



Grant Thornton

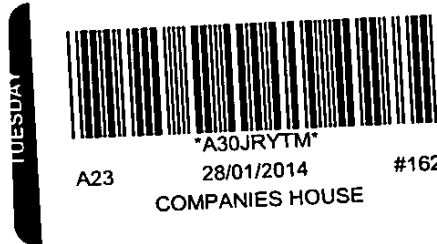
3481398

Our Ref IZR/SME/JEB/O00305/7

TO THE CREDITORS AND MEMBERS

24 January 2014

Dear Sirs



Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

T +44 (0)113 245 5514
F +44 (0)113 245 5055
www.grant-thornton.co.uk

03481398 Limited (Formerly TM GB Limited) - In Liquidation (the Company)
High Court of Justice No 7759 of 2012
Former Trading Address: 28 Stradbroke Grove, Clayhall, Ilford, Essex, IG5 0DN

1 Introduction

- 1 1 Following an application by a creditor of the Company, TM Global Limited (TM Global), to restore the Company following its initial dissolution in June 2011, the court ordered the Company be restored on 23 August 2012
- 1 2 Subsequently following a petition by TM Global that was presented to the court on 8 October 2012, it was ordered that the Company be wound up and placed into compulsory liquidation on 19 November 2012. The court also ordered that the costs of the petitioner of the petition be paid out of the assets of the Company
- 1 3 Kevin Hellard, and I, were appointed as joint liquidators of the Company on 29 November 2012. In accordance with rule 4 49B of the Insolvency Rules 1986, I now report on the progress of the liquidation for the year ended 28 November 2013 and attach
 - Appendix A, abstract of the joint liquidators' receipts and payments for the period 29 November 2012 to 28 November 2013
 - Appendix B, a statement of the remuneration charged by the joint liquidators in the period 29 November 2012 to 28 November 2013 and a statement of expenses incurred in the period
 - Appendix C, an analysis of time costs as required by Statement of Insolvency Practice 9
 - Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the joint liquidators (rule 4 49E)
 - Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the joint liquidators' remuneration or expenses if excessive (rule 4 131)
 - Appendix F, a notice of a general meeting summoned under Rule 4 54 of the Insolvency Rules 1986 for the purpose of determining the basis of the joint liquidators' remuneration to be held on 27 February 2014 at 10 00am

Chartered Accountants
Member firm within Grant Thornton International Ltd
Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

- 1 4 Please note that both Kevin Hellard, and I, are authorised by the Insolvency Practitioners Association to act as insolvency practitioners

2 Statutory Information

- 2 1 The Company's statutory details are as follows

Registered number	03481398 Limited
Registered office	c/o Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds, West Yorkshire, LS1 4BN
Previous registered office	Finsgate, 5-7 Cranwood Street, London, EC1V 9EE
Previous trading address	28 Stradbroke Grove, Clayhall, Ilford, Essex, IG5 0DN

3 Progress Report

- 3 1 Since our appointment as joint liquidators I have spent time investigating the Company's affairs. These investigations can be categorised into the following sections

First Curacao International Bank (FCIB)

- 3 2 The Company holds an account with FCIB, which is a bank based in Curacao (formerly part of Netherlands Antilles) and suspected of being involved in money laundering and VAT fraud. It was subject to an Emergency Measure under the Supervision of Banks and Credit Institution 1994, whereby its banking license was revoked on 9 October 2006, and management powers devolved to Bank van de Nederlandse Antillen (BNA). As such, all the accounts in FCIB were frozen.

- 3 3 The Company's FCIB account has a balance of £528,554.61

- 3 4 In late 2008, a protocol was agreed between BNA, the Dutch Criminal Authorities, FCIB and HMRC, which allows in certain circumstances, a liquidator of a company to obtain the release of the frozen funds. This process requires the liquidators to undertake a detailed review of the Company's records and provide HMRC, amongst others, details of information relating to the following

- all the Company's purchases and sales
- the pricing and margin analysis on the products
- analysis of all of the Company's bank accounts
- the Company's financial position, including changes in turnover
- reports on any due diligence conducted by the Company with traders

- 3 5 Accordingly, the realisation of the cash is a complicated and time consuming process, which particularly due to the poor Company record keeping, requires a considerable amount of work.

