

LIQ14

Notice of final account prior to dissolution in CVL



Companies House

WEDNESDAY



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23/09/2020

#126

COMPANIES HOUSE

1 Company details

Company number 0 3 7 9 9 1 3 7

Company name in full Potential Finance Limited

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

2 Liquidator's name

Full forename(s) Stephen John

Surname Absolom

3 Liquidator's address

Building name/number 2 Forbury Place

Street 33 Forbury Road

Post town Reading

County/Region

Postcode R G 1 3 A D

Country

4 Liquidator's name ①

Full forename(s) David John

Surname Standish

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

5 Liquidator's address ②

Building name/number 2 Forbury Place

Street 33 Forbury Road

Post town Reading

County/Region

Postcode R G 1 3 A D

Country

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

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6 Liquidator's release

☐ Tick if one or more creditors objected to liquidator's release.

7 Final account

☒ I attach a copy of the final account.

8 Sign and date

Liquidator's signature

Signature

X

SA

X

Signature date

d

2

d

2

m

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m

9

y

2

y

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y

2

y

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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 **Kerry OSullivan**

Company name **KPMG LLP**

Address **2 Forbury Place**

33 Forbury Road

Post town **Reading**

County/Region

Postcode **R G 1 3 A D**

Country

DX

Telephone **Tel +44 (0) 121 232 3000**

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 or email 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



Joint Liquidators' final report for the period 4 March 2020 to 14 July 2020

Potential Finance Limited - in
Liquidation

21 July 2020

Deemed delivered: 23 July
2020

Notice to creditors

This final report provides a final update on the liquidation of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

You will find other important information in this report such as the costs which we have incurred in the final period.

A glossary of the abbreviations used throughout this document is attached (Appendix 5).

Creditors' right to object to the Liquidators' release

If you wish to object to the release of the Liquidator, you must give notice, in writing, to the Liquidator within eight weeks of delivery of this notice, or if any request for information is made (as above), within eight weeks of when that request is determined.

The Liquidator will vacate office on delivering to the Registrar of Companies the final account and notice stating that no creditor has objected to their release.

Please also note that an important legal notice about this report is attached (Appendix 6).

Contents

1	Executive summary	1
2	Progress to date	2
3	Outcome for creditors	4
4	Joint Liquidators' remuneration and disbursements	5
Appendix 1	Statutory information	6
Appendix 2	Joint Liquidators' final receipts and payment account	7
Appendix 3	Schedule of expenses	9
Appendix 4	Joint Liquidators' charging and disbursements policy	10
Appendix 5	Glossary	13
Appendix 6	Notice: About this report	14

1 Executive summary

- ❑ This is the final progress report of the liquidation of the Company and includes movements in the final period from 4 March 2020 to 14 July 2020.
- ❑ There have been no asset realisations in the period. All assets have been realised and liquidation liabilities now settled. Accordingly, we are now in a position to bring this liquidation to a close (Section 2 - Progress to date).
- ❑ As previously advised, a distribution of £248,333 was made to the secured creditor (Section 3 - Outcome for creditors).
- ❑ The Company has one preferential creditor who has been paid in full (Section 3 - Outcome for creditors).
- ❑ A distribution of £213,381, representing 3.24p in the £, was made to the unsecured creditors (Section 3 - Outcome for creditors).
- ❑ Please note: you should read this report in conjunction with any previous reports issued to the Company's creditors. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.



Steve Absolom
Joint Liquidator

2 Progress to date

This final report covers the period from the date of our appointment to 14 July 2020. It also covers the period from 4 March 2020 to 14 July 2020, which is the period since our last progress report. However, please refer to previous reports where information has previously been disclosed.

2.1 Asset realisations

Realisations during the liquidation are set out in the attached receipts and payments account (Appendix 2). No realisations were made during the final period from 4 March 2020 to 14 July 2020.

Summaries of the most significant realisations during the liquidation are provided below.

Interest in freehold property

As previously reported, PFL received distributions totalling £727,358 from the administrators of Westair Properties Limited following the sale of a development site over which PFL held a charge as security for an outstanding debt.

Debtors

Book debts totalling £40,838 were recovered during the liquidation.

Recovery of fixed charge lending

A sum of £30,000 was received in settlement of an outstanding debt and release of PFL's security over the debtor's property.

Intercompany debt

Dividends totalling £8,083 were received in respect of the Company's claim against Potential Vehicle Hire Limited.

Investigations

We can confirm we have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

2.2 Costs

Payments made during the liquidation are set out in the attached receipts and payments account (Appendix 2). Payments made during this period are also shown in the receipts and payments account.

Summaries of the most significant payments made during the liquidation are provided below.

Legal fees

Fees of £52,345 were paid to our solicitors, Eversheds LLP, in respect of advice received during the course of the liquidation.

2.3 Schedule of expenses

We have detailed the costs incurred during the final period in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the final period are provided below.

Joint Liquidators' fees

We have incurred time costs of £12,101 during the final period which will not be settled.

