

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

02696994

Name of Company

Furniture 123 Limited


I / We

Michael Chamberlain, Resolution House, 12 Mill Hill, Leeds, LS1 5DQ

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 12/12/2015 to 11/12/2016

Signed



Date

12/12/16

Chamberlain & Co
Resolution House
12 Mill Hill
Leeds
LS1 5DQ

Ref 9935/CRS/DR



Furniture 123 Limited
(In Liquidation)
Liquidator's Abstract of Receipts & Payments


Statement of Affairs		From 12/12/2015 To 11/12/2016	From 12/12/2012 To 11/12/2016
	ASSET REALISATIONS		
7,405 00	Chattel Assets	NIL	NIL
23,960 00	Stock	NIL	15,935 00
	Sale of Shares in Hive Down company	NIL	71,000 00
	VAT Refund	NIL	NIL
7,000 00	Cash at Bank	NIL	11,800 00
	Corporation Tax Refund	NIL	818 92
100,000 00	Goodwill/Website	NIL	NIL
	Rates Refund	NIL	650 53
	Bank Interest Gross	8 76	63 63
	Refund of company credit card charge	NIL	3 50
		8 76	100,271 58
	COST OF REALISATIONS		
	Specific Bond	NIL	840 00
	Preparation of S of A	NIL	6,000 00
	Pre Appt Costs re Asset Sale	NIL	6,575 75
	Liquidator's Remuneration	NIL	38,628 30
	Search Fees	NIL	8 00
	Agents/Valuers Fees	NIL	5,841 26
	Accountancy Fees	NIL	100 00
	Legal Fees	NIL	5,525 00
	Tax Advice	NIL	45 00
	Warehouse Lien	NIL	10,018 82
	Company Formation Fee	NIL	50 00
	Room Hire	NIL	NIL
	Storage Costs	251 12	909 60
	Statutory Advertising	NIL	198 00
	Computer Hardware	NIL	34 65
	Insurance of Assets	NIL	127 20
		(251 12)	(74,901 58)
	PREFERENTIAL CREDITORS		
(1,544 55)	Employees - Wage Arrears	NIL	NIL
(5,640 97)	Employees - Holiday Pay	NIL	NIL
	Pref Divid 100 00p in œ	NIL	5,223 01
		NIL	(5,223 01)
	UNSECURED CREDITORS		
(272,506 72)	Trade & Expense	NIL	NIL
(43,242 68)	Employees - Redundancy	NIL	NIL
(50,700 43)	Employees - Pay in Lieu of Notice	NIL	NIL
(14,084 22)	Directors	NIL	NIL
(14,214 63)	HM Revenue & Customs - VAT	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(118,839 00)	Ordinary Shareholders	NIL	NIL
(1,723,000 00)	Share Premium	NIL	NIL
		NIL	NIL
(2,105,408 20)		(242.36)	20,146.99

REPRESENTED BY

VAT Receivable
Current A/c

25 24
20,121 75

20,146.99



Michael Chamberlain
Liquidator

**FURNITURE 123 LIMITED
(IN LIQUIDATION)**

**Progress Report
pursuant to Section 104A of the Insolvency Act 1986**

**Chamberlain & Co
12 December 2016**

FURNITURE 123 LIMITED IN LIQUIDATION

PROGRESS REPORT ON THE OUTCOME OF THE LIQUIDATION

INTRODUCTION

Michael Chamberlain was appointed Liquidator of Furniture 123 Limited ('the Company') on 12 December 2012 by the Company's members and creditors pursuant to Section 100 of the Insolvency Act 1986 ("The Act")

Michael Chamberlain is authorised to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales

The EC Regulation on Insolvency Proceedings 2000 will apply in this matter and these proceedings will be the main proceedings as defined by Article 3 of the EC Regulation. The Company's registered office and centre of main interests are in the United Kingdom

In accordance with Rule 4.49C of the Insolvency Rules 1986 ("The Rules"), I now set out my progress report on the conduct of the Liquidation. This report should be read in conjunction with my previous reports which are available on the same web page as this report