- 3 6 In addition to the account being frozen, HMRC obtained an attachment order on the account in March 2009 that prevents the funds from being released to the Company unless HMRC withdraw the attachment. This order was granted on the basis of a claim by HMRC against the Company totalling £966,363.37

- 3 7 The protocol to allow 75% of the funds in the account to be released is in the process of being prepared. Upon completion we will request that, HMRC and their solicitors agree to the release of the funds and carry out the necessary actions to remove the attachment order.
- 3 8 The remaining 25% balances are currently withheld by FCIB due to solvency and liquidity problems within the bank. The timescale for the release of this remaining 25% is not currently known.

Section 236 Application on HMRC

- 3 9 In order to assist my investigations in this case and to ensure all possible company records and information could be received from HMRC, an application under Section 236 of the Insolvency Act 1986 was made to HMRC.
- 3 10 The Section 236 order requiring HMRC to provide full disclosure relating to the Company was awarded in April 2013 and was subsequently served on HMRC.
- 3 11 Information is in the process of being provided by HMRC in line with the requirements of the order and upon receipt this information will be examined in detail.

VAT Appeal

- 3 12 The Company was involved in an appeal alongside its sister company TM Global against a decision by HMRC to withhold and then deny input VAT over a number of periods. The total VAT input tax due to the Company that had been denied by HMRC totalled £4,553,639.30.
- 3 13 Following my appointment as joint liquidator over TM Global, I took advice from my internal VAT expert and was advised that it would be extremely difficult to achieve a successful outcome with the recommendation being not to pursue the appeal any further.
- 3 14 The officers of TM Global were contacted for further information and to request funding if they believed the VAT appeal should continue but I did not receive a reply.
- 3 15 Accordingly, I confirmed that the appeal relating to TM Global should be withdrawn and this was noted by the Tribunals Service.
- 3 16 Due to the advice received regarding the linked appeal of TM Global and due to the fact the Company did not try and reinstate the appeal before our appointment, as it had been dissolved, my internal VAT experts advised that it would be difficult to reinstate the Company's appeal and the possible benefits of this were not likely to materialise. As a result, I do not intend to pursue the VAT appeal any further.

Other Assets

- 3 17 There are no other known assets.

4 Creditors

- 4 1 There are no secured preferential creditors in this matter.
- 4 2 I have received unsecured claims totalling £788,123.65 from two creditors, including TM Global, being the petitioning creditor, and HM Revenue and Customs with relation to

corporation tax We are awaiting a claim from HMRC relating to VAT debt and we are not aware of any other creditors It is currently unclear whether a dividend to unsecured creditors will be paid in this case I request that any creditor who has not yet submitted a claim to do so by completing the attached proof of debt form

5 Joint Liquidators' Remuneration and Expenses

- 5 1 You will note from the SIP 9 table attached at Appendix C that the time costs to date are £13,461 55, consisting of 44 41 hours at an average rate of £303 12 From the receipts and payments account attached at Appendix A, please note that I have not yet drawn any fees to date
- 5 2 Time is charged in units of 6 minutes Background information regarding the fees of liquidators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees') Alternatively I will supply this information by post on request
- 5 3 In addition, I have incurred expenses to date of £1,197 32 as set out in Appendix B From Appendix A, please note that no expenses have been billed to date

6 Other Expenses Incurred by the Joint Liquidators

- 6 1 No other expenses have been incurred in the period

7 General Meeting of Creditors

- 7 1 Formal notice of the meeting pursuant to Rule 4 54 of the Insolvency Rules 1986 is enclosed at Appendix F, together with a proxy form The resolutions for which I am seeking your approval are shown on the proxy form, which I would ask you to complete and return by 12 noon on 26 February 2014, if you are unable to or do not wish to attend Please also complete and return the enclosed proof of debt form (if you have not already submitted one) to entitle you to vote
- 7 2 In accordance with Rule 4 60 of the Insolvency Rules 1986, I must have regard to the convenience of creditors when convening a creditors meeting If you wish to attend but the proposed venue is not convenient, then I will consider re-arranging the meeting provided any such request is made within the next seven days in order that I may inform all other creditors of any amended arrangements
- 7 3 Should you have any queries, please contact James Brewerton on the details given below