3 Outcome for creditors

3.1 Secured creditor

As previously advised, PFL granted a charge over its interest in the Westair development site to a former director, Mr Frank Lafford, to secure his loan of £248,333.

During the liquidation, we have made a distribution of £248,333 to Mr Lafford, all of which relates to fixed charge realisations.

3.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

The Company had one preferential creditor who has been repaid in full.

3.3 Unsecured creditors

There are 15 unsecured creditors and their claims have been agreed at £6,583,035.

The total amount distributed to the unsecured creditors during the liquidation was £213,381, which represents a total distribution of £3.24p in the £.

4 Joint Liquidators' remuneration and disbursements

The creditors have provided approval that our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4.

Time costs

From the date of our appointment to 14 July 2020, we have incurred time costs of £303,960. These represent 935 hours at an average rate of £325 per hour.

Remuneration

During the final period, we have drawn remuneration of £45,872. Of this, £9,872 relates to fixed charge and £36,000 to floating charge. This brings total remuneration drawn during the liquidation to £280,957, of which £194,957 relates to fixed charge and £86,000 relates to floating charge.

Disbursements

During the final period, we have incurred disbursements of £27. None of these have been paid. During the liquidation we have paid total disbursements of £6,630.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the final period from 4 March 2020 to 14 July 2020. We have also attached our charging and disbursements policy.

Appendix 1 Statutory information

Company information

Company name	Potential Finance Limited
Previous company names if applicable	None
Date of incorporation	1 July 1999
Company registration number	03799137
Previous registered office	Potential House, 149-157 Kings Road, Brentwood, Essex, CM14 4EG
Present registered office	KPMG LLP, 2 Forbury Place, 33 Forbury Road, Reading, RG1 3AD
Trading address	Potential House, 149-157 Kings Road, Brentwood, Essex, CM14 4EG
Nature of business	Debt factor and invoice discounter

Liquidation information

Appointed by	Members and creditors pursuant to Section 98 of the Insolvency Act 1986
Date of appointment	4 March 2009
Joint Liquidators' details	Steve Absolom and David Standish
Joint Liquidators' address	2 Forbury Place, 33 Forbury Road, Reading, RG1 3AD
Functions	The functions of the Joint Liquidators are being exercised by them individually or together in accordance with Section 231(2) of the Insolvency Act 1986.
EC Regulations	EC Regulations apply and these proceedings are the Main Proceedings as defined in Article 3 of the EC regulations.

Appendix 2 Joint Liquidators' final receipts and payment account

Potential Finance Limited - in Liquidation

Abstract of receipts & payments

Statement of affairs (£)		From 04/03/2020 To 14/07/2020 (£)	From 04/03/2009 To 14/07/2020 (£)
FIXED CHARGE ASSETS			
1,200,000.00	Interest in Freehold	NIL	727,358.27
		NIL	727,358.27
FIXED CHARGE COSTS			
	Liquidators' fees	(9,872.03)	(194,957.42)
	Legal fees	NIL	(37,345.00)
		(9,872.03)	(232,302.42)
FIXED CHARGE CREDITORS			
£ (257,722.00)	Fixed charge creditor	NIL	(248,333.00)
		NIL	(248,333.00)
ASSET REALISATIONS			
	Book debts	NIL	40,837.57
	Inter-company debt	NIL	8,083.08
	Recovery of fixed charge lending	NIL	30,000.00
	Cash at bank	NIL	5,157.39
		NIL	84,078.04
OTHER REALISATIONS			
	Bank interest, gross	NIL	510.72
	Sundry refunds	NIL	120.34
		NIL	631.06
COST OF REALISATIONS			
	ISA payment charges	(0.15)	(44.35)
	Liquidators' fees	(36,000.00)	(86,000.00)
	Liquidators' expenses	NIL	(6,629.75)
	Irrecoverable VAT	NIL	(19.60)
	Legal fees	NIL	(15,000.00)
	Legal expenses	NIL	(43.00)
	Corporation tax	NIL	(46.62)
	Storage costs	NIL	(986.80)
	Statutory advertising	NIL	(73.00)
	Insurance of assets	NIL	(499.28)
	PAYE & NIC	NIL	(70.35)
	Bank charges	(50.00)	(1,078.00)
		(36,050.15)	(110,490.75)

Potential Finance Limited - in Liquidation

Abstract of receipts & payments

Statement of affairs (£) From 04/03/2020 To 14/07/2020 (£) From 04/03/2009 To 14/07/2020 (£)

PREFERENTIAL CREDITORS

(6,231.00)	Employees' wage arrears	NIL	(1,559.08)
	Employees' holiday pay	NIL	(6,071.68)
		NIL	(7,630.76)

UNSECURED CREDITORS

(19,684.00)	Trade & expense	NIL	(34,233.93)
(27,936.00)	EP(C)A bal. & redundancy	NIL	(148.78)
(54,833.00)	Accruals	NIL	NIL
(5,520,140.00)	Potential Finance Group plc (inter co)	NIL	(178,927.73)
(25,052.00)	Corp tax etc/nonpref PAYE	NIL	NIL
(2,159.00)	Scottish Amicable/ Suffolk Life Pension	NIL	NIL
		NIL	(213,310.44)

DISTRIBUTIONS

(1,082.00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(4,714,839.00)		(45,922.18)	NIL

REPRESENTED BY

Floating ch. VAT rec'able	18,656.61
ISA	NIL
Fixed charge VAT rec'able	NIL
Floating ch. VAT control	(18,656.61)
Fixed charge VAT control	NIL
	NIL

The receipts and payments account has been reconciled with the account held with the Secretary of State in respect of the winding up.

