

In The High Courts of Justice No. 005895 of 2011

**IN THE MATTER OF
HYPER VALUE (HOLDINGS) LIMITED – IN LIQUIDATION
("THE COMPANY")
COMPANY NO: 01546677**

**REPORT OF THE JOINT LIQUIDATORS
PURSUANT TO RULE 4.49B
OF THE INSOLVENCY RULES 1986 (AS AMENDED)**

Chantrey Vellacott DFK LLP

**Russell Square House
10-12 Russell Square
London
WC1B 5LF
Telephone Number: 020 7509 9120
Fax Number: 020 7509 9110
E Mail: ispencer@cvdffk.com
Website: www.cvdffk.com**

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HYPER VALUE (HOLDINGS) LIMITED – IN LIQUIDATION

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HYPER VALUE (HOLDINGS) LIMITED – IN LIQUIDATION

REPORT OF THE JOINT LIQUIDATORS

23 DECEMBER 2014

INTRODUCTION

I, Kevin Murphy, of Chantrey Vellacott DFK LLP, Russell Square House, 10-12 Russell Square, London, WC1B 5LF, together with my partner, Adrian Hyde, was appointed Joint Liquidator of the Company on 26 October 2011, following a Winding Up Order made in the In The High Court of Justice on 5 September 2011 under reference number 005895 of 2011

In accordance with Rule 4.49B of The Insolvency Rules 1986 (as amended) I am pleased to present my report on the progress in the Liquidation. This report relates to the period from

BACKGROUND

As detailed in my previous report, the Company was placed into Liquidation on 8 June 2010 with Neil Bennett of Leonard Curtis Limited the duly appointed Joint Liquidator. However, following the presentation of a petition by a creditor on 6 July 2011, the Company was wound up on 5 September 2011 and I was appointed Joint Liquidator on 26 October 2011

I am continuing to investigate a number of transactions relating to the affairs of the Company prior to it entering Liquidation. I am unable at this stage to comment on whether these investigations will result in a recovery for the benefit of the creditors. The creditors' committee has been kept fully informed throughout these investigations

RECEIPTS AND PAYMENTS ACCOUNT

An abstract of the Joint Liquidators' Receipts and Payments for the period concerned is attached at Appendix 1

ASSET REALISATIONS

Preference Settlement

As part of my general investigations into the Company's business and affairs I undertook a review of the Company's accounting information. My review identified potential preference payments in the lead up to the Liquidation totalling circa £65,000

The sum of £25,000 in full and final settlement of the claim was offered in relation to the preference payment and, after consulting with the creditors' committee, the offer was accepted

Bank Interest Gross

Bank interest of £2 was received during the year

DIVIDEND PROSPECTS**Prescribed Part**

Pursuant to Section 176A of The Insolvency Act 1986 (as amended), a Prescribed Part of the Company's net assets should be set aside for the benefit of unsecured creditors. This reduces the funds that would otherwise be made available to any secured creditor under Floating Charges created after 15 September 2003

Unsecured Creditors

To date I have received unsecured claims totalling £1,125,845.

The prospect of a dividend becoming payable to the unsecured creditors of the Company is subject to any potential future realisations arising from the investigations into the Company's affairs

COSTS OF REALISATION**Cheque Fees and Secretary of State Fees**

Statutory cheque fees levied by the Insolvency Service totalling £1 were incurred during the year. In addition, statutory Secretary of State fees of £2,008 were paid.

Specific Bond

Statutory bonding costs of £50 were incurred during the year

Legal Fees

Collyer Bristow solicitors were retained as legal advisors during the reporting period in view of their general experience in these matters. They have provided me with advice in respect of the preference settlement and general advice in relation to my ongoing investigations into the affairs of the Company

To date they have been paid a sum of £10,518 from the settlement arising from the preference claim

Counsel's Fees

Counsel's opinion has been sought with regard potential claims in the Liquidation which are the subject of my ongoing investigations. I am unable to comment in any detail on the nature of the investigations or the substance of Counsel's advice as it could potentially prejudice the investigations. I advise that creditors will be informed of the outcome in due course

To date Counsel has been paid £9,519 from the preference settlement monies.

