

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192 of the Insolvency Act 1986

To the Registrar of Companies

Company Number

02528061

Name of Company

CLS Fabrication Limited

I / We

M D Hardy, 35 Ludgate Hill, Birmingham, B3 1EH

the liquidator(s) of the company attach a copy of my/our Progress Report under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 19/08/2015 to 18/08/2016

Signed M. D. Hardy Date 17-10-16

Poppleton & Appleby
35 Ludgate Hill
Birmingham
B3 1EH

Ref C10P/MDH/GJB/MGM/JS/LG

WEDNESDAY



A04 19/10/2016 #85
COMPANIES HOUSE

Estate Bank A/c Non Interest Bearing
Vat Control Account

60,243 95
5,957 87

66,201 82

M. D. Hardy

M D Hardy
Liquidator

**TO ALL MEMBERS, CREDITORS AND
THE REGISTRAR OF COMPANIES**

Our Ref MDH/GJB/MGM/JS/LG/C10P/CVLL259
17 October 2016

Dear Sirs

CLS Fabrication Limited - In Creditors' Voluntary Liquidation ("the Company")
Registered Office Address: 35 Ludgate Hill, Birmingham, B3 1EH
Company Registration Number: 02528061

I am pleased to provide my Annual Progress Report in the above matter. Please note that I was appointed as Liquidator of the Company on 19 August 2015 and now report following the end of the first year of my appointment.

Receipts and Payments Account

I attach my Receipts and Payments Account for the current reporting period from 19 August 2015 to 18 August 2016.

Fixed Charge Assets

There are no assets that fall under a Fixed Charge in the Liquidation.

Unencumbered Assets

The Company's assets were professionally valued by Kumar & Co, a firm of Agents and Valuers accredited by the Royal Institute of Chartered Surveyors, to provide an estimated to realise figure.

Asset Subject to Finance

The Company owned a panel saw cutter subject to a hire purchase agreement with Deutsche Leasing Limited ("DLL"). At the outset, my Agents had valued the saw at £22,000 whereas the outstanding finance stood at £19,924 and therefore the prospects of equity were marginal.

However, I was contacted by an interested party shortly after appointment who expressed a serious and credible interest in the saw. My Agents spent a significant amount of time negotiating a sale which was agreed in the sum of £26,000, resulting in expected equity of £6,000. However the interested party failed to complete the purchase.

The interested party then attempted to bid for the saw in the online auction (see below) but at an amount below the reserve and below the sum required to settle the finance. The interested party eventually approached DLL direct and we understand a sale was concluded between them. Although we do not have details of the sale, our understanding is, it was at a level sufficient to discharge the debt due to DLL.

Continued



Plant and Machinery

The Company owned various plant and machinery as would be associated with a business of this nature

An independent valuation of the plant and machinery has been undertaken by Agents and a forced sale value of £18,000 has been provided for the purposes of the Statement of Affairs

As advised, I instructed Kumar and Co, to deal with the sale of the plant and machinery This was achieved by way of a public online auction held on 8 October 2015

I am pleased to report that the auction achieved a total sale value of £23,603 which compares favourably to a valuation of £18,000 at the commencement of the Liquidation

Book Debts

At the date of appointment there were outstanding debts with a book value of £162,470 which related to 27 outstanding accounts It was believed that the majority of these balances would be recoverable with an estimated to realise figure of £129,676, as provided by the Directors

I have achieved realisations of £72,296 to date in settlement of 15 accounts in full and a further account has been settled after issuing a credit note for £78

The remaining accounts are all subject to dispute for a variety of reasons, whilst the Company was not a contractor, it was in the business of supplying building contractors with materials and also provided a fitting service As a result, the larger accounts are with contractors and the disputes we are dealing with are those we would expect in commercial contract situations, with complaints as to material supplied, defects where fitting was provided and requests for copy ledgers, delivery notes, purchase orders etc