Yours faithfully

For and on behalf of 03481398 Limited

Ian Richardson
Joint Liquidator

Enc

T 0113 200 2546
F 0113 246 0828
E james.e.brewerton@uk.gt.com

A Abstract of the joint liquidators' receipts and payments for the period 29 November 2012 to 28 November 2013

	For the Period 29 November 2012 to 28 November 2013 £
Receipts	
Total receipts	<u>Nil</u>
Payments	
OR Remuneration	1,070.00
ISA Account Fees	88.00
Total payments	<u>(1,158 00)</u>
Balance of funds	<u>(1,158 00)</u>

B Remuneration charged and expenses incurred by the joint liquidators in the period 29 November 2012 to 28 November 2013

	Paid in period of report (29 November 2012 to 28 November 2013)	Charged/ accrued in period but not yet paid (29 November 2012 to 28 November 2013)
	£	£
Joint Liquidators' fees		
Time costs	-	13,461 55
Expenses		
Bordereau	-	500 00
Statutory Advertising	-	84 60
Companies House Fees	-	10 00
Search Fees	-	12 00
Legal Fees	-	590 72
Professional fees		
Solicitors – Time Costs	-	-
Solicitors – Disbursements	-	-
	-	14,658 87

C SIP 9 information

SIP 9 Time cost analysis for the period 29 November 2012 to 28 November 2013

Activity	Partner/Director			Manager			Executive			Administrator			Total		
	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate
Administration and Planning	1.05	542.00	516.19	4.95	2,132.50	430.81	16.96	3,990.05	235.26	0.00	0.00	n/a	22.96	6,664.55	290.27
Creditors	0.00	0.00	n/a	0.00	0.00	n/a	0.00	0.00	n/a	0.00	0.00	n/a	0.00	0.00	n/a
Investigations	0.00	0.00	n/a	0.75	330.00	440.00	3.75	922.50	246.00	0.00	0.00	n/a	4.50	1,252.50	278.33
Legal	0.00	0.00	n/a	0.00	0.00	n/a	1.80	468.00	260.00	0.00	0.00	n/a	1.80	468.00	260.00
Realisation of Assets	0.00	0.00	n/a	6.75	2,981.25	441.67	4.00	1,041.00	260.25	0.00	0.00	n/a	10.75	4,022.25	374.16
Tax	0.00	0.00	n/a	0.50	187.50	375.00	3.90	-866.75	222.24	0.00	0.00	n/a	4.40	1,054.25	239.60
Total	1.05	542.00	516.19	12.95	5,631.25	434.85	30.41	7,286.30	239.67	0.00	0.00	n/a	44.41	13,461.55	303.12

Activity	Examples of work
Administration and planning	Case planning, Administrative set-up, Appointment notification, Maintenance of records, Case review, Statutory matters including bond notification and calculation, Reports, Cashiers duties
Investigations	Review and analysis of company records, Analysing bank accounts, Reviewing financial information, Correspondence with professional advisors
Legal	Dealing with S236 application
Realisation of assets	Analysis of Company's FCIB account, Correspondence with FCIB regarding bank account, Correspondence with Official Receiver
Tax	Dealing with the Company's tax position, Analysis and review of Company's VAT appeals, Correspondence with HMRC and the Tribunals Service

Charge out rates

Grade	From 1 July 2012 £ per hour	From 1 July 2013 £ per hour
Partner	580	600
Director	480	500
Manager	310-440	320-455
Other Senior Professional	260-285	270-295
Administrator	145-210	150-220

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator

Rule 4 49E edited for application to a progress report in a creditors' voluntary liquidation

