

# LIQ03

## Notice of progress report in voluntary winding up



Companies House

WEDNESDAY



A12 \*A8BUBSFS\* 14/08/2019 #288  
COMPANIES HOUSE

### 1 Company details

Company number 0 2 0 9 1 9 1 7

Company name in full WOODLANDS SOCIAL HOUSING LIMITED

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

### 2 Liquidator's name

Full forename(s) Graham Stuart

Surname Wolloff

### 3 Liquidator's address

Building name/number 2 Axon

Street Commerce Road

Post town Peterborough

County/Region

Postcode P E 2 6 L R

Country

### 4 Liquidator's name

Full forename(s)

Surname

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

### 5 Liquidator's address

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other liquidator  
Use this section to tell us about  
another liquidator.

LIQ03

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**6** Period of progress report

From date	<sup>d</sup> 1	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
To date	<sup>d</sup> 1	<sup>d</sup> 0	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9

**7** Progress report

☒ The progress report is attached

**8** Sign and date

Liquidator's signature

Signature

X

*G. M. H.*

X

Signature date

<sup>d</sup> 1	<sup>d</sup> 3	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 9
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LIQ03

Notice of progress report in voluntary winding up



**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 **Graham Stuart Wolloff**

Company name **Elwell Watchorn & Saxton LLP**

Address **2 Axon**

**Commerce Road**

Post town **Peterborough**

County/Region

Postcode **P E 2 6 L R**

Country

DX

Telephone **01733 235253**



**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)**

**ELWELLWATCHCHORNSAXTON**

Chartered Accountants

GSW.jne.WOO04/7

9 August 2019

**TO ALL MEMBERS & CREDITORS**

Dear Sirs

**WOODLANDS SOCIAL HOUSING LIMITED  
IN CREDITORS VOLUNTARY LIQUIDATION****Company number: 02091917****Office holder: Graham Stuart Wolloff****Date of appointment: 11 June 2015****Registered Office: 2 Axon, Commerce Road, Peterborough PE2 6LR****Previous Registered Office: Squirrels Lodge, Frognall, Deeping St. James, Peterborough PE6 8RL**

I refer to my appointment as liquidator of the above named company and in accordance with Rule 18.7 of the Insolvency Rules 2016 (as amended), I write to provide all members and creditors of the company with an account of my acts and dealings and of the conduct of the winding-up for the period 11 June 2018 to 10 June 2019. This report should be read in conjunction with my previous reports.

I enclose the following additional information:

- a) Receipts and payments account
- b) Schedule of remuneration, disbursements and case expenses; with further information

***Liquidation committee***

A liquidation committee comprising TSL Scaffolding, Morphuse Framing Services Limited, Kestrel, Maybrick and Jefferson Sheard was appointed at the meeting of creditors held on 24 June 2015.

***Overview and strategy***

At the commencement of the liquidation, the report to creditors showed assets estimated to realise £802,000, (before costs), and liabilities of approaching £10million; but with further expected contractual claims in relation to non-performance of building contracts, penalties, additional costs etc. Whilst it was not possible to accurately project the outcome for creditors at that time, it was clear that after making an allowance for the costs of the liquidation, the dividend payable to unsecured creditors could be as low as 5p in the £.

The liquidation committee approved the strategy of not disposing of the freehold properties and continuing to collect the rent from tenants whilst the various claims against the directors were investigated and pursued and whilst the overall value of the creditors was determined.

In terms of the claims against the directors, my solicitors advised that we had reached the stage where court proceedings could be issued but before incurring the substantial costs of doing so, negotiations took place on a 'without prejudice' basis and this resulted in a settlement agreement on the claims; (see below).

