

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

FRIDAY



A10 08/09/2017 #52  
COMPANIES HOUSE

### 1 Company details

Company number 00927686

Company name in full THE COVERDALE ORGANISATION  
LIMITED

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

### 2 Liquidator's name

Full forename(s) ELLEN

Surname BLACKBURN

### 3 Liquidator's address

Building name/number 56

Street PALMERSTON PLACE

Post town EDINBURGH

County/Region

Postcode EH12 5AY

Country SCOTLAND

### 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	3
---	---

d	0
---	---

m	0
---	---

m	8
---	---

y	2
---	---

y	0
---	---

y	1
---	---

y	6
---	---

To date 

d	2
---	---

d	9
---	---

m	0
---	---

m	8
---	---

y	2
---	---

y	0
---	---

y	1
---	---

y	7
---	---

**7** Progress report

☒ The progress report is attached

**8** Sign and date

Liquidator's signature

Signature

X

*Alan Burt*

X

Signature date

d	0
---	---

d	7
---	---

m	0
---	---

m	9
---	---

y	2
---	---

y	0
---	---

y	1
---	---

y	7
---	---

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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

SONYA STEVENSON

Company name

FRENCH OUNCAN

Address

56 PALMISTON PLACE

Post town

EDINBURGH

County/Region

Postcode

E14 1Z SA4

Country

DX

Telephone

0131 243 0144



**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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)

Our Ref EB/SJS/JM/CO0236CVLE/SED5  
Your Ref TO ALL KNOWN CREDITORS AND MEMBERS

**frenchduncan.**  
restructuring & debt advisory

56 Palmerston Place, Edinburgh EH12 5AY  
Tel: 0131 243 0199 Fax: 0131 467 5667  
busrecedinburgh@frenchduncan.co.uk  
www.frenchduncan.co.uk  
Legal Post: LP – 37 Edinburgh 2

7 September 2017

Dear Sirs

**THE COVERDALE ORGANISATION LIMITED - IN LIQUIDATION**  
**FORMER REGISTERED OFFICE: 20-22 BEDFORD ROW, LONDON, WC1R 4JS**  
**FORMER TRADING ADDRESS: 10 YORK PLACE, EDINBURGH, EH1 3EP**

## **1 Introduction**

- 1.1 I refer to the above and now write to update the creditors and members on the progress of the liquidation to date, following my appointment as liquidator on 30 August 2016.
- 1.2 This is my first report to creditors and members.

## **2 Receipts and Payments Account**

- 2.1 Attached at Appendix A is a summary of my Receipts and Payments to 29 August 2017.
- 2.2 You will note that I currently hold funds of £165,464.91
- 2.3 I am banking company funds with an authorised clearing bank and therefore on this occasion there is no account held by the Secretary of State with which to reconcile my accounts.

## **3 Assets**

### *Fixed Assets, Stock, IP and Work in Progress*

- 3.1 The fixed assets, stock, IP and Work in Progress were sold to Coverdale OD Limited for a total sum of £13,038.45. It should be noted in terms of SIP13 that these assets were sold to a connected party through a former employee of The Coverdale Organisation Limited who is the director of Coverdale OD Limited. Advice was taken from professional valuers on the offer made, and given the specific nature of the IP and Work in Progress, as well as additional costs that would have resulted from uplifting and auctioning the equipment, it was concluded this represented fair value for the assets.

### *Investments – Coverdale International Limited*

- 3.2 The directors had included an estimated to realise figure of £10,000 in the Statement of Affairs in relation to deferred ordinary shares held in Coverdale International Limited. Subsequent

investigations have determined that under a clause of Coverdale International's articles, the aggregate amount payable for the transfer of all shares is £1. The directors have confirmed that the figure of £10,000 used was therefore an error, based on the mistaken assumption of a value of £1 per share. I have sought legal advice on the matter, and it has been confirmed that this amount is therefore not recoverable.