In order to deal with these disputes, I was reliant on the assistance of the Company's former Director, Mr Harold Godfrey However, Mr Godfrey has suffered health issues since the commencement of the Liquidation and was unavailable to help me for a significant period Mr Godfrey has been able to assist me more recently and has provided information and clarification to rebut the various disputes

The information provided by Mr Godfrey has been passed to The Wilkes Partnership, Solicitors and we continue to engage with the debtors to resolve the disputes However, the levels of any further realisations are currently uncertain due to the ongoing disputes

I will update Creditors further in my subsequent progress reports

Cash at Bank

At the date of appointment, there were funds held to the credit of the Company, totalling £20,642 in two separate accounts held by Bank of Scotland ("BOS") and Barclays, each bank holding circa £10,000 Prior to Liquidation, we contacted both banks on behalf of the Directors and requested the accounts be frozen immediately and both banks acted on those instructions

Following appointment, we requested both banks remit the respective credit balances However, the funds were not remitted on my first request and whilst these matters are now resolved, it has taken some considerable time to achieve payment of these funds as set out in more detail below

Continued



Firstly, Barclays did not respond to the three letters sent and numerous calls made by me and my staff requesting the remittance. I subsequently received an apology from Barclays for not having actioned the requests and funds of £8,851.33 were subsequently received on 21 January 2016.

With regard to BOS, on making the request for the remittance, BOS advised there was an anomaly in the account name and declined to release the funds. It transpires there were two accounts on their system, one being CLS Fabrications Limited and the other being CLS Fabrication **Plc**. Suffice to say, we identified the former as a company that was dissolved a number of years ago and the latter is the account operated by BOS for many years.

It had taken some considerable time for BOS to conclude that the latter account was the correct account and related to the company now in Liquidation.

Following a further review of the account, BOS accepted that the anomaly arose out of an error on the part of BOS when the account was set up.

Funds of £11,131 were subsequently remitted to the Liquidation account on 20 June 2016.

Cash in Hand

Prior to my appointment, the sum of £1,236 was held to the order of the Company by Poppleton and Appleby and this sum was paid over into the Liquidation account immediately on appointment.

Sundry Refunds

Refunds have been recovered from Warwickshire District Council in the sum of £1,191 and a further £35 from E On Energy plc.

No other material refunds are anticipated.

Unsold / Unrealised Assets

I can confirm that there are no assets which remain unrealised at this time other than the ongoing collection of the remaining book debts.

Investigation

I would confirm that enquiries have been undertaken into the affairs of the Company to establish any potential asset recoveries or conduct matters that may justify further investigation, taking into account relevant factors including public interest, the presence and / or value of any potential recoveries, the costs involved and the likelihood of available funds to support an investigation.

Having concluded my initial enquiries, no matters have come to light which justify further investigation in the circumstances of this appointment.

In accordance with my statutory duties I am required, within six months of my appointment, to submit a confidential report to the Secretary of State in relation to the conduct of any past or present Director. I would confirm that my report has been submitted in satisfaction of this requirement.

Continued

Costs of Liquidation

Landlord

In order to secure the cooperation of the Landlord (an independent pension fund owns the property and we dealt with their property management agents) and facilitate the sale and removal of the plant and machinery, it was necessary to agree to the payment of rent. The premises were of a very significant size comprising three units (approximately 16,500 square feet) and the property costs were therefore high. The total settlement with the Landlord amounted to £11,373 and covered the period from the commencement of the Liquidation to the end of November 2015 at which point the property had been cleared. On vacating the premises, we filed a notice of disclaimer.

Wages

The sum of £2,045 has been paid in wages. This expense was incurred in the period immediately prior to the Liquidation and the cost was discharged in accordance with the resolutions passed at the first meeting of Creditors.

Pension Scheme

We have also spent some time dealing with the formalities of replacing the existing Trustees (the Directors) of the Pension scheme with new Trustees. This included a review of the documentation and liaising with the Directors' to secure confirmation of their written agreement to resignation as Trustee as this had not been obtained prior to the documentation being sent to us.

