

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

02722136

Name of Company

Positive Clothing (London) Limited

+/ We

Deviesh Ramesh Raikundalia, 38 De Montfort Street, Leicester, LE1 7GS

Situl Devji Raithatha, 38 De Montfort Street, Leicester, LE1 7GS

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 11/12/2014 to 10/12/2015

Signed



Date

11/02/16

Springfields Business Recovery & Insolvency Limited
38 De Montfort Street
Leicester
LE1 7GS

Ref PO1563/DRR/SDR/AS/LL

SATURDAY



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13/02/2016

#435

COMPANIES HOUSE

**TO ALL KNOWN SHAREHOLDERS &
CREDITORS****Our ref.** PO1563/LL/3B
Your ref:
Date: 11 February 2016**When telephoning please ask for**
Luke Littlejohn
Direct Dial 0116 249 2018
E. luke.l@springfields-uk.com

Dear Sir(s)

Positive Clothing (London) Limited - In Creditors' Voluntary Liquidation ("the Company")**Former Trading address: 20 Wells Mews, London W1T 3HQ**

I refer to my appointment as Joint Liquidator of the Company on 11 December 2014 together with my colleague, Situl Devji Raithatha. The Company previously entered Administration on 10 September 2014 with David Rubin & Partners appointed.

I write following the end of the first anniversary of the Liquidation. I detail below my report on the progress of the Liquidation for the period from 11 December 2014 to 10 December 2015 ("the Period"). This should be read in conjunction with my previous reports and those issued during the Administration period.

1. Company and Liquidators' Details

Company Name	Positive Clothing (London) Limited
Company Registered number	02722136
Registered Office	38 De Montfort Street Leicester LE1 7GS
Former Registered Offices	26-28 Bedford Row London WC1R 4HE 13 Station Road Finchley London N3 2SB

**Directors**

S D Raithatha FCA MIPA FABRP

D R Raikundalia ACCA MIPA MABRP

All office holders are licensed in the United Kingdom to act as insolvency practitioners by the Association of Chartered Certified Accountants

www.springfields-uk.com

Springfields is a trading name of Springfields Business Recovery & Insolvency Limited
Registered in England & Wales number 4851970
Registered office 38 De Montfort Street Leicester LE1 7GS

Name of Liquidators Deviesh Ramesh Raikundalia
Licensed Insolvency Practitioner of
Springfields Business Recovery & Insolvency Ltd
38 De Montfort Street
Leicester
LE1 7GS

Situl Devji Raithatha
Licensed Insolvency Practitioner of
Springfields Business Recovery & Insolvency Ltd
38 De Montfort Street
Leicester
LE1 7GS

Date of Appointment 11 December 2014

2. Receipts and payments & the Liquidators' actions since appointment

I enclose a summary of my receipts and payments account for the Period. Please note that the receipts and payments are shown exclusive of VAT.

Transfer from Administration

A balance of £483,771.52 was transferred from the Administrators of the Company in respect of the funds in hand at the end of the Administration.

Antecedent Transactions

A Liquidation Committee ("the Committee") was established on this case and I have been liaising with the Committee closely on potential areas of investigation. With the consent of the Committee, extensive investigations were undertaken involving the instruction of solicitors, computer forensic experts and the interviewing of the officeholders of the Company and other parties understood to hold information regarding the affairs of the Company.

As a result of these investigations, a number of rights of action were identified against associated parties involving substantial sums. Letters before action were issued to a number of associated parties setting out the bases of the claims and requesting proposals for repayment. Initially, the claims were disputed and therefore preparations were made in the event that Court proceedings were required including obtaining Adverse Costs Insurance ("ACI"), which was essential to bringing the claims.

After protracted correspondence, the solicitors representing the various parties proposed mediation in order to settle the matter without the need for Court proceedings.

The Liquidators and their legal representative attended mediation meetings over the course of 6 and 7 July 2015 and, after protracted negotiations, a settlement of £1,220,000 plus £250,000 towards legal costs (including the ACI premium) was reached with the parties and

executed shortly before midnight on 7 July 2015. It was agreed that payment would be received in instalments on the basis that security was taken over a property personally owned by one of the associated parties. The dates agreed for payments were as follows:

- £130,000 had been paid on account prior to the commencement of the mediation
- £150,000 on or before 16 00 hrs on 6 August 2015
- £500,000 on or before 16 00 hrs on 8 October 2015
- £690,000 on or before 16 00 hrs on 7 July 2016
- On or before 7 July 2016, interest to be paid in respect of amounts due from 10 September 2014 to the date payment is made

I am pleased to report that all payments due under the agreement have now been received, including the final instalment and interest accrued which were paid early.