Tel 01733 235253 / Fax 01733 236391 / Email [peterborough@ewslip.co.uk](mailto:peterborough@ewslip.co.uk) / Web [ewslip.co.uk](http://ewslip.co.uk)  
Elwell Watchorn & Saxton LLP, 2 Axon, Commerce Road, Peterborough PE2 6LR

Elwell Watchorn & Saxton LLP is a limited liability partnership registered in England number OC311000  
VAT registration number: 655 0983 15  
Registered office: 109 Swan Street, Sileby, Loughborough, Leicestershire LE12 7NN  
Members: David Watchorn Limited      Graham Wolloff Limited      Joe Sadler Limited  
Nigel Price Limited      Liam Short Limited      Mark Tailby Limited



Based on that settlement, I now expect total realisations to exceed £1million, (before costs) and although the total liabilities have increased significantly to an estimated at £13.5 million, I expect the final dividend outcome to be better than was first thought. The actual timing and amount of the dividend to unsecured creditors remains uncertain because I now need to deal with the sale of six freehold properties and then to ascertain the final costs of the liquidation process in order to calculate the outcome.

### ***Asset realisations***

Asset realisations are set out in the attached receipts and payments account, with further details provided below. The balance in hand amounts to £127,056 including VAT receivable. Receipts in this reporting period amount to £46,367, being principally rental income.

### ***Freehold properties and rental income***

The Statement of Affairs showed four tenanted freehold properties that were estimated to realise £470,000. As previously reported, I have made a claim against Mr Baxter and Mr King that the company also has the beneficial interest in the two other tenanted properties that were always recorded at Land Registry as being their personal properties. During the course of the liquidation, I have continued to collect rent and deal with the management of all six tenanted properties because it was the Company that was receiving the rent in the normal course of business.

The right to the benefit of the rental income from the two personal properties and the right to sell those properties and the right to the sale proceeds were one of the areas of dispute with the directors that were dealt with as part of the overall settlement. The directors were claiming that all the post-liquidation rental profit, (some £40,000) was due to them, in addition to ownership of the properties. They also claimed that the fact that the Company had been receiving the benefit of the rental income for many, many years would mean that their loan account debts were incorrect and that they should have substantial claims as creditors instead.

My argument had always been that as the two disputed properties had been included in the Company's balance sheets and the rental income included in the Company's turnover, the directors could not now argue that they had changed their position. Legal advice on this aspect was obtained from Clarke Willmott Solicitors and from a 'Queens Counsel' senior barrister at Three Stone Chambers. The advice received was that this element of the claims against the directors was one of the weaker elements and that there were significant risks involved in running this claim in isolation.

### ***Directors' loan accounts - £109,918***

The director's estimated statement of affairs shows balances amounting to £109,918 due from the three directors. As previously reported, I instructed Clarke Willmott Solicitors on the recovery of the loans and the directors also instructed solicitors to defend the claims. As mentioned above, the principal area of uncertainty was in relation to the claim from Mr Baxter and Mr King that their loan accounts had not been adjusted to reflect the benefit of the rental income paid to the company

As anticipated, this element of the claims against the directors was dealt with as part of the negotiated overall settlement.

### ***Connected party debtors and claims***

Included in my claims against the directors were claims for the following amounts that were lent to connected companies.

Alston Country Homes Ltd	Debt of £140,000 written off pre-liquidation
Morspace Loft Conversions Ltd	£115,577
Baxter & King Construction Ltd (In Liquidation)	£1,171
Baxter & King Building Limited	£5,118

As with the directors' loans, the liability to pay the amounts in respect of Alston Country Homes and Morspace Loft Conversions was disputed and was ultimately dealt with as part of the overall negotiated settlement reached with the directors.

### Settlement with directors

My solicitors advised that we had reached the stage where court proceedings could be issued against the directors in respect of the various matters listed above but taking that step inevitably incurs substantial additional costs and risks. In order to bring such proceedings it is necessary to obtain what is known as "After the event" insurance which is designed to cover the risk that the court may require that the defendants' costs be covered or met. The insurance premium for such cover is met as a priority expense from the proceeds of any successful recovery and can represent a significant proportion of the debt. In order to be able to obtain "ATE" insurance, the insurance company will require a barrister's opinion on the prospects of success of each part of the claim and will price the policy according to the degree of perceived risk; a greater risk means a higher premium.

In addition, solicitors and barristers may only be willing to act in bringing the matter to court if they are provided with an uplift to their basic fee rates if successful. For them, this counter-acts the risk that if the case is not successful, they will not receive full payment of their fees.

The liquidator does not have any uplift applicable to their fees but it is inevitably the case that taking a claim to court will involve substantial additional hours and therefore cost.