Appendix 3 Schedule of expenses

Schedule of expenses (04/03/2020 to 14/07/2020)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Cost of realisations			
ISA payment charges	0.15	0.00	0.15
Liquidators' fees	0.00	12,100.50	12,100.50
Bank charges	50.00	0.00	50.00
TOTAL	50.15	12,100.50	12,150.65

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this report, you must do so in writing within 21 days of receiving this report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this report, you must do so by making an application to Court within eight weeks of receiving this report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant Rules can be provided on request by writing to Kerry O'Sullivan at KPMG LLP, KPMG LLP, 2 Forbury Place, 33 Forbury Road, Reading, RG1 3AD.

Appendix 4 Joint Liquidators' charging and disbursements policy

Joint Liquidators' charging policy

The time charged to the liquidation is by reference to the time properly given by us and our staff in attending to matters arising in the liquidation. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the liquidation to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Liquidators' Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29114/page/1/guide-to-liquidators-fees/>

If you are unable to access this guide and would like a copy, please contact Kerry O'Sullivan on 0122 3582036.

Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this liquidation. Time is charged by reference to actual work carried out on the liquidation.

All staff who have worked on the liquidation, including cashiers and secretarial staff, have charged time directly to the liquidation and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the liquidation but is reflected in the general level of charge-out rates.

Charge-out rates (£) for Restructuring	
Grade	From 01 Jan 2020 £/hr
Partner	690
Director	620
Senior Manager	560
Manager	467
Senior Administrator	325
Administrator	236
Support	147

Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) in the final period.

SIP 9 - Disbursements			
Disbursements	Category 1	Category 2	Totals (£)
Postage	27.04	NIL	27.04
Total	27.04	NIL	27.04

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

The Category 2 disbursements have not been approved.

Narrative of work carried out for the period 4 March 2020 to 14 July 2020

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> ■ preparing statutory receipts and payments accounts; ■ dealing with all closure related formalities; ■ ensuring compliance with all statutory obligations within the relevant timescales.
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems.
Tax	<ul style="list-style-type: none"> ■ dealing with post appointment tax compliance.

General	<ul style="list-style-type: none"> ▣ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ▣ drawing remuneration in accordance with the basis which has been approved by the creditors; ▣ dealing with the ongoing storage of Company books and records.
Creditors and claims	<ul style="list-style-type: none"> ▣ responding to enquiries from creditors regarding the liquidation; ▣ drafting our annual and final reports.

Time costs

SIP 9 –Time costs analysis (04/03/2020 to 14/07/2020)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
Cashiering			
General (Cashiering)	1.50	371.80	247.87
Reconciliations (& IPS accounting reviews)	1.40	458.40	327.43
General			
Books and records	0.80	274.20	342.75
Fees and WIP	3.20	1,167.80	364.94
Statutory and compliance			
Checklist & reviews	2.30	804.30	349.70
Closure and related formalities	2.20	715.00	325.00
Statutory receipts and payments accounts	1.40	582.80	416.29
Tax			
Post appointment VAT	5.10	1,955.70	383.47
Creditors			
Creditors and claims			
Payment of dividends	0.10	46.70	467.00
Statutory reports	17.00	5,723.80	336.69
Total in period	35.00	12,100.50	345.73
Brought forward time (appointment date to SIP 9 period start date)	900.10	291,859.55	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	35.00	12,100.50	
Carry forward time (appointment date to SIP 9 period end date)	935.10	303,960.05	

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 5 Glossary

Company/PFL	Potential Finance Limited - in Liquidation
Joint Liquidators/we/our/us	Steve Absolom and David Standish
KPMG	KPMG LLP
Westair	Westair Properties Limited – in administration

Any references in this report to Sections, Paragraphs and Rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986 and the Insolvency (England and Wales) Rules 2016 respectively.

Appendix 6 Notice: About this report

This progress report has been prepared by Steve Absolom and David Standish, the Joint Liquidators of Potential Finance Limited (the 'Company'), solely to comply with their statutory duty under the Insolvency Act 1986 to provide members and creditors with an update on the progress of the liquidation of the estate, and for no other purpose.

This report is not suitable to be relied upon by any other person, or for any other purpose or in any other context including any decision in relation to the debt of or any financial interest in the Company. Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act 1986 (as amended) does so at their own risk.

Stephen John Absolom and David John Standish are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

The appointments of the Joint Liquidators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the liquidation.

www.kpmg.com

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