The terms of the settlement were agreed after considering the substantial costs involved and risk in pursuing the claims through Court proceedings as well as liaison with the largest creditors on the Committee. I am of the view that the agreement represents a positive outcome for creditors and should enable a significant return in comparison to the estimated outcome in the Administration.

As a result of the settlement, the ACI premium was payable in the sum of £108,650.

Book Debts

The Joint Administrators' Final Progress Report indicated that there were outstanding book debts to collect of £105,174. I took custody of the Joint Administrators' files and, on review, it appeared that the balance of debts related to early payment discounts applied to the original balances by customers and were therefore not recoverable.

The Company records also indicated that there was a debt due from a customer, Jane Norman Limited ("JNL"), which had also entered into Administration. The sum of £70,401.40 was due in respect of orders placed prior to it entering into Administration and the Company is therefore an unsecured creditor in the Administration. The latest progress report issued by the Administrators of JNL indicates that there may be sufficient funds available to enable a distribution to the unsecured creditors under the prescribed part provisions. However, on the basis of the expected creditor claims in that case and the maximum amount that can be distributed under the prescribed part provisions, any return is expected to be nominal, although I have had the Company's interest duly noted.

The Company also provided JNL with goods following it entering into Administration. The sum of £10,536.10 has been received from the Administrators, which corresponds with the figure in the Company records, and no further funds are expected.

Tax Appeal Fees

Following correspondence with the Company's accountants, it emerged that the Company could be subject to an enquiry from HM Revenue & Customs regarding its pension arrangements, which could potentially give rise to an Accelerated Payment Notice ("APN").

Although an APN had not been issued, the decision was made to register the Company for a judicial review undertaken by tax specialists who were appealing the decisions made on other cases. The tax specialists recently advised that the appeal had been unsuccessful and they were in the process of reviewing the position and other options available.

VAT from Admin

The sum of £17,173.69 was reclaimed from HM Revenue & Customs ("HMRC") in respect of VAT paid on the costs and expenses of the Administration.

Tax Refund

I am in the process of making enquiries as to whether there are any tax refunds due to the Company as a result of trading losses it made prior to entering into Administration as well as repayment of the antecedent transactions referred to the above. I am unable to advise on the quantum of any potential refund at this stage and hope to report to creditors in more detail in due course.

3. Investigations

As detailed above, extensive investigations were undertaken on this case with the consent of the Committee. The agreement was in settlement of all claims against the parties subject to it. There are currently no further outstanding investigatory issues involving parties not subject to the agreement.

I fulfilled my statutory duties and reported to the Department for Business, Innovation and Skills ("BIS") regarding the directors' conduct. The contents of my report must remain confidential and I cannot comment on what action, if any, may be taken by BIS.

4. Outcome for creditors

Secured Creditors

The Company operated an invoice discounting facility with Lloyds Commercial Finance Limited ("LCFL"), which held fixed and floating charges over the Company's assets, present and future. The debenture was created on 31 October 2012 and registered at Companies House on 14 November 2012.

In addition, Barclays Bank Plc holds fixed and floating charges over the Company's assets, present and future, created on 4 February 2014 and registered at Companies House on 7 February 2014. Barclays Bank Plc is understood to be owed no money by the Company.

Prior to the Administration, a Mr Matthew Miller settled the LCFL liability and effectively replaced LCFL as the Company's primary chargeholder. Mr Miller's indebtedness with the Company was discharged from the funds realised from its sales ledger during the Administration period.

Preferential Creditors

The information provided to me by the Joint Administrators anticipated that there would be preferential claims of £24,700 in respect of payments made to employees under the Employment Rights Act 1996. A number of claims were received and forwarded to the Redundancy Payments Service ("RPS") for payment, subject to statutory limits.

Claims totalling £20,458.70 were identified. A distribution at a rate of 100p in the £ was made to the preferential creditors on 26 November 2015.

