

**POLLECOFF SOLICITORS LIMITED – IN COMPULSORY LIQUIDATION ("the Company")**

**LIQUIDATOR'S PROGRESS REPORT PURSUANT TO RULE 4.49B OF THE INSOLVENCY  
RULES 1986**

**30 JANUARY 2012 to 29 JANUARY 2013**

SATURDAY



\*A26O99I1\*

A03

20/04/2013

#188

COMPANIES HOUSE

**SUMMARY INFORMATION**

Name of Company	Pollecoff Solicitors Limited
Court Reference	High Court of Justice No 10068 of 2011
Type of insolvency procedure	Compulsory Liquidation
Registered office	Lynton House 7-12 Tavistock Square London WC1H 9LT
Former registered office:	41 Tabernacle Street London EC2A 4AA
Registered number	04650833
Former trading address	41 Tabernacle Street London EC2A 4AA
Principal activity	Legal practice
Liquidator's name and address	Simon James Underwood Menzies Business Recovery LLP Lynton House 7-12 Tavistock Square London WC1H 9LT
Date of Liquidator's appointment	30 January 2012
Date of liquidation	30 January 2012
Contact details	020 7387 5868 sunderwood@menziesbr.co.uk djolliffe@menziesbr.co.uk

**If you require any further information please contact:  
Daniel Jolliffe – 020 7465 1901 or [djolliffe@menziesbr.co.uk](mailto:djolliffe@menziesbr.co.uk)**

## **1. INTRODUCTION**

- 1 1 I was appointed Liquidator of the company on 30 January 2012. I now present my progress report covering the year ended 29 January 2013. A copy of my receipts and payments account, which has been reconciled with that held by the Secretary of State, is attached at appendix I.
- 1.2 The purpose of this report is to detail my acts and dealings as Liquidator and report on the conduct of the liquidation.

## **2. BACKGROUND**

- 2 1 The Company's principal activity was a legal practice.
- 2 2 The Company entered into a Company Voluntary Arrangement ("CVA") on 17 February 2010 and I was appointed Supervisor of the arrangement.
- 2 3 Due to the failure of the Company to adhere to the terms of the arrangement I presented a winding up petition to the court on 17 November 2011.

## **3. ASSET REALISATIONS**

- 3 1 The Company undertook mainly Legal Aid financed case work and the value in these cases represents the Company's major asset.
- 3 2 I have been securing the work in progress ("WIP") and other debts due to the Company at the time it entered liquidation. Due to the nature of the case work a significant amount of time was spent ensuring that all of the relevant information was obtained from the Company's books and records in an effort to maximise potential realisations.
- 3 3 The cases can be separated into two categories as follows:
- 1 Legal Services Commission ("LSC") funded cases
  - 2 Transferred cases

- 3 4 I detail below further information in respect of these categories.

### Legal Services Commission ("LSC")

- 3 5 These matters comprise cases that were completed but where WIP remained payable to the Company. They were funded by Legal Aid.
- 3 6 I have appointed T M Costings Limited, an independent firm of Costs Lawyers and Draftsmen, to assist with the recovery of monies due.
- 3 7 The gross amount due from these cases is estimated to be £320,000.
- 3 8 The LSC have advised that payments on account made to the Company total approximately £210,000. This figure represents the payments made by the LSC for disbursements (counsel, translator fees etc) and on account payments made to the Company for work undertaken, approved and then paid, prior to the Liquidation.
- 3 9 This leaves an estimated net balance of £110,000 to be realised.
- 3 10 The process for making a claim from the LSC is dependent on the outcome of the case. If the Company's client was successful in its claim with a Legal Aid funded matter against a third party, then the Company's costs can be recovered direct from the losing party. Clients have been informed of the progress and development with regard to their respective cases.

- 3 11 Under normal trading conditions the Company would have accounted to the LSC for the payment on account in respect of that particular matter, but where we have recovered costs from a third party we are holding these funds as a realisation in the designated liquidation account
- 3 12 If the client's claim is lost then costs are claimed from the LSC. The LSC will assess the level of costs and disbursements incurred and, under normal circumstances, a net payment is made to the Company
- 3 13 However, the LSC are taking a "global" view and will not make any payment to the Company until they have recouped the payments on account in full. The LSC have been kept advised of the progress being made in concluding the outstanding LSC funded cases
- 3 14 I anticipate a further £20,000 - £40,000 will be recovered from the LSC once our Cost Draftsmen have finalised the claims they are handling
- 3 15 To date I have recovered the sum of £106,783 which is held in the liquidation account referred to above