*Investments – Coverdale China*

- 3.3 The Statement of Affairs included an estimated to realise figure of £25,000 in both investments and sundry debtors in relation to Coverdale China, totalling £50,000. The sum due relates to a license agreement signed in 2015 between Coverdale China and Coverdale International, the agreement stipulating that the sum of £50,000 is to be paid to the Coverdale Organisation in five equal instalments of £10,000, with a clause that allows the payment period to be extended up to a maximum of 10 years. There also appears to have been a verbal agreement that these sums would only become due once Coverdale China began to make a profit. I have sought legal advice on the position, and given that the contract is between Coverdale International and Coverdale China, and that the payment period could extend as long as 10 years, I have begun negotiations with the aim of reaching an early settlement. These negotiations are ongoing, and I will provide creditors with an update in my next report.

*Investments – Coverdale Team Management Deutschland*

- 3.4 The sum of £24,126.60 has been realised in relation to the sale of the company's shares held in Coverdale Team Management Deutschland, including a final dividend of £3,807.07 in relation to those shares.

*Book Debts*

- 3.5 I have pursued the outstanding company debtors, and payments totalling £55,893 have now been received. Two of the debtors on the book debt schedule, totalling £5,778, paid into the company bank account just prior and subsequent to the company entering liquidation. These sums are included in the "Cash at Bank" figure, and the book debt collection is therefore complete.

*Sundry Debtors*

- 3.6 The sum of £4,100 was anticipated in relation to sundry debtors, not taking into account the Coverdale China figure as discussed above. This sum has now been received, and is comprised of £1,500 in relation to the rent deposit, £600 from the Coverdale Ownership Trust, and £2,000 from Coverdale International.

*Cash at Bank and in hand*

- 3.7 The sum of £67,775.34 has been recovered from the company bank account.

*Other*

- 3.8 The sum of £605.44 has been recovered in relation to an insurance refund.

## **4 Creditors**

### *Preferential*

- 4.1 The Statement of Affairs provided by the directors did not include a figure for preferential creditors due to uncertainty over the level of holiday pay due to employees. Employee claims have now been calculated, and preferential claims are currently anticipated to be in the region of £11,849. I estimate that this class of creditor will receive a dividend of 100p in the £.

### *Ordinary*

- 4.2 The directors' statement of company history/reasons for failure highlighted that a major factor in the insolvency was the historic pension deficit. I have been in correspondence with the Pension Protection Fund ("PPF") since the commencement of the liquidation, and can advise that as the scheme has now transferred into the PPF, the PPF has submitted a claim in the sum of £1,358,500. I am in the process of collating the remaining ordinary claims, and at this stage am not in a position to estimate total claims or the likely dividend. If any creditor has not yet submitted their claim, I would invite them to do so.

## **5 Shareholders**

- 5.1 There is no prospect of a return to shareholders. Shareholders should inform their tax advisors accordingly.

## **6 Investigations**

My investigations into the company affairs have not revealed any potential recoveries that would be of benefit to creditors in addition to realisations in respect of the various assets mentioned above.

I am required to submit a "Report on the Conduct of Directors" to The Insolvency Service covering all directors who have served in the three years prior the commencement of the liquidation. This report has been duly submitted. The contents of this report are confidential and cannot be disclosed to creditors.

## **7 Liquidator's Remuneration**

### *Pre-appointment Fees*

- 7.1 I advised in the circular of 2 September 2016 that my firm's fee of £4,000 plus VAT for assisting with the meeting held under s98 of the Insolvency Act 1986, together with the fee of £4,000 plus VAT to Morris & Young for preparation of the Statement of Affairs, had been paid prior to the commencement of the liquidation. Further to discussions with the PPF, it was agreed that both of these fees be reduced to £3,000 plus VAT, and the surplus funds be returned to liquidation. These funds were paid directly back to the liquidation and are included in the "Cash at Bank" figure.

### *Post-appointment Fees*

- 7.2 I can advise that the written resolution issued with the directors' report on 2 September 2016 that fixed the basis of my remuneration and authorised me to draw sums on account on a time cost basis, up to the level of the fee estimate provided, was passed. The resolution originally authorised fees to be drawn up to a level of £18,500, and permitted the recovery of Category 2 disbursements. However, following discussions with the PPF, it was agreed that the fee

level authorised would be reduced by the irrecoverable VAT incurred on pre-appointment fees and expenses. The resolution was therefore amended, and fees have been authorised at £17,290.85. I can advise that my time costs to date are £24,912.50 which represents 194.8 hours of chargeable time by myself and my staff, at an average hours rate of 127.89. I have arranged for fees of £15,000 to be drawn this month, and I attach a detailed schedule of time costs incurred and their respective categories for comparison with my original estimate.