On top of all those considerations, the judges expect that parties to litigation will have explored all possible avenues to settlement before occupying court time. If I had refused to explore settlement opportunities, then the court could have said that I was unable to recover costs against the defendants as in some respect, it was my fault that those additional costs had been incurred by unreasonably refusing to consider a negotiated settlement or a formal mediation process.

In view of these factors, my solicitors advised me to follow the normal process of undertaking negotiations on a 'without prejudice' basis and this resulted in a settlement agreement with Mr Baxter and Mr King.

After discussion of the pros and cons of each element of the claims, the negotiated offer put forward by Baxter and King is that they agree to withdraw their claims to beneficial ownership of the disputed properties and complete the legal transfers to the Company and also allow the Company to retain approximately £40,000 in rent received from the properties since liquidation. It is estimated that this offer has an effective value of approximately £375,000 and that that represents anything from 70% to 90% of the total value of the claims; depending on the court's determination of various issues in dispute.

Based upon the advice received from a senior Queens Counsel barrister and from my solicitors, I was advised to accept that offer and have done so.

### Trade Debtors and Retentions (pre-appointment)

The estimated Statement of Affairs showed trade debtor and retention accounts with a book value of £2.085 million. However, almost all of that was sums claimed against the Housing Associations on contracts that the Company was forced to default on due to its insolvency. I engaged specialist Quantity Surveyors to determine if any of the debt claims could be recovered but they were unable to do so because each of the Housing Associations brought counter-claims in the millions of pounds for the costs of a replacement contractor. As a consequence, the Housing Associations became the principal creditors in the liquidation and in my role as liquidator, I was therefore then acting for them to try to recover what monies I could from other sources.

Before accepting the position on the counter-claims, I engaged another specialist firm, Pythagoras Capital, on a success fee only basis. Pythagoras Capital are aware of the issues with counter-claims and their approach is to undertake a very critical, detailed and evidentiary review of "completion costs" to prove the counter-claims and if that "evidence" is lacking, to pursue recoveries from the debtors. On the other hand, if the evidence that the "debtors" produce is valid, then there is no charge to the liquidation.

However, following their review, Pythagoras' advised that none of the debtor accounts were likely to produce a realisation and no further action can be taken on this.

#### Deposit account

I also instructed my solicitors to pursue recovery of a proportion of a deposit paid to a third party in connection with the establishing an electricity supply to one of the Company's development sites. Although the deposit paid was £194,124, the third party had carried out only a proportion of the works prior to the Company's liquidation.

The liability to make the partial refund was disputed by the third party as there was no contractual entitlement to such a refund and when I took Counsel's advice on the point, it was clear that there was no realistic prospect of bringing proceedings in respect of this claim.

#### **Preferential creditors**

The estimated statement of affairs shows preferential creditor claims of £22,285. In a previous reporting period, I declared and paid a dividend of 100p in the pound on claims amounting to £34,716.

#### **Non-preferential creditors**

As stated above, the claims of the former Housing Association customers was subject to a critical review but we were not able to identify any significant grounds to dispute the claims and as result, the total of creditor claims has risen from approximately £4.2million in the Company's records before liquidation to an estimated at £13.5 million. As previously, I have not yet taken steps to formally admit the non-preferential creditors' claims.

#### **Work undertaken**

I have continued to deal with the ongoing investigations and prima facie claims against the directors; including discussions, negotiations and correspondence regarding the directors' actions, their loan accounts and their claims on two of the properties, with the directors and their legal advisers.

Additionally, I have discharged my statutory duties as Liquidator in the day to day matters associated with the case. I am bound by the Insolvency Code of Ethics when carrying out work relating to the insolvency appointment.

#### **Known outstanding matters - work remaining to be completed**

In summary, the following key matters remain outstanding:

- to complete the sale of the tenanted properties;
- to admit the claims of the non-preferential creditors
- to determine the costs of the liquidation, and
- to declare and pay a first and final dividend to creditors.

Based on the estimated time to complete the property sales, I estimate the remaining time to complete this case to be between 6 and 9 months from the date of this report.