RECEIPTS AND PAYMENTS ACCOUNT

An abstract of the Liquidator's receipts and payments for the period 12 December 2012 to 11 December 2016 is attached at Appendix 2

All transactions are shown net of VAT

ASSET REALISATION

Pre Appointment Hive Down of Certain Assets and Post Appointment Sale

Prior to the commencement of the liquidation, in order to protect the tax losses of the Company which could have been of benefit to any interested purchaser in the assets of the Company, the Company's chattel assets, goodwill, customer list, intellectual property, tax losses and website were hived down to a wholly owned subsidiary, Quedell Limited, leaving an inter-company balance owing to the Company. On 14 December 2012 a sale of the shares of Quedell Limited owned by the Company was agreed for a nominal £1 plus the settlement of the inter-company balance for £71,000 plus 20% of any corporation tax saved by Quedell Limited in the next 2 years by offsetting the tax losses carried forward against future profits of the business. The £71,000 was received on 18 December 2012. It is not anticipated that it will be known whether there will be realisations from the deferred consideration until Quedell Limited have completed the accounts to cover its first two years of trading and finalised the completion of corporation tax returns. We are informed that the purchasers are in the final stages of obtaining the benefit of losses surrendered in the first year of trading from HM Revenue & Customs with the intention of making the first payment due under the deferred consideration as soon as it is received. It is not anticipated that the tax returns for the second year of trading will be completed until late 2016, as this is the latest date that the group can submit the returns relating to the final period of the deferred consideration.

Gross interest of £63.63 has been earned on funds held on deposit during the period of my administration

The statement of affairs did not identify any other assets

INVESTIGATIONS

I can confirm that I have complied with my obligations in relation to my investigations into the affairs of the Company and have submitted my report in accordance with the requirements of the Company Directors Disqualification Act 1986. The contents of this report are confidential

My investigations did not identify any further potential assets that may have been realised for the benefit of creditors

REMUNERATION

As agreed at the meetings of members and creditors, I have drawn a fee of £6,000.00 plus VAT for assisting the director in preparing the statement of affairs and convening the meetings of members and creditors necessary to place the Company into liquidation

It was proposed and agreed at a meeting of creditors held on 12 December 2012 that the Liquidator would be remunerated on a time cost basis in accordance with Rule 4.127 (2) (B) of the Insolvency Rules 1986

In accordance with the revised Statement of Insolvency Practice 9 which came into force on 1 November 2011, summaries of time costs currently recorded are appended to this report for the period 12 December 2012 to 11 December 2016 and for the period 12 December 2015 to 11 December 2016, the period since the last report. These costs were approximately £45,746.05 and £2,065.00 at an average hourly rate of £209 and £189 respectively. In common with all professional firms our scale rates increase from time to time over the period of administration of each insolvency case. I have drawn £38,628.30 on account of my remuneration. A schedule of my firm's chargeout rates and charging policy is attached at Appendix 3.

At the meeting of creditors on 12 December 2012 creditors approved the following resolution

"To expressly approve in addition to the fee approved in resolution 2.2 the payment of the time costs and expenses properly incurred by the nominated liquidator and his staff for work undertaken in connection with the Company in addition to the normal duties and activities pre appointment. In particular dealing with employee claims, creditor queries and dealing with sale of the company's assets. It is expressly approved that these can be settled from the realisations in the liquidation, it is estimated that these are in the order of £6,575.75."

I have therefore drawn £6,575.75 in connection with the work undertaken prior to appointment over and above the normal duties and activities pre appointment. A review of the time recorded in dealing with the above indicated that the time recorded was in fact £13,171.50. As the costs were significantly more I therefore consider that a further meeting of creditors may in due course be summoned to consider the payment of these additional costs.