In addition, we have also worked with the new Trustees to assist in formulating a claim against the Redundancy Payments Office.

Professional Fees

Professional Advisors have been engaged to provide assistance during the course of the Liquidation.

A summary setting out further details including the scope of their engagement, fees paid and future costs anticipated is attached at Appendix A.

The choice of professionals used is based on their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they have been reasonable in the circumstances of the case.

Liquidator's Remuneration

The costs of the Liquidation paid to 18 August 2016 are detailed on the attached Receipts and Payments Account.

The time costs incurred during the current reporting period from 19 August 2015 to 18 August 2016 amount to £28,185 which equates to 160 hours at an average charge out rate of £176 per hour. During this period, fees of £19,000 have been drawn.

The basis for drawing my fees and expenses were initially approved by Creditors on a time cost basis at a meeting of Creditors held on 19 August 2015. Full details relating to the content of resolutions in this regard have been circulated previously.

Continued



Following my appointment, I was contacted by the Pension Protection Fund ("PPF") who are the largest Unsecured Creditor in the Liquidation by virtue of the shortfall due to the Company Pension Scheme. During the course of the Liquidation, I have provided ongoing updates to the PPF in addition to providing two reports with regard to the progress of the Liquidation and the level of costs incurred. I can advise that my fees of £19,000, have been drawn with the consent of the PPF.

I would confirm that this Firm's Statement of Affairs fee of £10,000 has been settled. The drawing of this fee and the basis of charge was approved at the initial meeting of Creditors and subsequently ratified by the PPF.

I believe that the other costs of the procedure are self-explanatory. However, if any further explanation is required I would be only too happy to provide it upon request.

I attach at Appendix B, a schedule of the routine work undertaken by a Liquidator in a Creditors' Voluntary Liquidation procedure, for your information.

In accordance with Statement of Insolvency Practice 9, I attach a detailed analysis of time spent on the Liquidation for the period from 19 August 2015 to 18 August 2016.

Outcome for Creditors

Fixed Charge Creditor(s)

There are no Fixed Charge Creditors in the Liquidation.

Preferential Creditors

The position as regards Preferential Creditors can be summarised as follows:

Number of Preferential Creditor Claims Received to Date	Estimated Statement of Affairs Value of Preferential Claims	Value of Preferential Creditor Claims Received To Date
Nil	£12,035	TBC

Preferential Creditors will be settled in full, subject to receiving the final claim from the Redundancy Payments Office ("RPO"). I understand there may be a delay in the RPO confirming the final figure, whilst the claim of the new Pension Trustee's claim for outstanding premiums and fees are finalised. The claims of the Preferential Creditors can be settled as soon as this claim is received and agreed.

No further dividend to Preferential Creditors will be payable. I can also confirm that no interest will be paid on these claims.

Floating Charge Creditor(s)

There are no Floating Charge Creditors in the Liquidation.

Outcome for Floating Charge Creditor(s) and The Prescribed Part

Provisions within the insolvency legislation require a Liquidator to set aside a percentage of any amounts available to a Floating Charge holder, for the benefit of the Unsecured Creditors, in cases where the Company granted the Floating Charge on or after 15 September 2003. This is known as the "Prescribed Part" of the net property.

Continued



A Company's "net property" is that left after paying the Preferential Creditors, but before paying the lender who holds a Floating Charge (after deducting the associated Liquidation costs) Details of how much a Liquidator must set aside under the Prescribed Part have previously been circulated

As there is no Floating Charge Creditor in the Liquidation the Prescribed Part provisions do not apply in this matter

Unsecured Creditors

The position as regards Unsecured Creditors can be summarised as follows

Creditor	Estimated Statement of Affairs Value of Unsecured Claims (£)	Number of Claims Received to Date	Value of Unsecured Creditor Claims To Date (£)
Trade Creditors	111,010	17	51,319
Crown Departments	24,828	Nil	TBC
Employee Claims	99,742	Nil	TBC
Pension Scheme Shortfall	637,000	1	1,244,000
Totals	872,581	18	1,295,319