#### **Liquidator's remuneration and disbursements**

The basis of my remuneration was approved by a resolution of the Liquidation Committee on ##, as follows:

- 1 *In accordance with Rule 4.127 of the Insolvency Rules 1986, the liquidator's remuneration shall be fixed by reference to the time properly given by the office holder and his staff in attending to matters arising in the insolvency.*
- 2 *Fees drawn on account in accordance with the above shall be restricted to 50% of time costs on the first £802,175 of realisations.*
- 3 *The remaining 50% of time costs may be drawn on account from any realisations above £802,175 but restricted to no more than 25% of the additional realisations above £802,175.*
- 4 *There shall be no additional uplift to time costs in consideration for the above restriction on drawings so that the maximum fee is 100% of time costs.*

I enclose a 'schedule of remuneration, disbursements and case expenses, with further information', which provides details of the time costs incurred and disbursements. The time costs incurred amount to £110,363, and although the above resolution would have allowed me to draw remuneration on account of some £55,000 to date I have limited the amount drawn to £35,000 on account of those time costs.

***Professional advisors engaged***

I have instructed professional advisors to assist with the administration and progression of the case. The choice of advisor is based on their relevant experience and ability to perform this type of work, the nature and complexity of the specific assignment and the basis of the fee arrangement negotiated. Full details are included in the attached schedule of further information.

***Use of website to deliver future documents***

As previously advised, documentation regarding this liquidation is now made available via a website, save for certain specified circumstances, but creditors can request that they be notified by post if they so choose.

***Disclaimer***

This report has been circulated for the sole purpose of providing members and creditors with an update for information purposes only to fulfil the necessary statutory requirement. The contents are private and confidential and may not be relied upon, referred to, reproduced in whole or in part or otherwise used by members and creditors for any purpose other than providing an update for them for information purposes, or by any other person for any purpose whatsoever.

Yours faithfully



Graham Stuart Wolloff  
Liquidator

Licensed in the United Kingdom to act as an insolvency practitioner  
by the Association of Chartered Certified Accountants



**WOODLANDS SOCIAL HOUSING LIMITED**  
**IN CREDITORS VOLUNTARY LIQUIDATION**  
**Liquidator's Summary Receipts and Payments Account**  
**for the period 11 June 2015 to 10 June 2019**

Statement of Affairs £		Actual	
		11 June 2018 to 10 June 2019 £	Total £
	<b>SECURED ASSETS</b>		
73,000.00	Leased Assets	NIL	82,372.00
(53,875.00)	Settlement to Lombard Vehicle Management	NIL	(54,630.60)
19,125.00	Leased Assets, net of Settlement	NIL	27,741.40
	<b>ASSET REALISATIONS</b>		
	Bank Interest	801.64	1,357.57
	Book Debts	NIL	1,007.08
110,542.09	Cash at Bank	NIL	109,716.82
70,289.55	Connected Party Debtors	NIL	NIL
470,000.00	Freehold Properties	NIL	NIL
2,000.00	Furniture, Fixtures and Fittings	NIL	550.00
109,917.83	Director Loan Account	NIL	NIL
300.00	Motor Cycle	NIL	250.00
	Refunds - Utilities, Insurance, Rates, Costs etc	NIL	7,152.62
	Motor Vehicles	NIL	10,100.00
20,000.00	Plant and Machinery	NIL	21,348.00
	Rent from Tenanted Properties	45,566.12	166,948.88
802,174.47		46,367.76	346,172.37
	<b>COST OF REALISATIONS</b>		
	Statutory Advertising	NIL	253.80
	Agents/Valuers Fees		
	- Asset Agents Fees and Costs	NIL	11,274.55
	- Valuation Fee	NIL	1,480.00
	- Quantity Surveyors Fees	NIL	30,085.53
	- Property Management Agents Fees and Costs	4,619.32	16,747.01
	Bank Charges	NIL	290.00
	Bordereau Premium	NIL	816.00
	Corporation Tax	NIL	6,203.87
	Document Hosting	22.00	88.00
	Insurance	2,101.39	8,156.65
	Legal Fees	17,650.00	34,818.00
	Meeting Costs	NIL	125.00
	Office Holders Disbursements	NIL	113.40
	Office Holder's Fees	35,000.00	35,000.00
	Other Property Expenses	5,199.18	28,314.93
	Petitioners Costs	NIL	3,929.00
	Preparation of S. of A.	NIL	9,500.00
	Pensions Consultancy	NIL	500.00
	Rates	320.08	430.84
	Re-Direction of Mail	NIL	390.00
	Postage	6.45	19.15
	Storage and destruction of records	1,124.12	3,505.09
	Sundry Expenses	85.00	137.50
	IT Services	NIL	1,075.00
	VAT - Irrecoverable	1,012.60	3,634.24
		(67,140.14)	(196,887.56)
	<b>PRIORITY EXPENSE</b>		
	Quantity Surveyor Fees	NIL	2,155.16
			(2,155.16)
	<b>PREFERENTIAL CREDITORS</b>		
(22,285.45)	Employee Arrears/Hol Pay	NIL	20,073.65
	Dividend of 100p in the £ paid 16 March 2018	NIL	(20,073.65)
	<b>UNSECURED CREDITORS</b>		
(52,808.21)	Employees / Directors	NIL	NIL
(54,640.06)	HMRC	NIL	NIL
(4,090,590.03)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(80,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(3,498,149.28)		(20,772.38)	127,056.00
	<b>REPRESENTED BY</b>		
	Current Account - Interest bearing		112,174.60
	Vat Recoverable		14,881.40
			127,056.00