Unsecured, Non-Preferential Creditors

The Statement of Affairs anticipated 42 unsecured, non-preferential claims of £2,309,644. To date, 47 claims of £2,473,773.84 have been received of which £2,209,367.07 have been admitted for dividend purposes. There are currently 4 unsettled claims of £226,324.55, which are subject to further enquiry. Eight claims totaling £38,082.22 have been rejected to date.

A First Dividend at a rate of 25p in the £ was declared and paid to this class of creditor on 26 November 2015. Funds totalling £527,162.10 were distributed to creditors as part of this dividend. A Second Dividend of 25p in the £ was declared on 27 January 2016 and funds totalling £553,203.03 were distributed to creditors as part of this dividend.

I expect to be in a position to make a final distribution to creditors once all outstanding matters have been finalised. At this stage, I am unable to advise on the quantum of any future dividend due to the level of unproven creditors and unsettled claims.

5. Liquidators' remuneration

On 27 November 2014, the Committee agreed that the Joint Liquidators' remuneration should be on a time cost basis and my firm's costs would be drawn as and when authorised by the Committee. Please refer to the enclosed receipts and payments account for details of the amounts drawn in the Period.

I enclose a summary of my firm's time costs, subject to the posting of timesheets, for the Period. I also enclose a schedule of my firm's current charge out rates.

A description of the routine work undertaken in the Liquidation to date is as follows:

1. Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on IPS and DocuSoft
- Review and storage
- Case bordereau
- Case planning and administration

- Preparing reports to members and creditors
 - Convening and holding meetings of members and creditors
- 2 **Cashiering**
- Maintaining and managing the Liquidators' cashbook and bank account
 - Ensuring statutory lodgements and tax lodgement obligations are met
- 3 **Creditors**
- Dealing with creditor correspondence and telephone conversations
 - Preparing reports to creditors
 - Maintaining creditor information on IPS
 - Reviewing proofs of debt received from creditors
- 4 **Investigations**
- Review and storage of books and records
 - Preparing a return pursuant to the Company Directors Disqualification Act
 - Interviewing the directors, key employees and advisors
 - Issuing targeted questionnaires to all employees
 - Instructing a computer forensics firm to enable access to the Company's computerised records and emails
 - Instructing an Information Technology Firm to recover data stored on an online cloud platform
 - Extensive analysis of physical and computerised records
 - Obtaining files and records from the Company's advisors and review of the same
- 5 **Realisation of Assets**
- Collecting book debts in conjunction with specialist advice
 - Establishing extent of Company's property interests in conjunction with specialist advice

6. Liquidation Expenses

I enclose a schedule of my expenses for the Period This includes category 2 disbursements

The following professional advisors have been used in this matter

<i>Name</i>	<i>Nature of work</i>	<i>Fee Agreement</i>
Ashteds Solicitors	Legal advice	Conditional Fee Arrangement (CFA)
Intaforensics	Computer forensics	Fixed fee
Xara Computers (UK) Limited	Recovery of cloud based computer data	Fixed fee
OneE Group	Tax Appeal	Fixed fee

The choice of professionals was based on the Liquidators' perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them

Although significant expenses have been incurred on this case, this was deemed necessary in order to identify the claims against the parties and prepare the case for legal proceedings. These costs have resulted in a significant net benefit to creditors due to the quantum of the settlement reached with the associated parties.

7. Creditors' Rights

An unsecured creditor may, with the permission of the Court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Liquidators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the Court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to Court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

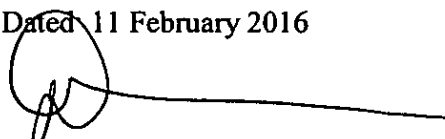
8. Summary

The Liquidation will remain open until the debt collection has been finalised and the tax position has been established. I am unable to estimate when this will be at this stage.

9. Disclaimer

This report has been prepared for the sole purpose of updating creditors and shareholders of the Company for information purposes to fulfil the necessary statutory requirements of the Liquidators. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, or otherwise used by creditors or shareholders for any purpose other than updating them for information purposes, or any other person for any purpose whatsoever.