A copy of a Creditors' Guide to Liquidators' Fees can be located at the following website which provides information relating to Liquidators' remuneration <https://www.r3.org.uk/what-we-do/publications/professional/fees/liquidators-fees>

Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a creditor may request the liquidator to provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

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

If a creditor believes that the liquidator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). 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. If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company.

- 7.3 In terms of rules governing circulars to creditors, I am obliged to make reference to Statement of Insolvency Practice 9 ("SIP9") which deals with the remuneration of Insolvency Office holders in every circular. This is available to download on the R3 website: <https://www.r3.org.uk/what-we-do/publications/professional/statements-of-insolvency-practice/e-and-w>

You may request a hard copy of either of these document, as follows:

- In writing to the Sonya Stevenson at the above address; or
- By telephoning Sonya Stevenson on the above telephone number; or
- By emailing [businessrecovery@frenchduncan.co.uk](mailto:businessrecovery@frenchduncan.co.uk). Please ensure that the name of the debtor or insolvent company is clearly displayed in the email title. Include in the email the name of the creditor and your postal address if different to the address to which this letter has been sent.

#### 7.4 Expenses Incurred by the Liquidator

Statutory advertising and costs in relation to the registered office, storage of books and records and mail redirection have been paid, and are reflected in the Receipts and Payments account. I intend to draw Category 1 expenses in relation to transport to and from the trading site of £33, and category 2 disbursements of £118.30. A breakdown of these disbursements is included in the attached schedule.

I have been assisted in my duties by Shoosmiths LLP, solicitors based in Edinburgh, who have been paid £200 for legal advice provided in relation to the investment in Coverdale International Limited, as detailed above.

Conquest Wildman have been paid £220 for providing IT services in relation to the back up and wiping of the company server.

20/20 Trustees have been paid £250 in consulting fees in relation to a separate pension issue with regards to one of the former employees.

### 8 Other Matters

- 8.1 Creditors should be aware that all Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out professional work relating to an insolvency appointment. A full version of the code can be viewed at :

[http://www.frenchduncan.co.uk/media/90862/Insolvency\\_Code\\_of\\_Ethics.pdf](http://www.frenchduncan.co.uk/media/90862/Insolvency_Code_of_Ethics.pdf)

If you require a hard copy of the code please contact my colleague Sonya Stevenson at this office on 0131 243 0199 and request a copy.

In terms of EC regulation no 1346/2000 on insolvency proceedings, these proceedings are considered to be main proceedings, and the company is not known to have an establishment in any other member state.

- 8.2 Please be advised that creditors may elect to opt out of receiving further documents relating to the proceedings. A creditor has the right to elect to opt out of receiving further documents about the proceedings unless:

(i) the Act requires a document to be delivered to all creditors without expressly excluding opted-out creditors,

(ii) it is a notice relating to a change in the office-holder or the office-holder's contact details, or

(iii) it is a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Opting-out will not affect the creditor's entitlement to receive dividends should any be paid to creditors, and unless the Insolvency (England and Wales) Rules 2016 provide to the contrary, opting-out will not affect any right the creditor may have to vote in a decision procedure or to participate in a deemed consent procedure in the proceedings, although the creditor will not receive notice of it. A creditor who opts out will be treated as having opted out in respect of



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any consecutive insolvency proceedings of a different kind in respect of the same company or individual.

A creditor wishing to opt out must send written notice to my office of their request to do, authenticated and dated, and may at any time revoke the election to opt out by the same method.

Please note that creditors may also request for electronic delivery of documentation by contacting my office.

In the meantime, if you have any queries or wish to discuss any of the above, please do not hesitate to contact Sonya Stevenson on 0131 243 0199 at this office.