**WOODLANDS SOCIAL HOUSING LIMITED  
IN CREDITORS VOLUNTARY LIQUIDATION**

**SCHEDULE OF REMUNERATION, DISBURSEMENTS AND CASE EXPENSES;  
WITH FURTHER INFORMATION**

***Firm's charging policy***

It is the firm's policy that all staff involved on an assignment will record all time spent on dealing with matters arising on that client and that the time will be categorised to show the type of activity carried out. The charge out rates of licensed insolvency practitioners, directors and managers do not therefore include provisions for time spent by secretaries, cashiers and support staff. From 1 October 2015, additional categories of staff activity have been introduced to facilitate more detailed reporting where it is appropriate to do so.

The recorded time cost is calculated by multiplying the time spent by the individual by their charge-out rate. Time is recorded in units of 6 minutes, with 10 units making up each hour of time spent. Charge-out rates are reviewed annually and are subject to change without prior notice. Full details of the rates applied to a specific case are available on application.

The firm has five grades of staff (including the office holder) as detailed below. I ensure that case assignments have been carried out by appropriate grades of staff. The charge-out rates of the persons involved in this case from commencement to the current time are as follows:

<b>Staff grade</b>	<b>Charge-out rate at commencement (up to £ per hour)</b>	<b>Increase October 2016 (up to £ per hour)</b>
Licensed Insolvency Practitioner	195.00	225.00
Director / Senior Manager	165.00	175.00
Manager	135.00	150.00
Other professionals	105.00	135.00
Administrative staff	45.00	65.00

\* In October 2016, the Firm increased the charge out rates of certain grades of staff as detailed in the above table. In addition, specific individual staff members who may have duties associated with this case, moved charging grade.

A guide to help creditors understand the law and their rights in relation to an insolvency process can be found at: <http://www.creditorinsolvencyguide.co.uk>

Additional information regarding how the Insolvency Practitioner will be paid can be downloaded under "Fees" at: <https://www.r3.org.uk/what-we-do/publications/professional/fees>

Alternatively, a creditor may obtain a printed copy by contacting this office directly.

***Remuneration***

The fee agreed and paid for the preparation of the statement of affairs and convening the meetings of members and creditors was £9,500.

In relation to the liquidator's remuneration, it is the liquidation committee that has the power and authority to deal with this. The liquidation committee has approved the basis of my fees as follows:

- 5 *In accordance with Rule 4.127 of the Insolvency Rules 1986, the liquidator's remuneration shall be fixed by reference to the time properly given by the office holder and his staff in attending to matters arising in the insolvency.*
- 6 *Fees drawn on account in accordance with the above shall be restricted to 50% of time costs on the first £802,175 of realisations.*
- 7 *The remaining 50% of time costs may be drawn on account from any realisations above £802,715 but restricted to no more than 25% of the additional realisations above £802,715.*
- 8 *There shall be no additional uplift to time costs in consideration for the above restriction on drawings so that the maximum fee is 100% of time costs.*

I have ensured that case assignments have been carried out by appropriate grades of staff.