My disbursements total £2,167.45 and comprise the following

Disbursement	Payee	Amount (£)
Specific Bond	Marsh Limited	840.00
Search Fees	Companies House	8.00
Company Formation Fee	A1 Company Services Limited	50.00
Storage Costs	Box It Yorkshire	909.60
Statutory Advertising – London Gazette	Courts Advertising Limited	198.00
Computer Hardware	Ebuyer	34.65
Insurance of Assets	Marsh Limited	127.20

All disbursements have been recharged to the liquidation at cost

I should advise you that in accordance with Rule 4.131 of The Rules, creditors have the right to request that the liquidator provides further information about his remuneration and expenses incurred during the administration of the liquidation. The request must be made in writing, within 21 days of receipt of this report, and can be made by a secured creditor or an unsecured creditor with the concurrence of at least 10% in value of unsecured creditors or with the permission of the court. Furthermore, creditors have the right to challenge the liquidator's remuneration and expenses by application to the court within 8 weeks of receiving this report.

OTHER PAYMENTS

I have paid the sum of £5,841 26 including disbursements and VAT to Eddisons which comprises a valuation fee of £1,250 00 in respect of the Company's chattel assets, the basis of the fee arrangement being on an hourly rate, their disbursements of £2,957 76 and commission of £1,633 50 agreed at 10% of the sale proceeds

I have paid the sum of £5,525 00 to Cobbetts LLP (now DWF LLP) ("Cobbetts") to advise me in connection with the sale and hive down of the Company. The basis of Cobbett's fee arrangement is on an hourly rate

I have paid the sum of £100 00 to SW Accountants in respect of the completion of the P45 for the Company's employees. The basis of SW Accountants fee arrangement is on an hourly basis

I have paid the sum of £45 00 plus VAT to Craggs & Co ("Craggs") in respect of their advice in connection with the tax implications of the sale and hive down of the Company. The basis of Craggs fee arrangement is on an hourly rate

I consider Eddisons, Cobbetts, SW Accountants and Craggs to be firms of repute with the appropriate expertise in their respective fields. My experience of working with these firms indicates that their internal delegation results in charges which are cost-effective for this kind of work

All other payments have been made in accordance with the rules and regulations generally as to the payment of costs and expenses of winding up

PRESCRIBED PART

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to Section 176A of The Act. The prescribed part applies to floating charges created on or after 15 September 2003

As there is no floating charge holder of this Company, the prescribed part does not apply.

CREDITORS' CLAIMS

Since my appointment I have been made aware of a preferential claim from the Redundancy Payments Office in respect of employees' claims for outstanding wages and holiday pay in the sum of £3,250 36 and employee claims of £1,972 65. A dividend of 100p in the £ was paid to preferential creditors on 15 January 2015

I have received claims from eighty three non-preferential creditors amounting to £964,927 85. The majority of this balance is made up of the Company's indebtedness to PayPal who have submitted a claim of £695,573 60 in respect of customer chargebacks. Claims from non-preferential creditors have not been admitted to rank for dividend purposes as it is not yet clear whether there will be sufficient funds within the liquidation to declare a dividend to any class of creditor

OTHER MATTERS

I shall report to you further once I am in a position to conclude my administration of this liquidation, or if earlier, the next anniversary. If in the meantime you require any further information please do not hesitate to contact me

M Chamberlain
Liquidator

APPENDIX 1

The liquidator appends below the following additional information required under Rule 4.49C of the Insolvency Rules 1986

Statutory Information

Company Name:	Furniture 123 Limited
Company Number:	02696994
Registered Office:	c/o Chamberlain & Co, Resolution House, 12 Mill Hill, Leeds, LS1 5DQ previously Sandway Business Centre, Shannon Street, Leeds, LS9 8SS
Liquidator:	Michael Chamberlain
Liquidator's Address:	Resolution House 12 Mill Hill Leeds LS1 5DQ
Date of Appointment:	12 December 2012

Furniture 123 Limited
(In Liquidation)
Liquidator's Summary of Receipts & Payments