#### Transferred Cases

- 3 16 A number of cases were transferred to the Company's former solicitors who left and found alternative employment when the Company was placed into liquidation
- 3 17 I have been in contact with these solicitors to ascertain when they will be accounting to the Company for the accrued WIP on those cases they continued to act on
- 3 18 These cases include criminal and extradition matters and it is hoped that they will be concluded in the next few months. I am informed that the costs associated with these matters have to be assessed by the Court once the matter is concluded. The estimated recoveries are £7,000 - £15,000
- 3 19 Additionally there are a number of other live cases which were transferred to a firm called Duncan Lewis. From the information obtained from the Company's records an additional figure of approximately £40,000 may be recovered
- 3 20 I have been in contact with their costing department who are reviewing the matter and they hope to have a clearer understanding of the WIP position on all of these cases and the expected recovery in the near future

#### Cash at Bank

- 3 21 A Validation Order was granted by the Court on 13 December 2011. The Order stated that, notwithstanding the presentation of the winding up petition, payments into and out of the Company's bank accounts and dispositions of the Company's property for proper value since the date of the petition shall not be void, by virtue of the provision of Section 127 of the Insolvency Act 1986
- 3 22 The sum of £28,000 was paid into the liquidation account and represents monies collected by the Company in respect of its assets since the date of this Order
- 3 23 This sum is included in the WIP realisation figure of £106,782.74 mentioned above

#### Other Assets

- 3 24 Bank interest has accrued in the sum of £105.56

#### Client Accounts

- 3 25 A number of residual balances were held by the Company in various client accounts
- 3 26 These funds are not assets of the Company and belong to the various clients concerned  
The former director of the Company has been assisting me in tracing the clients and returning their money

#### **4. INVESTIGATIONS**

- 4 1 The duty to investigate the affairs of the Company and the conduct of its director remains with the Official Receiver and any concerns in this regard should be addressed to the Insolvency Service direct

#### **5. CREDITORS' CLAIMS**

##### **Secured Creditors**

- 5 1 Barclays Bank Plc ("Barclays") were granted a debenture on 21 January 2004 This provided both fixed and floating charges over the assets of the Company
- 5 2 Barclays have advised that the current outstanding balance is £104,503 and that part of the borrowing is subject to a personal guarantee given by the director

##### **Preferential Creditors**

- 5 3 The Insolvency Service has submitted a preferential claim for £4,681 in respect of payments made by the Redundancy Payments Office to the former employees of the company
- 5 4 There are four former employees with balancing preferential claims against the company totalling £3,668 63

##### **Non Preferential Creditors**

- 5 5 HM Revenue & Customs have submitted a claim totalling £255,874 in respect of unpaid PAYE and NIC
- 5 6 HM Revenue & Customs have not submitted a claim in respect of outstanding VAT
- 5 7 The Insolvency Service has submitted a claim totalling £30,447 in respect of payments made by the Redundancy Payments Office to the former employees of the company
- 5 8 There is one former employee with a balancing non preferential claim against the company totalling £4,386
- 5 9 A claim of £88,552 has been received from Pollecoff Solicitors Pension Scheme

##### **Trade & Expense Creditors**

- 5 10 Trade & expense creditors include unpaid costs for case related matters, e g Counsel's Fees

5 11 Claims larger than £5,000 have been received as follows

(£)

Investec Asset Finance	12,812 87
Premium Credit Ltd	12,097 00
Exigent Group Limited	11,763 56
Oasis (UK) Limited	5,506 87
	<u>42,180 30</u>

5 12 A further 25 claims have been received totalling £16,649 30

5 13 There are a number of potential creditors that have yet to file a claim. The potential value of these claims is at present uncertain.

5 14 No creditor claim received has been adjudicated or agreed for dividend purposes. This task will be undertaken once it is known whether funds will be available to enable a distribution to unsecured non preferential creditors.

## 6. DIVIDEND PROSPECTS

6 1 Based on current information there will be sufficient funds to enable a distribution to be paid to Barclays under their floating charge.

6 2 I have paid a dividend of 100p in the pound to preferential creditors, a distribution totalling £8,350 02.

6 3 Pursuant to section 176A of the Insolvency Act 1986, where a floating charge is created after 15 September 2003 a prescribed part of the company's net property shall be made available to the unsecured creditors. The ring fenced proportion of funds is known as the "prescribed part".