Dated 11 February 2016



Situl Devji Raithatha
Joint Liquidator

Positive Clothing (London) Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments
To 10/12/2015

S of A £	£	£
TRANSFER FROM ADMINISTRATION		
Transfer from Administration	483,771 52	483,771 52
ASSET REALISATIONS		
Antecedent Transactions	1,470,000 00	
Book Debts	10,536 10	
VAT from Admin	17,173 69	
Interest on Settlement Funds	68,115 21	
Bank Interest Gross	525 84	
		1,566,350 84
COST OF REALISATIONS		
Legal Fees & Disbursements	175,566 04	
Specific Penalty Bond	1,304 00	
Adverse Cost Insurance	108,650 00	
Transcription Costs	958 91	
Meeting Room Hire	400 00	
Joint Liquidators' Remuneration	200,000 00	
Joint Administrator's Fee	35,756 00	
Printing and Photocopying	1,282 90	
Land Registry Fees	45 00	
Agents/Valuers Fees	40 81	
Computer Forensics	5,250 00	
Courier Costs	198 44	
Corporation Tax	7 56	
Interviewee Expenses	855 40	
Mileage	99 00	
Storage Costs	764 98	
Statutory Advertising	131 84	
Tax Appeal Fees	500 00	
Computer Data Recovery	3,400 00	
Travelling expenses	1,710 01	
		(536,920 89)
PREFERENTIAL CREDITORS		
Preferential Distribution (See Note 1)	20,458 70	(20,458 70)
UNSECURED CREDITORS		
Unsecured Distribution (See Note 2)	527,162 10	(527,162 10)
		<u>965,580.67</u>
REPRESENTED BY		
Vat Receivable		58,811 11
Current A/c - Bank 1		906,769 56
		<u>965,580.67</u>

Note.

Note 1

The preferential creditors were paid in full on 26 November 2015

Note 2

A First Dividend of 25p in the £ was declared and paid to the unsecured, non-preferential creditors on 26 November 2015

Note 3

A Second dividend declared on 27 January 2016 and paid to the unsecured, non preferential creditors on 28 January 2016

Time Entry - Detailed SIP9 Time & Cost Summary

PO1563 - Positive Clothing (London) Limited
From 11/12/2014 To 10/12/2015
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	0.00	3.80	16.30	0.00	20.10	3,566.00	177.41
101 Case Planning	0.80	4.20	15.40	0.00	20.40	3,764.00	185.49
102 Administrative set-up	2.40	1.20	0.40	0.00	4.00	1,330.00	332.50
103 Appointment Notification	0.70	0.00	1.70	0.00	2.40	573.00	238.75
104 Maintenance of Records	0.10	1.60	3.80	0.00	5.50	1,112.50	202.27
105 Statutory Reporting	0.00	3.20	0.00	0.00	3.20	779.00	243.44
106 VAT & Tax Returns	1.40	4.90	7.60	0.00	13.90	2,895.00	208.27
107 Case Monitoring	3.40	6.40	9.90	0.00	19.70	4,754.50	241.35
Administration & Planning	8.80	25.30	55.10	0.00	89.20	18,784.00	210.70
600 Case Specific	0.00	0.00	0.80	0.00	0.80	128.00	157.50
602 Case Specific 2	0.00	0.00	10.90	0.00	10.90	1,635.00	150.00
Case specific matters	0.00	0.00	11.70	0.00	11.70	1,761.00	150.51
500 Creditors	0.00	4.80	3.90	0.00	8.70	1,685.00	193.68
501 Communication	14.80	8.40	2.80	0.00	26.00	8,788.50	338.02
502 Claims inc emp, prefs	18.10	158.30	21.80	0.00	198.20	57,676.50	291.00
504 Committee Reporting	17.10	23.60	0.00	0.00	40.70	13,650.00	335.38
505 Final Report	0.00	1.80	0.00	0.00	1.80	531.00	295.00
Creditors	50.00	196.90	28.50	0.00	275.40	82,331.00	298.95
200 Investigations	0.00	0.60	71.10	0.00	71.70	10,800.00	150.63
201 SIP 2 review	0.00	0.00	0.70	0.00	0.70	105.00	150.00
202 CDDA reports	0.20	9.70	32.60	0.00	42.50	7,817.00	183.93
203 Antecedent transactions	175.50	331.80	23.80	0.00	531.10	169,919.00	319.94
Investigations	175.70	342.10	128.20	0.00	846.00	188,641.00	292.01
301 Ident, Sec, Insuring	0.40	0.00	0.00	0.00	0.40	156.00	390.00
302 ROT	0.00	0.00	0.30	0.00	0.30	48.00	160.00
303 Debt collection	0.50	1.70	2.70	0.00	4.90	982.50	200.51
305 Legal matters	0.70	69.60	0.20	0.00	70.50	20,835.00	295.53
Realisation of Assets	1.60	71.30	3.20	0.00	76.10	22,021.50	289.38
401 Management of operations	0.00	0.40	0.00	0.00	0.40	124.00	310.00
Trading	0.00	0.40	0.00	0.00	0.40	124.00	310.00
Total Hours	236.10	636.00	226.70	0.00	1,098.80	313,672.50	285.47
Total Fees Claimed						200,000.00	