The time costs incurred during the course of my administration for the period covered by this report are summarised below:

<i>Work category</i>	<i>Partner Hours</i>	<i>Director Hours</i>	<i>Manager Hours</i>	<i>Other Professionals Hours</i>	<i>Admin staff Hours</i>	<i>Total Hours</i>	<i>Time cost £</i>	<i>Average hourly rate £</i>
<b>Administration and planning</b>								
Administrative set-up								
Appointment formalities								
Case review								
Cashiering function				26.80	3.50	30.30	2,795.50	92.26
Committee matters								
General administration			0.30	0.60	5.50	6.40	365.50	57.11
Liaising with Government agencies								
Non insolvency returns				3.80		3.80	513.00	135.00
Pension matters								
Planning and monitoring				4.10		4.10	553.50	135.00
Statutory compliance - Returns/reports/meetings				19.70	2.00	21.70	2,749.50	126.71
<b>Sub-total</b>	-	-	0.30	55.00	11.00	66.30	6,977.00	105.23
<b>Investigations</b>								
CDDA reports								
Post - CDDA report work								
Investigating antecedent transactions	0.90			3.30		4.20	648.00	154.29
Legal correspondence/ litigation	10.20		0.30			10.50	2,340.00	222.86
SIP 2 post Initial Assessment				3.60		3.60	486.00	135.00
SIP 2 review								
<b>Sub-total</b>	11.10	-	0.30	6.90	-	18.30	3,474.00	189.84
<b>Asset realisations</b>								
Book debt realisations								
Fixed asset realisations				2.20		2.20	297.00	135.00
Fixed Charge realisations								
Identifying, securing, insuring assets								
Liaising with agents/solicitors/other professionals								
Other asset realisations	2.30					2.30	517.50	225.00
<b>Sub-total</b>	2.30	-	-	2.20	-	4.50	814.50	181.00
<b>Creditors</b>								
Dividends and distributions								
Employee claims								
Non preferential creditors	0.30			0.40	0.40	1.10	139.50	126.82
<b>Sub-total</b>	0.30	-	-	0.40	0.40	1.10	139.50	126.82
<b>Totals</b>	13.70	-	0.60	64.50	11.40	90.20	11,405.00	126.44

The total time costs incurred during the course of my administration to the end of the current reporting period are summarised below:

<i>Work category</i>	<i>Partner Hours</i>	<i>Director Hours</i>	<i>Manager Hours</i>	<i>Other Professionals Hours</i>	<i>Admin staff Hours</i>	<i>Total Hours</i>	<i>Time cost £</i>	<i>Average hourly rate £</i>
<b>Administration and planning</b>								
Administrative set-up				0.50	0.50	1.00	75.00	75.00
Appointment formalities	5.70	5.20		20.70		31.60	4,143.00	131.11
Case review	2.00			21.50		23.50	2,938.50	125.04
Cashiering function	0.10			95.50	3.50	99.10	8,743.50	88.23
Committee matters	3.70			14.20		17.90	2,335.50	130.47
General administration		1.40	3.10	73.40	47.60	125.50	10,464.00	83.38
Liaising with Government agencies				0.60		0.60	63.00	105.00
Non insolvency returns				9.90		9.90	1,194.50	120.66
Pension matters				13.90		13.90	1,579.50	113.63
Planning and monitoring	2.70	0.90		18.30		21.90	2,934.50	134.00
Statutory compliance - Returns/reports/meetings	15.60	6.90	1.50	72.20	2.00	98.20	13,522.50	137.70
<b>Sub-total</b>	<b>29.80</b>	<b>14.40</b>	<b>4.60</b>	<b>340.70</b>	<b>53.60</b>	<b>443.10</b>	<b>47,993.50</b>	<b>108.31</b>
<b>Investigations</b>								
CDDA reports	4.20			11.10	1.30	16.60	2,043.00	123.07
Post-CDDA report work				3.60		3.60	486.00	135.00
Investigating antecedent transactions	39.40			3.30		42.70	8,425.50	197.32
Legal correspondence/ litigation	10.20		0.30	2.90		13.40	2,644.50	197.35
SIP 2 post Initial Assessment				10.40		10.40	1,092.00	105.00
SIP 2 review				27.80	17.10	44.90	3,688.50	82.15
<b>Sub-total</b>	<b>53.80</b>	<b>-</b>	<b>0.30</b>	<b>59.10</b>	<b>18.40</b>	<b>131.60</b>	<b>18,379.50</b>	<b>139.66</b>
<b>Asset realisations</b>								
Book debt realisations	13.60			4.40		18.00	3,220.00	178.89
Fixed asset realisations	0.80			8.60		9.40	1,161.00	123.51
Fixed Charge realisations				0.40		0.40	42.00	105.00
Identifying, securing, insuring assets	5.40		2.40	5.90		13.70	2,140.50	156.24
Liaising with agents/solicitors/other professionals	5.50		1.40	1.70		8.60	1,500.00	174.42
Other asset realisations	27.00		0.10	14.90		42.00	7,163.50	170.56
<b>Sub-total</b>	<b>52.30</b>	<b>-</b>	<b>3.90</b>	<b>35.90</b>	<b>-</b>	<b>92.10</b>	<b>15,227.00</b>	<b>165.33</b>
<b>Creditors</b>								
Dividends and distributions				3.60		3.60	393.00	109.17
Employee claims	5.30			37.80		43.10	5,554.50	128.87
Non preferential creditors	64.40	1.80	2.00	73.00	31.20	172.40	22,815.00	132.34
<b>Sub-total</b>	<b>69.70</b>	<b>1.80</b>	<b>2.00</b>	<b>114.40</b>	<b>31.20</b>	<b>219.10</b>	<b>28,762.50</b>	<b>132.34</b>
<b>Totals</b>	<b>205.60</b>	<b>16.20</b>	<b>10.80</b>	<b>550.10</b>	<b>103.20</b>	<b>885.90</b>	<b>110,362.50</b>	<b>124.58</b>

A description of the work carried out under the main categories shown in the above summaries can be found at the end of this document.

The only remuneration paid, on account, to date was £35,000 which was paid on 27 March 2019, in accordance with the liquidation committee's resolutions above.

### **Disbursements**

The disbursements incurred can be summarised as follows.

Category 1, disbursements not requiring approval represent a re-charge to the estate for direct costs, payable to independent third parties, specifically incurred in the administration of the estate. In certain instances, these costs were initially met from the firm's resources due to the lack of funds available at the time that payment was due.

Category 2, disbursements requiring approval, represent a charge to the estate for the costs incurred by the firm specifically in relation to the estate.

No Category 2 disbursements are to be paid and no accruals have been calculated.

### **Professional advisors engaged**

I have instructed professional advisors to assist with the administration and progression of the case. The choice of advisor is based on their relevant experience and ability to perform this type of work, the nature and complexity of the specific assignment and the basis of the fee arrangement negotiated. Professional advisors' fees are charged at cost.

Actual costs incurred in this reporting period are detailed as follows:

Adviser/Organisation	Service provided	Reason selected	Basis of fees	Fees paid this reporting period
Pythagoras Capital	Debt recovery, quantity surveying, litigation services	Relevant knowledge and experience	Contingent on recoveries achieved	£ -
Clarke Willmott LLP	Legal advice re claims against directors, deposit claim etc	Relevant and specialist qualifications, knowledge and experience	Standard time costs basis	£17,650
Three Stone Chambers	Counsel's advice	Relevant and specialist qualifications, knowledge and experience	Standard time costs basis	Nil paid but expected to be in the order of £1,000

- Pythagoras Capital were engaged as commission-only debt collection agents in relation to Housing Association Employer Accounts where substantial counter-claims have been indicated. No fees are payable as Pythagoras Capital were unable to identify grounds on which to challenge the counter-claims.
- Clarke Willmott LLP are engaged to assist with the ongoing claims against the directors and other third parties. Counsel's advice was taken from David Mohyuddin QC of Three Stone Chambers.