The prescribed part is calculated as a percentage of net property, as follows:

Net property less than £10,000	Nil
Net property under £600,000	50% up to £10,000 plus 20% thereafter to a maximum of £600,000

6 4 The maximum value of the prescribed part is £600,000.

6 5 Based on current anticipated recoveries the net property is estimated to be circa £30,000 which will provide a prescribed part payable to the unsecured creditors of £9,000.

6 6 If a dividend is to be declared, creditors will be invited to submit their claims, if they have not already done so.

## 7. COSTS AND EXPENSES

### Liquidator's remuneration and disbursements

#### Liquidator's remuneration

7 1 No resolution for remuneration has been passed by creditors.

- 7 2 All time spent administering various duties is charged directly to the case. Due to the size and technical nature of the case, much of the work described in section 3 has been undertaken by staff at manager level. This included extensive time being incurred liaising with the Legal Services Commission and the Solicitors Regulation Authority as well as extracting individual client files and information to enable our Costs Draftsmen to recover the Company's WIP.
- 7 3 In addition to the work described in sections 3 to 6 above, the following has also been undertaken
- i Preparation and circulation of reports to members and creditors
  - ii Filing of forms and returns with the Registrar of Companies
  - iii Maintenance of bank accounts, sundry administrative matters and compliance generally with insolvency legislation
- 7 4 I attach at appendix II a breakdown of my time costs by work category. Time costs accrued to date total £104,610.75.
- 7 5 No remuneration has been drawn during the period to which this report relates. Barclays has since provided authority that I may draw remuneration of £20,000 plus VAT on account of my time costs to date.
- 7 6 An explanatory note "A Creditors Guide to Liquidators' Fees" can be found on the following link <http://www.menzies.co.uk/en/services/business-recovery/guide-to-fees/>. Alternatively, it is available free of charge by contacting Menzies Business Recovery LLP.
- 7 7 Full details of the charge out rates currently charged are as follows

	<i>Rate per hour</i> £
Partner	370
Director	315
Manager	200
Senior	105-125
Administrator	105
Assistant / Support	50-85

#### *Liquidator's disbursements*

- 7 8 In relation to disbursements, where my firm has been reimbursed the actual payment made on behalf of the case each item, eg statutory advertising, is shown separately on the face of the receipts and payments account or in the SIP9 analysis.
- 7 9 No disbursements have or will be claimed which include an element of shared or allocated cost (eg photocopying).

#### **Professionals, sub-contractors and other expenses**

- 7 10 Where appropriate, I have employed professionals to advise me in relation to certain specialist matters.
- 7 11 The firms engaged to provide this professional advice were chosen on the basis of their experience and knowledge of the areas on which they were advising, taking into account the complexity of the assignment.

- 7 12 TM Costings Limited were instructed to assist with the realisation of the Company's WIP. For this work they have been instructed on a percentage of the value of the invoices agreed and paid, the percentage being 5%. There are five cases where bills have been agreed and not paid, for concluding these matters and filing the necessary documentation with the LSC, TM Costings Limited have been instructed on a time cost basis. To date no fees have been paid to TM Costings.
- 7 13 Pittmans Solicitors were instructed on a time cost basis to undertake a review of the Bank's security. Their costs have been paid in the sum of £973.35 plus VAT.
- 7 14 Quill Pinpoint Accounting Limited, the Company's bookkeeper, have been paid £1,500 plus VAT for their assistance in providing the case time ledgers and case accounting records which were necessary to assist with the realisation of the Company's WIP.
- 7 15 BACS fees of £0.30 relate to payments made from the Insolvency Services Account.
- 7 16 Cheque fees of £15.80 have been incurred for raising cheques from the Insolvency Services Account.
- 7 17 Secretary of State fees totalling £20,741.16 have been incurred on deposits paid into the Insolvency Services Account.

Charges on deposits are as follows

Charge on the first £2,500 -	0%
Charge on the next £1,700 -	100%
Charge on the next £1,500 -	75%
Charge on the next £396,000 -	15%
Charge on the Balance until total of £80,000 taken in fees -	1%

- 7 18 An insolvency bond has incurred a cost of £96.
- 7 19 Tax on bank interest has been collected at source totalling £21.11.
- 7 20 Court fees of £290 have been incurred. This relates to the cost of applying for two hearings to consider costs in respect of two cases dealt with by the Company that TM Costings are assisting with.
- 7 21 Agents fees of £225 plus VAT have been incurred instructing De Vere Intellica to assist with tracing three former clients of the Company who had funds in the Company's client accounts.
- 7 22 Storage costs of £977.50 plus VAT have been paid and relate to the costs of collecting and storing the Company's books and records. Included in this sum is a cost of £44 which relates to the cost of retrieving certain archived client files.
- 7 23 The sum of £123.28 has been spent redirecting the Company's mail.
- 7 24 Statutory advertising of £76.50 has been incurred placing an advert in the London Gazette in respect of my appointment as Liquidator.