In view of the level of funds currently held, there will be a distribution to the Unsecured Creditors, however the dividend rate will only be quantified when asset realisations and final level of costs have been concluded

In view of this, it is my intention to make an interim distribution to the Unsecured Creditors following settlement of the preferential claims I will submit a Notice of Intended Dividend to Creditors shortly, subject to receipt of the claim of the RPO

Conclusion

As described herein, there are a number of matters which remain ongoing at the time of this report I will continue to progress those matters and to satisfy my statutory functions with a view to bringing the Liquidation to a close upon resolution of the same Further information will be circulated to Creditors in due course

I have attached at Appendix C, a Statement of Creditors rights in relation to these proceedings

If you should require any further information concerning this Liquidation then please do not hesitate to contact me or my Case Manager, Garry Baxendale

Yours faithfully
For and on behalf of
CLS Fabrication Limited

M. D. Hardy
M D Hardy
Liquidator

ROUTINE WORK ORDINARILY UNDERTAKEN IN MEMBERS AND CREDITORS VOLUNTARY LIQUIDATIONS

1. Administration & Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence, e mails and telephone calls
- Maintaining physical case files and electronic case details in our computerised systems
- Review and storage
- Case bordereau reviews and maintenance
- Case planning and administration
- Case reviews
- Preparing reports to interested parties
- Convening and holding meetings of members and creditors and, where appropriate, the Committee

2. Cashiering

- Maintaining and managing the Liquidator's cashbook and bank account(s)
- Ensuring statutory lodgements and taxation affair obligations are met

3. Creditors

- Dealing with creditor correspondence, e mails and telephone calls
- Preparing reports to Creditors and other interested parties
- Maintaining Creditor information within our computerised systems
- Reviewing and adjudicating upon proofs of debt received from Creditors

4. Investigations

- Review and storage of books and records
- Preparing a report pursuant to the Company Directors Disqualification Act (Not in a Members Voluntary Liquidation)
- Conduct investigations into suspicious transactions
- Reviewing books and records to identify any transactions or actions a Liquidator may take against a third party in order to recover funds for the benefit of Creditors

5 Realisation of Assets

- Corresponding with debtors (where appropriate) and attempting to collect outstanding book debts
- Liaising with the Company's bank regarding the closure of the accounts(s)
- Employment of Agents and Solicitors where appropriate to assist in dealing with the above

STATUTORY DISCLOSURE REQUIREMENTS

Legislative requirements state that when an Insolvency Practitioner reports to Members and Creditors, there are certain statutory statements he must make. In order to fully comply with these conditions, we have set out below the statements which apply in these proceedings in this Appendix, rather than in the report itself, with the intention of keeping the report informative for Members and Creditors who are more likely to be interested in the practical points arising in the insolvency.

The statement which forms part of this statutory report which also needs to be considered along with it is as follows -

- Please note that no funds have been held with the Insolvency Services Account at any time during the Liquidation, therefore, it has been neither possible nor necessary to reconcile this account with the Secretary of State.