In addition to the above, I have continued to retain the services of the three property management agents that were already dealing with the six investment properties at the time of the liquidation. Their fees for those services are payable as a percentage deduction from the rental income collected by them.

I am satisfied that fees charged are considered reasonable in the circumstances of the case.

### **Declaration regarding treatment of VAT and accruals**

In accordance with Statement of Insolvency Practice 7, all entries are shown net of VAT, with VAT recorded on a separate line. The receipts and payments account discloses all receipts and payments in the reporting period. However, there may be additional accrued expenditure due in respect of storage of company records and postage, stationery, telephone, mileage and external disbursements. These charges will be drawn upon case closure.

**Statement of creditors' rights to receive further information and statement of creditors' rights to challenge remuneration and/or expenses**

*Relevant extracts of Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016*

**Rule 18.9**

- (1) The following may make a written request to the office holder for further information about remuneration or expenses set out in a progress report under Rule 18.4:
- a secured creditor;
  - an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question); or
  - any unsecured creditor with the permission of the court.
- (2) A request or an application to the court for permission by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one creditor.

**Rule 18.34**

- (1) This rule applies to an application in a winding-up made by a person mentioned in paragraph (2) on the grounds that:
- the remuneration charged by the office holder is in all the circumstances excessive;
  - the basis fixed for the office-holder's remuneration under Rules 18.16 and 18.20 is inappropriate; or
  - the expenses incurred by the office holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in Rule 18.36 or 18.37 as applicable:
- a secured creditor; or
  - an unsecured creditor with either
    - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
    - (i) the permission of the court.
- (3) The application by a creditor must be made no later than eight weeks after receipt by the applicant of the progress report or account under Rule 18.3 which first reports the charging of the remuneration or the incurring of the expenses in question.

A copy of our Standard Terms of Business may be downloaded from:  
<http://www.ewslip.co.uk/downloads>

Alternatively, a Creditor may obtain a printed copy by contacting this office directly.

### ***Description of the work carried out***

- Case review
  - Periodic review, evaluation and internal recording of all matters associated with the case
  - Planning and management of strategies for subsequent case progression
- Cashiering function
  - Recording of all receipts and payments made during the course of the liquidation to date
  - Bank reconciliations and production of statements for review purposes
- Committee matters
  - Liaising with creditors committee members
  - Convening, managing and reporting of committee meetings
  - Production of interim reports and minutes
- General administration
  - Ongoing filing of paperwork
  - Secretarial activities
  - Dealing with general enquiries regarding the case
  - Management, organisation and coordination of staff involved in the case
- Non insolvency returns
  - Production and submission of periodic statutory, VAT, Corporation Tax returns and distribution related PAYE returns as required
- Planning and monitoring
  - Coordination and strategy planning meetings
  - Monitoring the progression of all case matters
  - Liaising with former company officers, utility and amenity providers
- Statutory compliance - returns / reports / meetings
  - Production and submission of periodic progress reports to appropriate stakeholders
  - Completion and submission of statutory insolvency returns
- Investigating antecedent transactions
  - Creating necessary correspondence and reviewing responses received
  - Liaison with appointed agents
- Book debt realisations
  - Liaison with appointed agents
- Fixed asset realisations
  - Liaison with appointed agents
- Identifying, securing, insuring assets
  - Ensure asset protection
  - Arranging appropriate insurance cover where required
- Liaising with agents/solicitors/other professionals
  - Liaison with letting agents in respect of ongoing property rentals

- Other asset realisations
  - Applications for potential refunds
  - Monitor rental income
  - Ongoing property management as required
  - Investigation of connected party claims
- Dividends and distributions
  - All matters associated with the distribution of a dividend to preferential creditors
- Employee claims
  - Agreeing the subrogated preferential and non-preferential claims of the Redundancy Payments Service
  - Identifying and agreeing any preferential and non-preferential employee balancing claims
- Non-preferential creditors
  - Dealing with creditor and their agent's enquiries and queries via telephone, email and correspondence
  - Logging and acknowledgement of creditor claims received
  - Investigation of returned creditor mail and update the case record accordingly