*Creditors' right to request information*


- 7 25 A secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), may (in writing) request me to provide additional information regarding remuneration or expenses already supplied within this report. In accordance with Rule 4.49E of The Insolvency Rules 1986, such a request must be made within 21 days of receipt of this report.

*Creditors' right to challenge remuneration and/or expenses*

- 7 26 A secured creditor, or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors (including the creditor in question) or with the permission of the court, may apply to court for one or more orders under Rule 4.131(4) of The Insolvency Rules 1986. In accordance with Rule 4.131(1B) such applications must be made within eight weeks of receipt of this report.

**8. CONCLUSION**

- 8 1 I shall be continuing my administration of Pollecoff Solicitors Limited and shall report to you further in due course.
- 8 2 Please do not hesitate to contact Daniel Jolliffe of this office should you require any further information.



**Simon Underwood**  
**Liquidator**

**POLLECOFF SOLICITORS LIMITED (IN CREDITORS' VOLUNTARY LIQUIDATION)**

**Appendix I – Liquidator's Receipts & Payments Account**

**Pollecoff Solicitors Ltd**  
**(In Liquidation)**  
**Liquidator's Abstract of Receipts & Payments**  
**To 29/01/2013**

S of A £		£	£
	<b>ASSET REALISATIONS</b>		
150,000 00	WIP/LSC Recovered Costs	106,782 74	
2,000 00	Cash at Bank	NIL	
	Bank Interest Gross	105 56	
	Deposit on petition	1,165 00	
			108,053 30
	<b>COST OF REALISATIONS</b>		
	DTI Treasury Fees	0 00	
	DTI Cheque Fees	16 10	
	Sec of State Fees	20,741 16	
	Specific Bond	96 00	
	Tax on interest	21 11	
	Court fees	290 00	
	Accountancy/bookkeeping costs	1,500 00	
	Agents Fees	225 00	
	Legal Fees (1)	973 35	
	Storage Costs	977 50	
	Re-Direction of Mail	123 28	
	Statutory Advertising	76 50	
			(25,040 00)
	<b>PREFERENTIAL CREDITORS</b>		
	DE Arrears & Holiday Pay	4,681 39	
	Employee Arrears/Hol Pay	3,668 63	
			(8,350 02)
	<b>UNSECURED CREDITORS</b>		
(344,646 00)	Total Liabilities	NIL	
			NIL
<b>(192,646 00)</b>			<b>74,663 28</b>
	<b>REPRESENTED BY</b>		
	Vat Receivable		750 47
	ISA NIB		76,899 96
	Vat Payable		(2,987 15)
			<b>74,663.28</b>

**POLLECOFF SOLICITORS (IN CREDITORS' VOLUNTARY LIQUIDATION)**

**Appendix II – Analysis of Time Costs**

**Pollecoff Solicitors Limited (In Compulsory Liquidation)**  
**Analysis of Liquidator's Time Costs**  
**Report Date: 30 January 2012 - 29 January 2013**

SIP9 Category	Partner / Director	Manager	Senior	Administrator	Cashier / Support	Total Hours	Charge (£)	AvgRate (£)
Administration and planning	37 10	99 75	22 80	0 80	18 06	178 51	36,055 66	201 98
Creditors	0 80	32 65	2 70	0 60	4 10	40 85	7,146 50	174 94
Investigations	-	2 80	3 50	-	-	8 10	1,620 00	200 00
Realisation of assets	-	253 45	52 50	-	32 59	338 54	59,788 59	176 61
Special Projects	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-
Hours	37 90	393 95	78 00	1 40	54 75	566 00		
Charge (£)	13,253.00	77,265 00	9,518.50	259.50	4,314.75		104,610.75	

CURRENT CHARGEOUT RATES	£
Partner/Director	315-370
Manager	200
Other Senior Professional	105-125
Support Staff/Admin	50-85

Summary of Liquidator's Remuneration	(£)
Fees charged in the period 30/01/2012 to 29/01/2013	-

Summary of Liquidator's Disbursements	(£)
Nature	
Storage Costs	301 92