previously declared payable on and after 31 January 2022. The total amount of the prescribed part dividend was £63,160.

Please note, no further Prescribed Part distributions have been made since the last progress report and it is not anticipated that there will be sufficient funds to enable any further distributions.

4. Joint Liquidator's Receipts and Payments account

A detailed Receipts and Payments account for the period is shown in Appendix 2 together with a cumulative account for the whole of the Liquidation.

During the Reporting Period, the only significant payment was a payment of £15,547 to Arlington Management Services Limited, paid from the dividend received from ADC which was received in error into the estate account.

5. Fees, Expenses and Pre-Liquidation costs

5.1 Joint Liquidator's Remuneration

The Joint Liquidators are yet to seek the approval from the general body of Creditors in respect of their post appointment time costs, and therefore the Joint Liquidators have not received any remuneration in respect of time costs.

Time has been charged in six-minute units. Details of the time charged for the Reporting Period are attached at Appendix 4.

Time costs incurred in the Reporting Period total £3,413, which represents 14 hours at an average hourly rate of £244.

In accordance with SIP 9, the Joint Liquidators have provided further narrative detail of the time costs incurred at Appendix 5.

It is anticipated that a further £5,000 will be incurred in time costs in bringing the Liquidation to a formal conclusion.

5.2 Expenses

Expenses are any payments from the Liquidation which are neither a Liquidator's remuneration nor a distribution to a Creditor or Member. Expenses also include disbursements. Disbursements are payments which are first met by the Liquidator and then reimbursed to the Liquidator from the Liquidation.

Expenses are divided into those that do not need approval before they are charged to the Liquidation (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Liquidator.

Category 2 expense are payments to associates or which have an element of shared costs and require approval from Creditors in the same manner as the Liquidator's remuneration, whether paid directly from the estate or as a disbursement.

The Receipts and Payments account in Appendix 2 also details the expenses incurred and paid for the reporting period and the whole of the Liquidation to date.

In the Reporting Period, no additional expenses were incurred.

5.3 Pre-Liquidation Remuneration

Pre-Liquidation costs are fees, charges and expenses incurred by the Joint Liquidators or their firm, or another person qualified to act as an insolvency practitioner before the Company entered Liquidation but with a view to it doing so.

The amount due to Kroll for assistance in placing the Company into Liquidation including arranging the members' meeting / decision by correspondence and for assistance to the Directors is £15,000 plus any

relevant disbursements and applicable VAT. These fees are proposed to be taken from the realisations of the Company's assets.

As detailed previously, the Joint Liquidators are yet to seek approval in respect of their time costs which will be sought from the relevant body of Creditors in the next reporting period.

7. Creditors' Rights

Information regarding the fees and expenses of Liquidators, including the rights to challenge such costs, are attached at Appendix 6.

8. Conclusion

Creditors will receive formal reports annually until the conclusion of the Liquidation. It is currently anticipated that the Liquidation will be concluded within the next three months and as such the next Progress Report to Creditors will be the final report.

In the meantime, should any further information be required please contact Matthew Dunnill of this office.



James Saunders
Joint Liquidator

Appendix 1 – Statutory information

Company information

Company and trading name	Arlington Industries Group Ltd	
Date of incorporation	21 October 2013	
Registered Number	08741590	
Company Directors	Mark Franckel Geoffrey Hamlin Beth Michelson Paul Pizzani	
Shareholders	Pangaea Two Acquisition Holdings Viii LLC	
Trading address	Suite 15b Manchester International Office Centre, Styal Road, Manchester, United Kingdom, M22 5WB	
Registered office	Current: C/O Kroll Advisory Ltd The Chancery 58 Spring Gardens Manchester M2 1EW	Former: Suite 15b Manchester International Office Centre, Styal Road, Manchester, M22 5WB
Any Other trading names	N/A	

Statement of Affairs		From 03/05/2022 To 02/05/2023	From 03/05/2021 To 02/05/2023
£		£	£
	ASSET REALISATIONS		
	Bank Interest Gross	621.73	666.07
	Dividends Received	(15,547.21)	315,809.38
450,000.00	Eversheds Client Account Monies	NIL	748.33
	Intercompany Debtor	NIL	NIL
		(14,925.48)	317,223.78
	COST OF REALISATIONS		
	Bank Charges	1.75	34.95
	Legal Fees	NIL	623.61
	Stationery & Postage	NIL	80.92
		(1.75)	(739.48)
	FLOATING CHARGE CREDITORS		
(3,898,370.50)	Cartesian Capital Group	NIL	NIL
	Pangaea Two Acquisition Holdings VIII	NIL	237,650.00
		NIL	(237,650.00)
	UNSECURED CREDITORS		
(585,686.71)	Prescribed Part Dividend of 0.62p in £	NIL	52,294.00
		NIL	(52,294.00)
(4,034,057.21)		(14,927.23)	26,540.30
	REPRESENTED BY		
	Floating/main current account		26,399.40
	VAT receivable		140.90
			26,540.30

Appendix 3 – Analysis of Expenses Incurred

Joint Liquidators' Expenses: Category 1 and Category 2

Category 1 Expenses			Current period		Cumulative period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)	Incurred (£)	Paid (£)
AON UK Limited	Statutory bond premium	Fixed fee	-	-	225	225
Accurate Mailing Services	Stationery and Postage	As incurred	-	-	183	183
Eversheds Sutherland	Legal Fees	Fixed Fee	-	-	623	623
Courts Advertising Limited	Statutory Advertising	Fixed fee	-	-	298	298
Total			-	-	1,329	1,329

Notes

The above costs exclude VAT

There have been no further Category 1 expenses within the Reporting Period.

There have been no category 2 expenses.

The Joint Liquidators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.