Corporation Tax

An amount of 40 pence was deducted at source by the Insolvency Service in respect of the period 26 October 2013 to 25 October 2014

Bank Charges

Bank charges of £88 levied by the Insolvency Service were incurred during the period

Funds held in Solicitor's Client Account

My solicitors are holding a residual balance of £359 in their client account in respect of the preference settlement referred to earlier in this report.

JOINT LIQUIDATORS' REMUNERATION AND DISBURSEMENTS

At the Meeting of Creditors held on 17 January 2012 creditors passed a resolution enabling the Joint Liquidators to draw their remuneration based on 20% of realisations, and to draw Category 2 disbursements

A summary of the Liquidators' time costs, covering the period since my appointment and the period covered by this report, analysed by grade of staff, are attached at Appendix 2.

In accordance with the Statement of Insolvency Practice 9 issued by the Association of Business Recovery Professionals and adopted by my professional licensing body, I advise that the overall time spent during the period of the Liquidation to 25 October 2014 and charge out value of that time is 410.60 hours and £125,049 respectively.

In relation solely to the period covered by this report, I advise that the overall time spent and charge out value of that time is 88.90 hours and £29,942 respectively.

This equates to an average hourly charge out rate of £337.

These figures do not include VAT

To date, no fees have been drawn by the Joint Liquidators.

The work we have carried out as Joint Liquidators is derived from the responsibilities placed upon us by the underlying legal and regulatory framework for work of this nature. It has been performed by the Joint Liquidators and by the assignment manager and administrator. Their work has been supported by secretarial staff and the cashiers. All personnel were charged directly to the assignment for all of the time relating to the case.

Disbursements represent the reimbursement of actual out-of-pocket payments made on behalf of the assignment. These are outlined in the cost breakdown attached as outlined above.

CHARGE OUT RATES

In common with other professional firms, our charge out rates increase from time to time over the period of the administration of the case. I enclose an explanation of office holders charging and disbursement recovery policies for your reference as Appendix 3.

A Creditors' Guide to Joint Liquidators' Fees, which provides information for creditors in relation to the remuneration of the Joint Liquidators, can be accessed at the website of the Association of Business Recovery Professionals at:

<http://www.r3.org.uk/index.cfm?page=1210>

Alternatively, I can provide you with a copy on written request.

I believe this case generally to be of a complex nature as our investigations involve a number of complex technical and accounting matters.

RIGHT TO REQUEST FURTHER INFORMATION

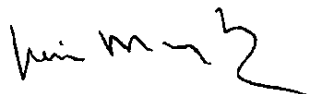
I would draw your attention to Rule 4.49E and Rule 4.131 of the Insolvency Rules 1986 (as amended), the text of which is reproduced at Appendix 4. These Rules set out the circumstances under which creditors may request further information in relation to the Joint Liquidators' remuneration and expenses and their right to challenge the Joint Liquidators' remuneration and expenses.

INVESTIGATIONS

In accordance with the Directors Disqualification Act 1986, the Official Receiver is responsible for submitting a report in relation to the Director's conduct. If creditors have any information they believe should be brought to the Official Receiver's attention, please forward such details to me in writing.

CONCLUSION

Should you require any further information, in addition to that already given, please contact Lee Spencer at this office, on 020 7509 9120.



K A MURPHY

Joint Liquidator

Licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

APPENDIX 1

Receipts & Payments Account

**Hyper Value (Holdings) Limited
(In Liquidation)**

Summary of Receipts & Payments

RECEIPTS	Statement of Affairs (£)	From 26/10/2011 To 25/10/2013 (£)	From 26/10/2013 To 25/10/2014 (£)	Total (£)
Residual Cash at Eversheds		905 38	0 00	905 38
Bank Interest Gross		0 00	2 02	2 02
Deposit on Creditor's Petition		1,165 00	0 00	1,165 00
Preference Settlement *		0 00	25,000 00	25,000 00
		<u>2,070 38</u>	<u>25,002 02</u>	<u>27,072 40</u>
PAYMENTS				
DTI Cheque Fees		0 00	1 10	1 10
Sec of State Fees		0 00	2,008 06	2,008 06
Specific Bond		0 00	50 00	50 00
OR's Company Liquidation Admin Fee		2,235 00	0 00	2,235 00
Counsel's Fees		0 00	9,328 00	9,328 00
Legal Fees (1)		0 00	10,518 70	10,518 70
Corporation Tax		0 00	0 40	0 40
Bank Charges		164 00	88 00	252 00
Funds Held In Solicitors Client Account		0 00	358.66	358 66
		<u>2,399 00</u>	<u>22,352.92</u>	<u>24,751 92</u>
Net Receipts/(Payments)		<u>-328 62</u>	<u>2,649 10</u>	<u>2,320 48</u>
MADE UP AS FOLLOWS				
ISA NIB		2320.48	2,649 10	2,320.48
		<u>2320.48</u>	<u>2,649.10</u>	<u>2,320.48</u>