Comments as Regards Liquidator's Remuneration -

- For further information with regards to this Firm's policy on fees and disbursements as well as general guidance regarding a Liquidator's fees in a Creditors' Voluntary Liquidation, you may download a Creditors' Guide to Fees on our website at www.poppletonandappleby.co.uk and choose the following options: Creditors Login, Creditors' Guidance Notes, then choose either, A Creditors' Guide to a Liquidator's Fees or Members' Guidance Notes to Fees then choose A Members' Guide to A Liquidator's Fees Effective from November 2011.
- Creditors/Members have a right to request further information regarding my fees and expenses if they meet certain statutory criteria, details of which are set out below. Such a request should be made within 21 days of receipt of this report. To exercise this right Unsecured Creditors/Members either need the permission of the Court or the agreement of 5% or more of the total Unsecured Creditors/Members (including the Creditor/Member instigating this process). Secured Creditors have identical rights. Details of this right can be found on our website at www.poppletonandappleby.co.uk, choose either, A Creditors' Guide to a Liquidator's Fees or, A Members' Guide to A Liquidator's Fees Effective from November 2011 and Practice Fee Recovery Policy for Poppleton & Appleby and Statutory Disclosure for Liquidations, Liquidator's Remuneration – Statutory Disclosure. A hard copy of these Rights can be provided upon written request.
- Creditors/Members also have a right to appeal the level of my fees and expenses to the Court if they meet certain statutory criteria, details of which are set out below. Such an application must be made within 8 weeks of receipt of this report. To exercise this right Unsecured Creditors/Members either need the permission of the Court or the agreement of 10% or more of the total Unsecured Creditors/Members (including the Creditor/Member instigating this process). Secured Creditors have identical rights. Details of this right can be found on our website at www.poppletonandappleby.co.uk, and choose either, A Creditors' Guide to a Liquidator's Fees or, A Members' Guide to A Liquidator's Fees Effective from November 2011 and Practice Fee Recovery Policy for Poppleton & Appleby and Statutory Disclosure for Liquidations, Liquidator's Remuneration – Statutory Disclosure. A hard copy of these Rights can be provided upon written request.

APPENDIX A

CLS Fabrication Limited – In Creditors Voluntary Liquidation

Summary of Professional Costs

Firm Name	Scope of Work	Agreed Fee Structure	Budgeted Costs £	Fees Paid £	Unbilled Costs and Disbursements (WIP C/F) £	Estimated Future Costs £	Current Budgeted Costs (C/F) £
Kumar & Co	Conducting a valuation of the Company's Plant and Machinery and sale via online auction	Time Costs and Disbursements	6,000	5,563	Nil	Nil	5,563
The Wilkes Partnership	Legal assistance with debtor collection	Time Costs and Disbursements	3,000	Nil	1,100	1,900	3,000
Totals			9,000	5,563	1,100	1,900	8,563

Notes.

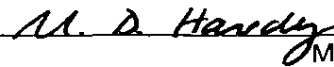
The choice of professional engaged is based on their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they have been reasonable in the circumstances of the case.

CLS Fabrication Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments
To 18/08/2016

S of A £		£	£
	HP ASSETS		
22,000 00	Panel Cutter Saw	NIL	
(19,923 79)	Deutsche Leasing Ltd	NIL	
			NIL
	ASSETS NOT PLEDGED		
1,236 00	Cash in Hand	1,236 00	
20,642 00	Cash at Bank	19,882 35	
18,000 00	Plant & Machinery	23,603 00	
NIL	Office Furniture & Equip	NIL	
	Petty Cash	121 69	
129,976 28	Book Debts	72,295 69	
	Sundries	1,225 59	
			118,364 32
	COST OF REALISATIONS		
	Agents Disbursements	2,721 99	
	Agents Costs	5,563 64	
	Quantity Surveyors Fees	5 85	
	Statutory Advertising	505 16	
	Statement of Affairs Fee	10,000 00	
	Stationery, Printing & Carriage	66 56	
	Specific Bond	402 50	
	Bank Charges & Interest	5 00	
	Rent & Rates	11,372 84	
	Storage Costs	20 00	
	Re-Direction of Mail	160 00	
	Motor Expenses	294 45	
	Wages	2,044 51	
	Liquidators Fees	19,000 00	
			(52,162 50)
	PREFERENTIAL CREDITORS		
(12,035 53)	Accrued HP - Employees	NIL	
			NIL
	UNSECURED CREDITORS		
(111,010 35)	Trade & Expense Creditors	NIL	
(10,358 26)	HM Revenue & Customs - PAYE/NIC/	NIL	
(14,470 53)	HM Revenue & Customs - VAT	NIL	
(99,742 60)	Employees	NIL	
(637,000 00)	Pensions Scheme Shortfall	NIL	
			NIL
	DISTRIBUTIONS		
(25,000 00)	Ordinary Shareholders	NIL	
			NIL
(737,686 78)			66,201.82