Kroll Advisory Ltd, being the employer of the Liquidator and the staff working on the liquidation, is considered an associate of the Liquidator.

It is considered that these expenses are fair and reasonable and proportionate to the liquidation.

Appendix 4 – Analysis of time charged

Joint Liquidators' Fees

133597 ARLINGTON INDUSTRIES GROUP LIMITED

ANALYSIS OF LIQUIDATORS TIME COSTS FOR THE PERIOD 03/05/2022 to 02/05/2023

CVL-Creditors Vol Liquidation - Post Appt

Classification of Work Function	Hours					Total Hours	Time Cost £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant	Support			
Administration and Planning								
Cashiering & accounting	0.00	0.20	0.00	0.20	0.00	0.40	119.00	297.50
Statutory matters (Meetings & Reports & Notices)	0.00	1.30	0.00	0.00	0.00	1.30	592.00	455.38
Strategy planning & control (incl engagement financial control)	0.00	0.00	0.00	0.10	0.00	0.10	15.00	150.00
Total Hours:	0.00	1.50	0.00	0.30	0.00	1.80		403.33
Total Fees Claimed: £	0.00	681.00	0.00	45.00	0.00		726.00	

133597 ARLINGTON INDUSTRIES GROUP LIMITED

ANALYSIS OF TIME COSTS FOR THE PERIOD 03/05/2022 to 02/05/2023

ZCO-Closings

Classification of Work Function	Hours					Total Hours	Time Cost £	Avg Hourly Rate £
	Managing Director	Manager	Senior	Assistant	Support			
Case Specific Matters								
Closings	0.00	0.30	0.00	0.00	0.00	0.30	153.00	510.00
General Administration	0.00	0.40	0.00	7.25	0.00	7.65	1,518.50	198.50
Reviewing	0.00	0.40	0.00	0.00	0.00	0.40	176.00	440.00
Statutory Matters	0.00	0.00	0.00	3.00	0.00	3.00	750.00	250.00
Treasury Matters	0.00	0.20	0.00	0.00	0.00	0.20	89.00	445.00
Total Hours:	0.00	1.30	0.00	10.25	0.00	11.55		232.60
Total Fees Claimed: £	0.00	574.00	0.00	2,112.50	0.00		2,686.50	

Appendix 5 – Narrative of work carried out for the period to 2 May 2023

SIP 9 narrative for the Reporting Period

Administration and planning	<ul style="list-style-type: none">• Monitoring and reviewing the Liquidation strategy;• Briefing staff on the Administration strategy and matters in relation to workstreams;• Regular case management and reviewing of process including regular team update meetings and calls;• Meeting with management to review and update strategy and monitor progress;• Reviewing and authorising junior staff correspondence and other work;• Dealing with queries arising during the 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; and• Complying with internal filing and information recording practices, including documenting strategy decisions.
Statutory Matters and compliance	<ul style="list-style-type: none">• Ensuring compliance with all statutory obligations within the relevant timescales;• Uploading information to the Creditors' Website;• Drafting and publishing progress reports;• Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9; and• Monitoring the expenses estimate.
Cashiering	<ul style="list-style-type: none">• Preparing statutory receipts and payments accounts;• Renewing bonding and complying with statutory requirements;

Appendix 6 – Statement of Creditors' rights

Rule numbers refer to Insolvency (England & Wales) Rules 2016 (as amended)

Section or paragraph numbers refer to Insolvency Act 1986

If you require a copy of any relevant rule or section, please contact Ellie Clark at Ellie.Clark@kroll.com.

Information for Creditors on remuneration and expenses of Liquidators

Information regarding the fees and expenses of Liquidators, including details of Kroll's expense policy and hourly charge out rates for each grade of staff that may undertake work on this case, can be viewed and downloaded from the Kroll website at:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>

Click on the document - Creditor Guides (amended for changes introduced by the Insolvency (England & Wales) Rules 2016 from 6 April 2017) – Administrations.

Should you require a copy (at no cost), please contact this office.

Creditors' requests for further information

If you would like to request more information about the Joint Liquidators' remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from Unsecured Creditors must be made with the concurrence of at least 5% in value of Unsecured Creditors (including, the Unsecured Creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of the Joint Liquidators' remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications are by Unsecured Creditors (including the Unsecured Creditors making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Matthew Dunnill at Kroll Advisory Limited, The Chancery, 58 Spring Gardens, Manchester, M2 1EW.

Appendix 7 – Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
ADC	Aim Design Co. Limited (Company Number: 04752004)
AMS	Arlington Management Services Limited
the Appointment Date	3 May 2021, being the date of appointment of the Joint Liquidators
BEIS	Department for Business, Energy & Industrial Strategy
Category 1 Expenses	The Joint Liquidators' expenses, in dealing with the Liquidation, to persons providing the service to which the expense relates and who are not an associate of the Liquidator. These expenses can be paid without prior approval
Category 2 Expenses	The Joint Liquidators' expenses, in dealing with the Liquidation, to associates or where there is an element of shared costs. Such expenses require approval by Creditors before payment
the Company	Arlington Industries Group Ltd (In Liquidation) (Company Number: 08741590)
the Directors	Mark Franckel, Geoffrey Hamlin, Beth Michelson, Paul Pizzani, together the Directors of the Company
HMRC	HM Revenue and Customs
the Joint Liquidators	James Saunders and Allan Graham of Kroll Advisory Ltd. The Chancery, 58 Spring Gardens, Manchester, M2 1EW, Office telephone: 0161 827 9000
Midcap	Midcap Financial (Ireland) Limited
Pangaea	Pangaea Two Acquisition Holding VIII, LLC
the Reporting Period	The period from 3 May 2022 to 2 May 2023
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses
SOA	Statement of Affairs, documentation supplied by the Director outlining the Company's financial position as at the Appointment Date