* Please note that these funds were retained and distributed out of my solicitor's client account

APPENDIX 2

Summary of Joint Liquidators' Timecosts & Disbursements

HYPER VALUE (HOLDINGS) COMP - HYPE47153

Time and Chargeout Summary for the period 26/10/2011 to 26/10/2014							
Classification of work function	Hours				Total Hours	Time Cost £	Average hourly rate £
	Partner / Director	Manager	Other Senior Professionals	Assistants & Support Staff			
Administration & Planning							
(A)Appointment Documents	0 40	37 50	0 30	0 00	38 20	12,040 50	315 20
(A)Appointment Meetings	0 20	5 80	0 00	0 00	6 00	1,917 00	319 50
(A)Case Reviews	0 90	0 00	6 40	0 00	7 30	1,861 00	254 93
(A)Cashing	0 00	0 00	1 60	3 40	5 00	860 00	172 00
(A)General Administration	0 90	5 90	15 20	19 30	41 30	6,975 50	168 80
(A)General advice/meetings	0 30	0 00	0 00	0 00	0 30	135 00	450 00
(A)JA Correspondence	0 00	0 50	0 10	0 50	1 10	245 00	222 73
(A)Money Laundering & ethics	0 20	0 10	0 40	0 00	0 70	185 50	265 00
(A)Pension Matters	0 00	0 00	0 70	0 00	0 70	112 00	160 00
(A)SOA/DOS	0 00	1 10	0 00	0 00	1 10	348 50	316 00
(A)Statutory Filing, advertising & bordereau	0 00	0 00	2 10	0 00	2 10	471 00	224 29
Total for Administration & Planning	2 90	50 90	26 80	23 20	103 80	25,149 00	242 28
Investigations							
(I)Antecedent Transactions	0 10	5 90	0 00	0 20	6 20	1,964 50	315 85
(I)D Conduct reports/returns	1 00	4 20	1 70	0 00	6 90	2,087 00	302 48
(I)Investigations (not SIP2/CDDA)	35 90	83 10	28 50	1 10	148 60	49,835 50	334 02
Total for Investigations	37 00	93 20	30 20	1 30	161 70	53,887 00	332 02
Realisation of Assets							
(R)Cash at Bank	0 00	0 00	0 50	0 00	0 50	80 00	160 00
(R)Contributions	0 00	0 00	0 60	0 00	0 60	96 00	160 00
(R)Insurance	0 00	0 00	0 40	0 00	0 40	64 00	160 00
(R)Other Assets	0 00	0 50	0 50	0 20	1 20	265 50	221 25
(R)Property	0 60	1 10	19 20	0 00	20 90	3 688 50	176 48
Total for Realisation of Assets	0 60	1 60	21 20	0 20	23 60	4,194 00	177 71
Creditors							
(C)Claims & Proofs	0 40	0 50	2 40	0 90	4 20	901 50	214 64
(C)Committee reports, notices and	2 70	6 80	7 10	0 00	16 60	4,819 00	290 30
(C)Correspondence	0 40	1 50	9 80	0 00	11 70	2,819 50	240 98
(C)Meetings	1 40	0 00	5 50	0 00	6 90	1,510 00	218 84
(C)Reports & Circulars	0 10	1 50	9 10	0 00	10 70	2,258 50	211 07
(C)Sec Claims & Proofs	0 00	0 80	0 00	0 00	0 80	252 00	315 00
(C)Sec Correspondence	0 00	0 30	0 00	0 00	0 30	94 50	315 00
(C)Sec Reports & Circulars	0 00	4 50	0 00	0 00	4 50	1 417 50	315 00
Total for Creditors	5 00	15 90	33 90	0 90	55 70	14,072 50	252 85
Trading							
(T)Sales	0 00	0 00	0 00	0 10	0 10	8 00	80 00
Total for Trading	0 00	0 00	0 00	0 10	0 10	8 00	80 00
Case Specific Matters							
(CS)Other Special Issues	58 90	0 00	0 00	0 00	58 90	28 505 00	480 00
(CS)Post appointment tax returns	0 00	0 00	0 00	0 40	0 40	32 00	80 00
(CS)Pre Appointment Taxation	1 30	0 00	0 00	0 00	1 30	585 00	450 00
Total for Case Specific Matters	60 20	0 00	0 00	0 40	60 60	27,122 00	447 58
Fixed Charge Matters							
(F)Other	0 00	0 00	1 80	0 00	1 80	288 00	160 00
(F)Property	0 00	0 00	3 30	0 00	3 30	528 00	160 00
Total for Fixed Charge Matters	0 00	0 00	5 10	0 00	5 10	816 00	160 00
Total Hours	105 70	161 60	117 20	26 10	410 60	125,048 50	304 55
Total fees Claimed	47,565 00	51,679 00	23,281 00	2,543 50	125,048 50		