- (1) 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
 - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2), any unsecured creditor makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report, 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 a matter which was previously included in a progress report
- (2) The period referred to in paragraph (1)(a) is 21 days of receipt of the progress report
- (3) The liquidator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (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) Any creditor, who need not be the same as the creditor who requested further 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
- (5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 4 131(1B) by such further period as the court thinks just

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive

Rule 4 131

- (1) 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)
- (1A) Application by a creditor 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 the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or in a 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")
- (2) The court may, if it thinks that no 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
- (3) 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) 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
- (5) 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

Notice to Creditors of Meeting of Creditors

**03481398 Limited – In Liquidation
High Court of Justice – No. 7759 of 2012**

A meeting of creditors of the above named company has been summoned by the joint liquidators under Rule 4.54 of the Insolvency Rules 1986 for the purpose of determining the basis of the joint liquidators' remuneration

The meeting will be held as follows

Date 27 February 2014

Time 10 00am

Place Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds, LS1 4BN

To be entitled to vote at the meeting, a creditor must lodge with the joint liquidators at their postal address, not later than 12 00 hours on the business day before the day fixed for the meeting, a proof of debt (if not previously lodged in the proceedings) and (if the creditor is not attending in person) a proxy

Signed _____
Joint Liquidator

Dated _____

Name and address of joint liquidator

Ian Richardson and Kevin Hellard
Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds
LS1 4BN

PROOF OF DEBT - GENERAL FORM

**In the matter of 03481398 Limited – in Liquidation
and in the matter of The Insolvency Act 1986**

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show: (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	
7	If you have filled in both box 3 and box 5 please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	
9	Particulars of how and when debt incurred	

10	Particulars of any security held, the value of the security, and the date it was given	
11	Particulars of any reservation of title claimed, including details of goods supplied, their value and when supplied	
12	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Admitted to Vote for

£

Date

Liquidator

Admitted preferentially for

£

Date

Liquidator

Admitted non-preferentially for

£

Date

Liquidator

NOTE: A company goes into liquidation if it passes a resolution for voluntary winding up or an order for its winding up is made by the court at a time when it has not already gone into liquidation by passing such a resolution

Rule 8.1

**IN THE MATTER OF 03481398 LIMITED – IN LIQUIDATION
(THE COMPANY)**

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986

**Notes to help completion of
form**

Please give full name and address for
communication

Name of creditor/member

Address

Please insert name of person (who
must be 18 or over) or the "chairman
of the meeting" (see note below) If
you provide for alternative proxy-
holders in the circumstances that
your first choice is unable to attend
please state name(s) of the
alternatives as well

Name of proxy-holder

1

2

3

Please delete words in brackets if the
proxy-holder is only to vote as
directed i.e. he has no discretion

I appoint the above person to be my/the creditor's/member's proxy-holder at
the meeting of creditors/members to be held on 27 February 2014 or at any
adjournment of that meeting. The proxy-holder is to propose or vote as
instructed below [and in respect of any resolution for which no specific
instruction is given, may vote or abstain at his/her discretion]

Voting instructions for resolutions

Any other resolutions which the
proxy-holder is to propose or vote in
favour of or against should be set out
in numbered paragraphs in the space
provided. If more room is required
please use the other side of this form

- | | | |
|----|--|--------------------|
| 1 | The joint liquidators' remuneration be fixed by reference
to the time properly given by the joint liquidators and
their staff in attending to matters arising in the
liquidation in accordance with the firm's London charge
out rates given from time to time | FOR /
AGAINST * |
| 11 | The joint liquidators' remuneration be drawn on account | FOR /
AGAINST * |

*** Delete as applicable**

This form must be signed

Signature

Date

Name in CAPITAL LETTERS

Only to be completed if the
creditor/member has not signed in
person

Position with creditor/member or relationship to creditor/member of other authority
for signature

**Please note that if you nominate the chairman of the meeting to be your proxy-
holder, he will be the liquidator or his representative.**

Remember there may be resolutions on the other side of this form