Statement of Affairs £		From 12/12/2015 To 11/12/2016 £	From 12/12/2012 To 11/12/2016 £
	ASSET REALISATIONS		
7,405 00	Chattel Assets	NIL	NIL
23,960 00	Stock	NIL	15,935 00
	Sale of Shares in Hive Down company	NIL	71,000 00
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	Bank Interest Gross	8 76	63 63
	Refund of company credit card charge	NIL	3 50
		<u>8 76</u>	<u>100,271 58</u>
	COST OF REALISATIONS		
	Specific Bond	NIL	840 00
	Preparation of S of A	NIL	6,000 00
	Pre Appt Costs re Asset Sale	NIL	6,575 75
	Liquidator's Remuneration	NIL	38,628 30
	Search Fees	NIL	8 00
	Agents/Valuers Fees	NIL	5,841 26
	Accountancy Fees	NIL	100 00
	Legal Fees	NIL	5,525 00
	Tax Advice	NIL	45 00
	Warehouse Lien	NIL	10,018 82
	Company Formation Fee	NIL	50 00
	Room Hire	NIL	NIL
	Storage Costs	251 12	909 60
	Statutory Advertising	NIL	198 00
	Computer Hardware	NIL	34 65
	Insurance of Assets	NIL	127 20
		<u>(251 12)</u>	<u>(74,901 58)</u>
	PREFERENTIAL CREDITORS		
(1,544 55)	Employees - Wage Arrears	NIL	NIL
(5,640 97)	Employees - Holiday Pay	NIL	NIL
	Pref Divid 100 00p in œ	NIL	5,223 01
		<u>NIL</u>	<u>(5,223 01)</u>
	UNSECURED CREDITORS		
(272,506 72)	Trade & Expense	NIL	NIL
(43,242 68)	Employees - Redundancy	NIL	NIL
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(14,084 22)	Directors	NIL	NIL
(14,214 63)	HM Revenue & Customs - VAT	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(118,839 00)	Ordinary Shareholders	NIL	NIL
(1,723,000 00)	Share Premium	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(2,105,408.20)</u>		<u>(242.36)</u>	<u>20,146.99</u>

VAT Receivable
Current A/c

25 24
20,121 75

20,146.99



Michael Chamberlain
Liquidator

Chamberlain & Co

TIME & CHARGEOUT SUMMARIES

Furniture 123 Ltd Furniture

2/12/2015 to 11/12/2016

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	0 50	5 00	0 00	1 30	6 80	1,143 00	168 09
Realisation of Assets	0 10	2 00	0 00	0 00	2 10	466 00	221 90
Creditors	0 20	1 80	0 00	0 00	2 00	456 00	228 00
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Time Cost	248 00	1,750 00	0 00	67 00		2,065 00	
Total Hours	0 80	8 80	0 00	1 30	10 90		
Average Rate	310 00	198 86	0 00	51 54			

Total Fees Claimed	0 00
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Statement of Liquidator's Remuneration Pursuant to Statement of Insolvency Practice No.9

Charging and Disbursement Policy

Liquidator's charging policy for fees

The Insolvency Rules 1986 provide that the Liquidator's remuneration may be fixed on the basis of time properly spent by the Liquidator and his staff in attending to matters arising in the Liquidation

The Liquidator has engaged managers and other staff to work on the Liquidation. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by cashiers dealing with the company's bank accounts and statutory compliance diaries, and other support services and filing clerks. Work carried out by all staff is subject to the overall supervision of the Liquidator.

All time spent by staff working directly on case-related matters is charged to a time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The hourly rate for each category of staff over the duration of the liquidation is shown below.

Grade	£ per hour 01/09/12	£ per hour 01/09/13	£ per hour 01/09/14	£ per hour 01/09/15	£ per hour 01/09/16
Directors	275-295	275-295	295-325	295-345	295-345
Managers	185-220	185-220	205-240	205-255	205-255
Other Senior Professionals	105-155	105-155	105-170	105-180	105-185
Assistants and Support Staff	75-95	30-95	30-95	30-100	30-100

A copy of the R3 (Association of Business Recovery Professionals) creditors' guide to Liquidator's fees may be obtained by contacting David Render at the above address or at www.r3.org.uk

Liquidator's charging policy for disbursements

Statement of Insolvency Practice No 9 divides disbursements into two categories

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with Statement of Insolvency Practice No 9, it is my firm's policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. I am prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No 9 provides that such disbursements are subject to approval as if they were remuneration. It is not my firm's current policy to charge Category 2 disbursements. However were this to change, I would seek approval for Category 2 disbursements before they are drawn in line with the Statement