Charge out rates and disbursements policy for Insolvency Department
With effect from 1st August 2015 (subject to periodic review)

Hourly Rate effective 1 August

Grade	2015	2014 (comparative)
	(£)	(£)
Director	410	390
Manager	240 – 310	225 – 295
Administrator	140 – 210	130 – 200

Time is recorded in units of 6 minutes (prior to 08/01/2007 this was 15 minutes).

In some instances where there is undue risk to the firm in recovering its standard hourly rates in full, typically as a consequence of the pursuit of causes of action where the outcomes are far from certain, or where there are considered to be undue risks associated with the conduct of an assignment, the approval for a percentage uplift on standard hourly rates may be sought. The percentage uplift sought will vary depending upon the circumstances of each case.

Disbursements policy

Disbursements incurred in the course of an appointment are recharged to the case in accordance with SIP 9 on all insolvency appointments. These fall into two categories:

Category 1 disbursements are costs which comprise external supplies and are paid to an independent third party. These generally include, for instance, advertising, bond, travel expenses (excluding mileage) and external storage of records.

Category 2 disbursements are costs which are directly referable to the appointment but not a payment to an independent third party. These may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, e.g. business mileage. Category 2 disbursements require approval by creditors before they can be drawn.

Category 2 disbursements

Photocopying / printing:	10p per sheet
Internal storage of books and records:	Initial charge for intake: £6.10 per box Storage: £0.40 per month per box in storage at month end
Internal storage of PC/IT equipment:	Storage: £3.60 per month per item in storage at month end
Internal room hire:	£100 per statutory meeting
Mileage (own car usage):	45p per mile

Creditors' Guide to Fees

(Produced by the Association of Business Recovery Professionals)

Creditors should note that a copy of the appropriate Creditors' Guide to Fees is available on request from this office or a copy can be accessed on the Insolvency Practitioners Association website www.insolvency-practitioners.org.uk under the heading 'Regulation and Guidance' and then by following the link to 'Creditors' Guide to Fees'.

All amounts detailed above are shown exclusive of VAT, which will be charged at the prevailing rate.

Positive Clothing (London) Limited - In Creditors' Voluntary Liquidation

Details of expenses incurred from 11 December 2014 to 10 December 2015

Expenses

Category 1

Type	Incurred in Period (£)	Paid in Period (£)	Outstanding c/f (£)
Legal Fees & Disbursements	175,566 04	175,566 04	-
Specific Penalty Bond	1,304 00	1,304.00	-
Adverse Cost Insurance	108,650 00	108,650 00	-
Transcription Costs	958 91	958 91	-
Meeting Room Hire	400 00	400 00	-
Land Registry Fees	45 00	45 00	-
Agents/Valuers Fees	40 81	40 81	-
Computer Forensics	5,250 00	5,250.00	-
Courier Costs	198 44	198 44	-
Corporation Tax	7 56	7 56	-
Interviewee Expenses	855 40	855 40	-
Statutory Advertising	131 84	131 84	-
Tax Appeal Fees	500 00	500 00	-
Computer Data Recovery	3,400 00	3,400 00	-
Travelling Expenses	1,710 01	1,710 01	-
TOTAL	299,018 01	299,018 01	-

Category 2

Type	Incurred in Period (£)	Paid in Period (£)	Outstanding c/f (£)
Meeting Room Hire	100 00	-	100 00
Mileage	99.00	99.00	-
Storage Costs*	831.38	764 98	66 40
Internal Photocopying & Printing	1,379 20	1,282 90	96 30
TOTAL	2,409 58	2,146.88	162 70

Notes

- * Please note these costs continue to accrue and are billed periodically.