Category 2 Disbursements	
Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest	
Type and Purpose	£
Non P/L Disbs	45 60
Other	1,022 12
	1,067 72

HYPER VALUE (HOLDINGS) COMP - HYPE47153

Time and Chargeout Summary for the period 26/10/2013 to 25/10/2014							
Classification of work function	Hours				Total Hours	Time Cost £	Average hourly rate £
	Partner / Director	Manager	Other Senior Professionals	Assistants & Support Staff			
Administration & Planning	0 70	2 60	10 00	3 60	16 90	4,069 00	240 77
Investigations	11 80	26 20	4 70	1 10	43 80	15,102 00	344 79
Realisation of Assets	0 00	0 50	0 00	0 20	0 70	185 50	265 00
Creditors	2 20	4 00	4 60	0 90	11 70	3,512 00	300 17
Trading	0 00	0 00	0 00	0 10	0 10	8 00	80 00
Case Specific Matters	15 70	0 00	0 00	0 00	15 70	7,065 00	450 00
Total Hours	30 40	33 30	19 30	5 90	88 90	29,941.50	336 80
Total fees Claimed	13,680 00	10,822 50	4,826 00	614.00	29,941 50		

Category 2 Disbursements	
Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest	
Type and Purpose	£
Other	724 00
	724 00

APPENDIX 3

Charge-out Rates & Disbursements Recovery Policy

CHANTREY VELLACOTT DFK LLP

CHARGEOUT RATES AND DISBURSEMENT RECOVERY POLICIES

Chargeout Rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the firm's chargeout rates applicable to this appointment, exclusive of VAT, are as follows

	From 1 August 2013 £ per hour	From 1 August 2011 £ per hour	From 1 August 2010 £ per hour
Partners / Office Holders	350 - 450	350 - 450	350 - 430
Consultants	350 - 450	350 - 450	350 - 450
Directors	325 - 350	325 - 340	320 - 330
Senior Manager	300 - 325	300 - 315	270 - 310
Managers	280 - 295	280 - 295	250 - 280
Assistant Managers	260 - 280	260 - 275	230 - 260
Senior Executive / Analyst	220 - 250	220 - 250	175 - 250
Executive	135 - 180	125 - 175	100 - 170
Cashier	125 - 165	120 - 160	115 - 180
Secretaries / Support / Junior Analyst	80 - 115	80 - 110	70 - 110

Chargeout rates are normally reviewed annually on 1 July when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. It is the firm's policy for the cashier's time spent on an assignment to be charged to the case. However, secretarial and office admin support time is charged only in respect of identifiable blocks of time devoted to the case where we consider it to be viable to do so. All time is recorded in 6 minute units.

