

## The Insolvency Act 1986

Liquidator's Progress Report  
Pursuant to Section 192 of  
The Insolvency Act 1986**S.192**

To the Registrar of Companies

For Official Use

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Company Number

03612336

Name of Company

Creation 1998 Limited

I / We  
John A Lowe  
2 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

W John Kelly  
10th Floor, Temple Point  
1 Temple Row  
Birmingham  
B2 5LG

the liquidator(s) of the company attach a copy of my/our progress report  
under section 192 of the Insolvency Act 1986

Signed



Date

23/10/11

Begbies Traynor (Central) LLP  
2 Merus Court  
Meridian Business Park  
Leicester  
LE19 1RJ

Ref CR013CVL/JL/WJK/RSS/JLT/PC

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Insolvency Sect

Post Room

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## **Creation 1998 Limited (In Creditors' Voluntary Liquidation)**

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Progress report pursuant to Section 104A of the  
Insolvency Act 1986 and Rule 4.49C of the  
Insolvency Rules 1986

Period: 8 September 2010 to 7 September 2011

### **Important Notice**

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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# 1. INTERPRETATION

<b><u>Expression</u></b>	<b><u>Meaning</u></b>
"the Company"	Creation 1998 Limited (In Creditors' Voluntary Liquidation)
"the liquidation"	The Company moving into creditors' voluntary liquidation from administration pursuant to Paragraph 83 of Schedule B1 to the Act
"the liquidators", "we", "our" and "us"	John A Lowe and W John Kelly of Begbies Traynor (Central) LLP, 2 Merus Court, Mendenham Business Park, Leicester, LE19 1RJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	<ul style="list-style-type: none"><li>(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and</li><li>(ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)</li></ul>
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

## 2. COMPANY INFORMATION

Trading name(s)	N/a
Company registered number	03612336
Company registered office	First Floor, 2 Merus Court, Mendenham Business Park, Leicester, Leicestershire, LE19 1RJ
Former trading address	5 New Star Road, Thurmaston, Leicester, LE4 9JD

## 3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced	8 September 2010
Date of liquidators' appointment	8 September 2010
Changes in liquidator (if any)	None

## 4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 8 September 2010 to 7 September 2011

- Directors Loan Account

We have been in close contact with the director and have held several meetings with him to discuss his personal financial position. After disclosing his financial position of assets and liabilities we advised him to market for sale his residential property. The director is currently marketing his residential property for sale with an estate agent, so that he can realise the equity and pay his outstanding loan account.

## 5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the directors' statement of affairs included in the statement of proposals of the former administrators.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

#### **Secured creditor**

HSBC Bank plc were paid in full during the administration, under their fixed and floating charge

#### **Preferential creditors**

There are no known preferential claims

#### **Unsecured creditors**

We consider that there maybe sufficient funds for a dividend to be paid to unsecured creditors, depending on realisations from the director's loan account

#### **Prescribed Part of net property**

To the best of our knowledge and belief there are no unsatisfied floating charge created on or after 15 September 2003 and, consequently there is no net property and, therefore, no prescribed part available for distribution to the unsecured creditors

At this stage we have not taken steps to formally agree the claims of the unsecured creditors because of the uncertainty as to whether there will be any dividend payable to unsecured creditors

## **6. REMUNERATION & DISBURSEMENTS**

Our remuneration is fixed by a resolution of creditors at a meeting held on 24 March 2011 by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the liquidation

Pursuant to Statement of Insolvency Practice 9, we are also authorised to draw disbursements, including disbursements for services provided by our firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, a copy of which is attached at Appendix 2 of this report

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 8 September 2010 to 7 September 2011
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To date, we have drawn the total sum of £5,000 plus disbursements of £1 00

## **7. LIQUIDATORS' EXPENSES**

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3

## 8. ASSETS THAT REMAIN TO BE REALISED

- Director's Loan Account

## 9. OTHER RELEVANT INFORMATION

### **Investigations and reporting on directors conduct**

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, a liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. We can confirm that we have discharged our duties in these respects.

### **Investigations carried out to date**

We have undertaken an initial assessment of the manner in which the business was conducted prior to the liquidation of the Company and potential recoveries for the estate in this respect.

## 10. CREDITORS' RIGHTS

### **Right to request further information**

Pursuant to Rule 4.49E of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been detailed in this progress report.

### **Right to make an application to court**

Pursuant to Rule 4.131 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

## 11. CONCLUSION

We will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner

A handwritten signature in black ink, appearing to read 'J. A. Lowe', written in a cursive style.

**John A Lowe**  
Joint Liquidator

Dated 25 October 2011



## ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 8 September 2010 to 7 September 2011

**Creation 1998 Limited**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**  
**To 07/09/2011**

	£	£
<b>ASSET REALISATIONS</b>		
Funds from the Administration	11,471 41	
Bank Interest Gross	9 56	
		11,480 97
<b>COST OF REALISATIONS</b>		
Administrators' Fees	1,500 00	
Liquidators' Fees	5,000 00	
Liquidators' Expenses	1 00	
Tax Deducted at Source	0 61	
Storage Costs	26 41	
Statutory Advertising	226 80	
		(6,754 82)
		<b>4,726.15</b>
<b>REPRESENTED BY</b>		
Bank 1 Current		3,417 16
Vat Control Account		1,308 99
		<b>4,726.15</b>
		John A Lowe
		Joint Liquidator

## TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 8 September 2010 to 7 September 2011

## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance<sup>2</sup> requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### **OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

### **EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting.
- Car mileage is charged at the rate of 40 pence per mile.
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

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<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>2</sup> Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leicester office as at the date of this report are as follows

Grade of staff	Charge-out Rate (£ per hour)
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior	175
Administrator	
Administrator	135
Junior	110
Administrator	
Support	110

Prior to 1 May 2011, the following rates applied

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior	160
Administrator	
Administrator	130
Junior	100
Administrator	
Support	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

## **SUMMARY OF OFFICE HOLDERS' TIME COSTS**

CASE NAME	Creation 1998 Limited
CASE TYPE	CREDITORS' VOLUNTARY LIQUIDATION
OFFICE HOLDERS	John A Lowe AND W John Kelly
DATE OF APPOINTMENT	8 September 2010

### **1 CASE OVERVIEW**

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case
- 1.2 **Complexity of the case**  
This case involves the recovery of the director's loan account
- 1.3 **The office holders' effectiveness**  
Steps have been taken to pursue the director for his director's loan account. We have been in correspondence with him whilst he sources the funds
- 1.4 **Nature and value of property dealt with by the office holders'**  
The principle asset is the director's loan account of £30,243
- 1.5 **Anticipated return to creditors**  
We currently anticipate a return to unsecured creditors
- 1.6 **Time costs analysis**  
An analysis of time costs incurred between 8 September 2010 and 7 September 2011 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type
- The time costs analysis provides details of work undertaken by the Liquidators and their staff following their appointment only
- 1.7 **Approval of fees**  
A resolution was approved at a creditors meeting held on 24 March 2011, approving fees on a time cost basis
- 1.8 **Approval of Expenses and Disbursements**  
A resolution was approved at a creditors meeting held on 24 March 2011 for expenses and disbursements to be drawn

### **2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2
- 2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 2



## STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Storage Costs	C&V Data Management Services Limited	26 41	26 41	0
Statutory Advertising	Courts Advertising Limited	226 80	226 80	0
Liquidators' Disbursement	Companies House	1 00	1 00	0