Yours faithfully



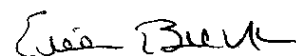
**Eileen Blackburn**  
**Liquidator**

Enc

Eileen Blackburn is licensed in the UK to act as an Insolvency Practitioner by the Institute of Chartered Accountants of Scotland

**The Coverdale Organisation Limited**  
**(In Liquidation)**  
**Liquidator's Summary of Receipts & Payments**

Statement of Affairs £		From 30/08/2016 To 29/08/2017 £	From 30/08/2016 To 29/08/2017 £
	ASSET REALISATIONS		
	Third Party Funds	3,045.75	3,045.75
4,000.00	Fixed Assets	4,000.00	4,000.00
10,000.00	Investments- Coverdale International L	NIL	NIL
50,000.00	Investments - Coverdale China	NIL	NIL
	Coverdale Ownership Trust	NIL	NIL
21,118.00	Investments-Coverdale Team Manage	24,126.60	24,126.60
6,000.00	Stock & IP	6,000.00	6,000.00
3,038.00	Work in Progress	3,038.45	3,038.45
57,968.00	Trade Debtors	55,893.03	55,893.03
4,100.00	Sundry Debtors	4,100.00	4,100.00
51,803.00	Cash at Bank	67,775.34	67,775.34
	Bank Interest Gross	31.71	31.71
	Insurance refund	605.44	605.44
	Sundries	1.51	1.51
		168,617.83	168,617.83
	COST OF REALISATIONS		
	Bordereau	312.00	312.00
	Section 98 Meeting Costs	3,045.75	3,045.75
	IT / Consultant Fees	470.00	470.00
	Legal Fees (1)	200.00	200.00
	Storage Costs	602.05	602.05
	Registered Office/ Re-Direction of Mail	265.92	265.92
	Statutory Advertising	388.54	388.54
		(5,284.26)	(5,284.26)
	UNSECURED CREDITORS		
(51,276.00)	Trade & Expense Creditors	NIL	NIL
(8,003.40)	Employees	NIL	NIL
(854,000.00)	Pension Liability	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(272,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(977,252.40)		163,333.57	163,333.57
	REPRESENTED BY		
	Vat Receivable		446.35
	Fixed Current A/c		165,494.91
	Vat Payable		(2,607.69)
			163,333.57



Eileen Blackburn  
Liquidator

The Coverdale Organisation Limited - In Liquidation

Time analysis 30/08/2016 to 29/08/2017

Classification of work function	Hours					Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Manager	Other Senior Professionals	Administrator, Assistants & Support Staff			
Administration & Planning	4.00	1.20	9.10	2.70	36.60	53.60	6,310.00	117.72
Investigations	0.80	0.00	15.50	20.00	3.10	39.40	6,179.00	156.83
Realisation of Assets	0.40	0.00	24.20	0.00	14.30	38.90	5,173.00	132.98
Creditors	1.00	0.00	10.30	0.00	34.50	45.80	4,750.50	103.72
Statutory Compliance	2.20	0.00	5.80	0.40	8.70	17.10	2,500.00	146.20
Total Hours	8.40	1.20	64.90	23.10	97.20	194.80	24,912.50	127.89

Category 1 expenses	Taxi fares	01/10/2016	24.69	
		01/11/2016	8.31	
				33.00
Category 2 disbursements	Postage		31.30	
		Photocopying	87.00	
				118.30
				<u>151.30</u>

Hourly Chargeable Rates		Hourly Chargeable Rates	
1 May 2016 30 April 2017		1 May 2017 to date	
Partner	£330	Partner	£350
Director	£240	Director	£275
Senior Manager / Manager	£165 - £200	Senior Manager / Manager	£195 - £240
Other Senior Professionals	£140	Other Senior Professionals	£150
Administrator/Ass and Support staff	£65-£90	Administrator/Ass and Support staff	£70-£95

## The Coverdale Organisation Limited - In Liquidation

### Explanation of Work Classifications

Administration & Planning	Case planning, strategy, administrative set-up, maintenance of records, routine correspondence, cashiering, meetings and attendance on site, review of case files, correspondence with directors, dealing with books and records and trading premises.
Investigations	Includes recovery of books and records, preparing report on conduct of the directors of the company, reviewing books and records and obtaining information from third parties, reviewing company bank accounts and investigating potential asset recoveries identified.
Realisations of Assets	Identifying and realising any assets of the company, including cash at bank, book debts and company investments.
Creditors	Communications with creditors and dealing with creditors' claims and correspondence, employees claims and liaising with the RPO and submission of statutory RPO forms, pension issues
Statutory Compliance	Appointment notifications, statutory reporting, preparation of creditors reports, advertising, reviewing compliance and money laundering