**CLS Fabrication Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments
To 18/08/2016**

S of A £	£	£
REPRESENTED BY		
Estate Bank A/c Non Interest Bearing		60,243 95
Vat Control Account		5,957 87
		<u>66,201 82</u>


M D Hardy
Liquidator

Time Entry - Detailed SLP9 Time & Cost Summary

C10P - CLS Fabrication Limited
 From 19/08/2015 To 18/08/2016
 Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	0.00	3.10	0.00	2.00	5.10	704.50	138.14
101 Case planning	0.20	0.00	0.00	0.00	0.20	59.00	293.00
103 Appointment notification	0.50	0.00	1.50	0.00	2.00	367.50	193.75
104 Maintenance of records	0.20	0.60	0.00	0.00	0.80	176.00	220.00
105 Statutory reporting	1.20	0.00	0.00	0.00	1.20	354.00	295.00
107 Case Monitoring	0.00	0.00	19.90	0.00	19.90	3184.00	160.00
Administration & Planning	2.10	3.70	21.40	2.00	29.20	4865.00	166.61
600 Case Specific	0.40	0.00	0.00	0.00	0.40	118.00	295.00
Case specific matters	0.40	0.00	0.00	0.00	0.40	118.00	295.00
500 Creditors	1.70	5.40	13.60	0.00	20.70	3730.50	180.22
501 Communication	2.70	0.00	7.30	0.00	10.00	1964.50	196.45
502 Clients inc emp prets	0.80	0.00	0.00	0.00	0.80	236.00	295.00
503 Report/secured creditor	0.00	2.40	0.00	0.00	2.40	468.00	195.00
Creditors	5.20	7.80	20.90	0.00	33.90	6,359.00	188.76
200 Investigations	0.00	0.50	1.50	0.00	2.00	337.50	168.75
202 CODA reports	0.50	0.00	1.60	0.00	2.10	403.50	192.14
Investigations	0.50	0.50	3.10	0.00	4.10	741.00	180.73
300 Realisation of assets	3.40	9.40	1.70	0.00	14.50	3040.00	209.66
303 Debt collection	0.50	19.70	30.30	0.00	50.50	8461.00	167.54
304 Sale of prop bus and ass	0.00	0.00	6.80	0.00	6.80	968.00	142.35
305 Legal matters	0.00	9.10	2.00	0.00	11.10	2094.50	188.69
Realisations of Assets	3.90	38.20	40.80	0.00	82.90	14,563.50	175.68
402 Accounting for trading	0.00	0.00	0.80	0.00	0.80	128.00	160.00
403 On going employee issues	0.00	0.00	8.50	0.20	8.70	1370.00	157.47
Trading	0.00	0.00	9.30	0.20	9.50	1,498.00	157.68
Total Hours	12.10	50.20	95.50	2.20	160.00	28,184.50	176.15
Total Fees Claimed						19,000.00	

Time Entry - SLP9 Time & Cost Summary

Category 2 Disbursements

C10P - CLS Fabrication Limited
 Project Code POST
 From 19/08/2015 To 18/08/2016

Other amounts paid or payable to the office holders firm or to party in which the office holder or his firm or any associate has an interest

Transaction Date	Type and Purpose	Amount
30/11/2015	Motor Expenses Mileage	36.45
09/02/2016	Motor Expenses Mileage	64.50
09/02/2016	Motor Expenses Mileage	193.50
29/04/2016	Storage Apr 16 Storage	20.00
31/05/2016	Storage May 16 Storage	20.00
30/06/2016	Storage June 16 Storage	20.00
31/07/2016	Storage July Storage 2016	20.00
Total		374.45