Direct expenses ("Category 1 Disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, storage, online reporting facilities, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 Disbursements")

It is our normal practice to also charge the following indirect disbursements ("Category 2 Disbursements as defined by SIP 9) to the case, where appropriate:

Circulars to creditors

Plain/headed paper including photocopying	12p per side
Envelopes	12p each
Postage	Actual cost

Room Hire

For the convenience of creditors and to save the cost of booking an outside hotel room, meetings of creditors are occasionally held internally at our offices. Where meetings of creditors are held in one of our internal meeting rooms, a charge of £100 plus VAT is levied to cover the cost of booking the room.

Travel

Mileage incurred as a result of any necessary travelling is charged to the estate at the H M Revenue & Customs approved rate, currently 40p per mile.

All of the above costs are subject to amendment by the firm at any time and if amended will be notified to creditors with the next circular sent to all creditors.

Company Searches & Electronic Verification of Identity

Included in expense and/or disbursements, Company Searches and electronic Verification of Identity include an element of shared costs. Such expenses are of an incidental nature but are generally incurred on each case. In line with the cost of the external provision of such services, a charge of £15 plus VAT is levied to cover the cost of these searches.

Chantrey Vellacott DFK LLP

Effective 1 August 2013

Chantrey Vellacott DFK is a limited liability partnership registered in England and Wales (NoOC313147) whose registered office is at Russell Square House, 10-12 Russell Square, London, WC1B 5LF. The term "partner" denotes a member of a limited liability partnership. A list of members of Chantrey Vellacott DFK LLP is available at our registered office.

APPENDIX 4

Extracts of 4.49E and 4.131 of the Insolvency Rules 1986 (as amended)

APPENDIX 4

Extracts of 4.49E and 4.131 of The Insolvency Rules 1986 (as amended)

4.49E Creditors' and Members' request for further information

4.49E(1) [Duty of Liquidator re remuneration or expenses] If-

(a) within the period mentioned in paragraph (2)-

- (i) a secured creditor, or**
- (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or**
- (iii) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or**

(b) with the permission of the court upon an application made within that period mentioned in paragraph (2)-

- (i) any unsecured creditor, or**
- (ii) any member of the company in a members' voluntary winding up,**

makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4 49B(1)(e) or (f) (including by virtue of Rule 4 49C(5)) or in a draft report under Rule 4 49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter in a draft report under Rule 4 49D or a progress report required by Rule 4.108 which (in either case) was previously included in a progress report not required by Rule 4 108

4.49E(2) [Period for compliance with r.4.49E(1)] The period referred to in paragraph (1)(a) and (b) is-

- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report which it is required by Rule 4 108, and**
- (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft report in any other case**

4.49E(3) [How liquidator to comply] The liquidator complies with this paragraph by either-

- (a) providing all the information asked for, or**

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(b) so far as the liquidator considers that-

- (i) the time or cost of preparation of the information would be excessive, or
- (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
- (iii) the liquidator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information.

4.49E(4) [Application to court by creditors and members] Any creditor, and any member of the company in a members' voluntary winding up, who need not be the same as the creditors or members who asked for the information, may apply to the court within 21 days of-

- (a) the giving by the liquidator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just.

4.49E(5) [Court may extend period in rr.4.131(1B), 4.148C(2)] Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks or, as the case may be, 4 weeks provided for in Rule 4 131(1B) or 4 148C(2) by such further period as the court thinks just

4.49E(6) [Non-application to official receiver] This Rule does not apply where the liquidator is the official receiver.

4.131 Creditors' claim that remuneration is or other expenses are excessive

4.131(1) [Secured or certain unsecured creditors may apply to court] Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

4.131(1A) [Grounds for application] Applications may be made on the grounds that-

- (a) the remuneration charged by the liquidator,
- (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
- (c) expenses incurred by the liquidator,

is or are, in all circumstances, excessive or, in the case of an application under sub-

APPENDIX 4

paragraph (b), inappropriate

4.131(1B) [Time limit for application] The application must, subject to any order of the court under Rule 4.49E(5), be made no later than 8 weeks (or, in the case falling within Rule 4.108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4.49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

4.131(2) [Power of court to dismiss etc.] The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application; but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice but which is without notice to any other party

If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

4.131(3) [Notice to liquidator] The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

4.131(4) [Court order] If the court considers the application to be well-founded, it must make one or more of the following orders-

- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount,
- (c) an order changing the basis of remuneration,
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation;
- (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

4.131(5) [Costs of application] Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation