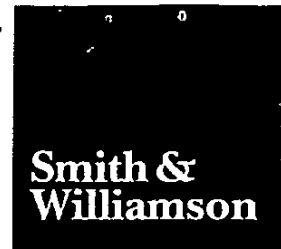


4750216



Cornish Properties Limited (in Compulsory Liquidation)

Joint liquidators' annual progress
report to creditors and members

3 February 2014

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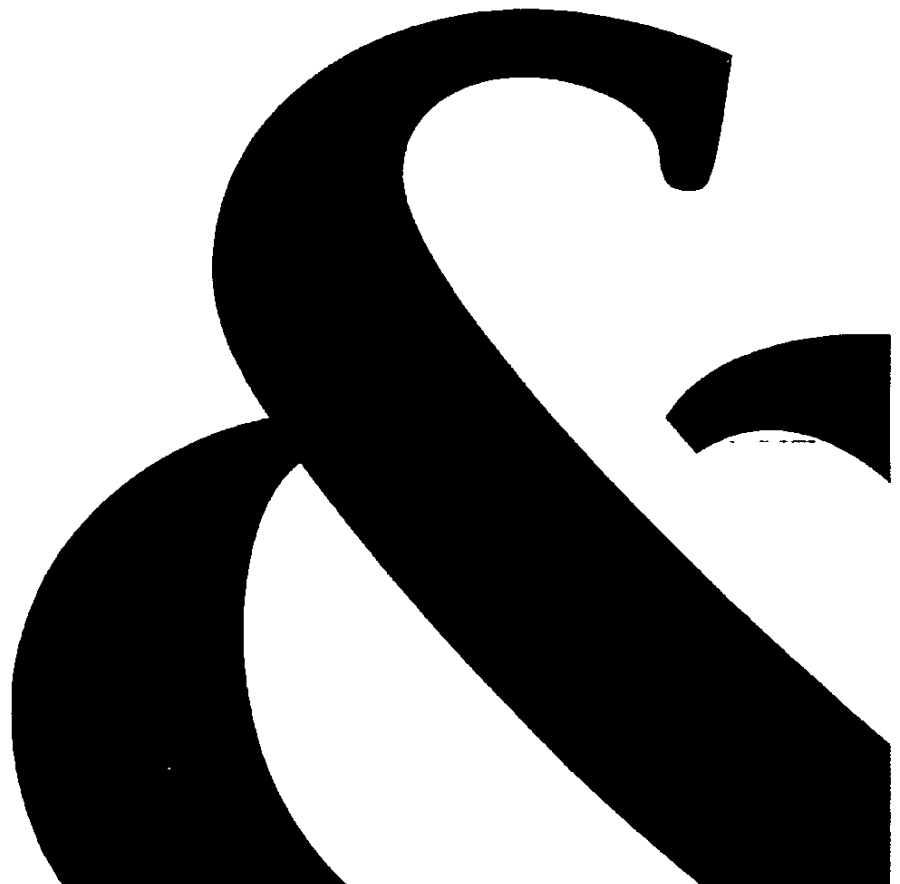
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1. Glossary

Abbreviation	Description
the Company	Cornish Properties Limited
the joint liquidators	Gilbert John Lemon and Stephen James Hobson
SIP9	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
ETR	Estimated to realise
HMRC	HM Revenue and Customs
QFCH	Qualifying Floating Charge Holder – a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
FCA	Financial Conduct Authority
OR	Official Receiver

2. Introduction and statutory information

This report provides an update on the progress in the liquidation of the Company for the year ended 20 December 2013. By way of reminder, we, Gilbert John Lemon of Smith & Williamson LLP, Portwall Place, Portwall Lane, Bristol, BS1 6NA and Stephen James Hobson of Francis Clark LLP, Vantage Point, Woodwater Park, Pynes Hill, Exeter, EX2 5FD were appointed joint liquidators of the Company on 21 December 2012. The appointment of the joint liquidators was made following the presentation of a petition for the compulsory winding up of the Company. The winding-up order was made on 3 October 2012 by Follett Stock LLP in the Truro County Court reference number 315 of 2012. This report provides an update on the progress of the liquidation for the year ended 20 December 2012.

The principal trading address of the Company was 31 Lemon Street, Truro, Cornwall, TR1 2LS

The Company's registered office is c/o Francis Clark LLP, Vantage Point, Woodwater Park, Pynes Hill, Exeter, EX2 5FD and its registered number is 4750216.

The sole director of the Company was Kevin Heaney.

3. Realisation of assets

Attached at Appendix I is our receipts and payments account for the period from 21 December 2012 to 20 December 2013. As a Statement of Affairs ("SOA") was not provided, there is not a comparison between the figures in the SOA and the realisations

3.1. Plot of Land at Hillside, St Austell

The joint liquidators were made aware of a small plot of land owned by the Company in a residential area at Hillside, St Austell. The Land Registry identified that the plot was made up of six separate title numbers. The plots were surrounded by residential housing (rear gardens) and there had already been several failed attempts at gaining planning permission for them. The joint liquidators wrote to all householders whose garden backed onto the plot and asked them for best and final offers within six weeks. The best offers were accepted and all plots were sold for a combined value of £10,201. Legal fees associated with the sales were £1,500 plus VAT.

3.2. Potential Claim against Other Parties

The joint liquidators have spent significant time investigating the circumstances surrounding the sale of the freehold interest in the Truro City Football Club premises (Treyew Road) in July 2012. Legal advice is that there are potential actions that can be pursued by the joint liquidators. The joint liquidators have held a number of meetings with relevant parties and legal advisors and negotiations are on-going. It is not appropriate to disclose specific information at this time however further and better particulars will be provided in due course once issues have been concluded.

3.3. Sales to connected parties

In accordance with SIP 13, I would advise that no assets have been sold to a director of the Company.

4. Investigations

As you may be aware, in a compulsory liquidation the duty to investigate the Company's affairs is the responsibility of the Official Receiver. There is no requirement on the joint liquidators to submit a report or return on the directors' conduct to the Department for Business Innovation and Skills, however where matters are brought to the joint liquidator's attention these are reported as appropriate to the Official Receiver for further consideration.

We would confirm that we have made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate that may need reporting to the Official Receiver. This assessment took into account information provided by creditors at the initial meeting or as a response to complete an investigation questionnaire. Matters are on-going in this respect.

5. Creditors

5.1. Secured creditors

As far as the joint liquidators are aware, the only outstanding charge is a mortgage deed in favour of JoJo Investvo Limited dated 31 July 2012. No formal claim has been received in respect of this debt.

5.2. Prescribed Part

The Company did not grant any floating charges. Accordingly, there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors, which only applies to charges created after 15 September 2003.

5.3. Preferential creditors

There are no preferential creditors' claims anticipated in this liquidation.

5.4. Unsecured creditors

We have received claims totalling £1,856,397.82 from 42 creditors. We have yet to receive claims from 34 creditors whose debts are believed to total £10,741,856.08 as per the Official Receivers report.

Claims have not been agreed yet due to the uncertainty of a dividend to any class of creditor.

6. Joint Liquidators' remuneration

At the meeting of creditors held on 26 February 2013 the creditors approved that the basis of the joint liquidators' remuneration be fixed by reference to time properly spent by them and their staff in managing the liquidation.

The combined time costs for both Smith & Williamson LLP and Francis Clark is £131,433. The time spent by Francis Clark LLP totals £82,053. The time spent by Smith & Williamson LLP totals £49,381.

The liquidators' time costs are:

Period	Total hours	Total cost £	Average hourly rate £/hr	Fees drawn £
21 December 2012 to 20 December 2013	433.80	131,433	296.15	Nil

Attached as Appendix II, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the joint liquidators and their staff in managing the liquidation. Details of work carried out in the period are also included in the appendix.

A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from the same website as this report.

Details of both firms charge out rates and Smith & Williamson LLP's policies in relation to the use of staff are provided at Appendix III

7. Liquidation expenses

7.1. Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement	Costs incurred in the period £	Costs paid in the period £
Stephens Scown (legal advice sale of land)	Fixed fee plus VAT	£1,500 plus VAT	Not paid to date
Stephens Scown (legal advice re various matters)	Time costs plus VAT	£3,390 plus VAT	Not paid to date

The joint liquidators took some legal advice from Follett Stock LLP. The engagement was terminated by the Liquidators in October 2013 and Follet Stock LLP went into liquidation later in 2013. The quantum of any liability to Follet Stock LLP is uncertain.

7.2. Joint Liquidators' disbursements

We have incurred the following disbursements in the current period:

Description	Incurred in the period £	Paid in the period £
Parking	17 33	-
Courier	428 75	-
Train Fare	160 30	-
Postal redirection	60 00	-
Postage	13 20	-
Statutory Advertising	152 37	-

Bond	22 50	-
Company Searches	7 00	-
Land Searches	212 00	-
Total	1,073.45	Nil

7.3. Category 2 disbursements

The following Category 2 disbursements have been incurred in the current period

Description	Incurred in the period £	Paid in the period £
Mileage at HMRC approved rates	160 92	-
Total	160.92	Nil

Approval to recover the Category 2 disbursements shown above was given at the first meeting of creditors held on 26 February 2013.

7.4. Policies regarding use of third parties and disbursement recovery

Appendix III provides details of our policies in relation to the use of subcontractors and professional advisors, and the recovery of disbursements.

8. Outstanding matters

The remaining actions to be concluded in the liquidation are as follows:

- Resolving the potential claims against third parties as mentioned at 3.2 above
- Agreement of creditors' claims and payment of dividend subject to successful recovery
- Closure of the liquidation, including preparing and issuing draft final report, calling and holding final meetings, and preparing and issuing final report

9. Creditors' rights

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 or otherwise with the court's permission) may request in writing that the liquidators provide further information about their remuneration or expenses which have been itemised in this progress report

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this progress report make an application to court on the grounds that,

in all the circumstances, the basis fixed for the liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the liquidators, as set out in this progress report, are excessive.

Further information regarding creditors' rights is available on application to the liquidators

10. Next report

We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation unless we have concluded matters prior to this, in which case we will write to all creditors with our draft final progress report ahead of convening the final meetings of creditors and members.

Two handwritten signatures in black ink. The signature on the left is 'Gilbert John Lemon' and the signature on the right is 'Stephen James Hobson'.

Gilbert John Lemon and Stephen James Hobson

Joint Liquidators

Date: 3 February 2014

Appendix I Receipts and payments account 21 December 2012 to 20 December 2013

I.i Receipts and payments account

21 Dec 2012 to
20 Dec 2013

Receipts:

Deposit on creditors position	1,165 00
Sale of plots at Hillside	<u>10,201 00</u>
	<u>11,366 00</u>

Payments:

DTI Income Fees	3,500 15
Official Receivers Fees	2,235 00
Bank Interest and charges	<u>88.00</u>
	<u>5,823 15</u>

Balance at bank	<u><u>5,542 85</u></u>
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I.ii Notes and further information required by SIP 7

- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report
- Details of payments made to sub-contractors are shown in the body of our report.
- Information concerning our remuneration and disbursements incurred to date is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the liquidation is provided in our report.
- The bank account is interest bearing and is held with the Insolvency Service.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of VAT. VAT is expected to be payable / recoverable on all transactions in the estate subject to VAT. In the event of any variations to this, such amounts would be disclosed as irrecoverable VAT.

Appendix II Time analysis for the period 21 December 2012 to 20 December 2013

II.1 From 21 December 2012 to 20 December 2013

Function (hours)	Partner	Director	Senior Manager/Manager	Professional staff	Total hours by function	Total hours by activity	Total cost by function	Time cost by function	Average hourly rate by function	Average hourly rate by activity
Administration and planning:										
Case planning	2.72	11.05	2.90	2.85	104.77	19.52	22,295.15	5,214.00	212.80	267.11
Case set up	5.79	4.60	3.57	17.53	31.49	0.05	5,350.05	14.75	169.90	169.90
Appointment modification		0.05								
Maintenance of records	1.77	2.86		14.01	18.13	0.05	2,989.45	14.75	295.05	295.05
Statutory returns	7.28	4.33	7.30	9.48	28.39	0.05	6,038.25	1,511.80	245.10	245.10
Six monthly reviews	0.20	2.94	1.70	1.00	5.84	0.01	1,511.80	258.87	258.87	258.87
Closure										
Cashiering		0.39	0.20	0.76	1.35	0.01	256.85	190.26	190.26	190.26
SIP2 review	12.80	5.33	23.46		100.79	41.73	27,045.05	12,213.35	268.33	292.68
Disqualification report						0.00				
Investigating antecedent transactions	32.97	26.09			59.06	0.00	14,831.70	351.14	351.14	351.14
Identification, securing and returning assets	97.72	29.51	11.15	4.00	214.78	142.38	75,417.65	46,124.70	323.95	323.95
Retention of title						0.00				
Debt collection						0.00				
Priority, business and assets sales	63.97	6.88	1.60		72.40	0.00	29,292.95	404.60	404.60	404.60
Business management					0.00	0.00				
Accountancy/book-keeping					0.00	0.00				
Employees					0.00	0.00				
Review					0.00	0.00				
Creditors										
Reportage	3.03	0.10		1.50	23.28	4.60	6,615.75	1,274.50	286.74	277.07
Correspondence	10.35	0.05		1.00	11.40	0.00	3,767.25	330.40	330.40	330.40
Preferential claims						0.00				
Non preferential claims	2.08		1.70	3.50	7.28	0.00	1,633.50	224.35	224.35	224.35
Accounts					0.00	0.00				
Bill presentation						0.00				
Tax Reviews						0.00				
Travel						0.00				
Total time (hours)	240.10	94.35	53.52	55.62	443.62	443.62	131,433.10	131,433.10	0	296.27
Total cost (£)	84,098.00	27,842.10	13,651.40	5,841.60						
Average hourly rate	350.26	295.05	255.07	105.03						
Less already drawn										
Balance - written off/curred forward										
							131,433.10			

All time is charged in units representing 3 minutes or multiples thereof

II.ii Notes/reconciliation differences

The analysis reflects time spent by both Francis Clark and Smith & Williamson LLP. No fees have been drawn in the period from 21 December 2012 to 20 December 2013.

II.iii Explanation of major work activities undertaken

The total time costs for the period are £131,433.10 which represents 433.62 hours at an average rate of £296.27 per hour. The complexity of this case means that it has been necessary for senior staff to spend more time in dealing with the various aspects of the liquidation.

Time spent by the joint liquidators and their staff is broken down into sub categories as detailed in the above table. Time has been spent as follows;

Administration and Planning

Time charged to this category relates to the initial set up and planning of the case, as well as monitoring the ongoing progress of the liquidation and also dealing with the statutory requirements. All time spent on cashing matters is also allocated to this category.

Investigations

The joint liquidators are required to investigate under Statement of Insolvency Practice 2 (SIP2). Time has been allocated to this category in dealing with these matters.

Realisation of Assets

This includes all time spent identifying any potential assets and in realising the assets for the benefit of the liquidation estate. A majority of time incurred in this category relates to potential actions against third parties. This has necessitated several meetings at a high level, hence the total costs being incurred.

Creditors

All time spent in corresponding with creditors, reporting to creditors and assisting with creditor queries is allocated to this category of time.

Appendix III Charging, subcontractor and advisor information

INFORMATION IN RELATION TO THE LIQUIDATORS' USE OF STAFF, SUBCONTRACTORS AND ADVISORS, THE RECOVERY OF DISBURSEMENTS AND DETAILS OF THE LIQUIDATORS' CHARGE OUT RATES

Policy

Detailed below is Smith & Williamson LLP's policy in relation to.

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including.

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.

www.smith.williamson.co.uk

Principal offices: London, Belfast, Birmingham, Bristol, Dublin, Glasgow, Guildford, Manchester, Salisbury, Southampton and Worcester

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- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 our policy is to recover only one type of Category 2 disbursement, namely business mileage at HMR&C's approved mileage rates at the relevant time. Prior to that, approval may have been obtained to recover other types of Category 2 disbursements

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report

Charge out rates

A schedule of Smith & Williamson LLP's and Francis Clarks charge out rates was issued to creditors at the time the basis of the liquidators' remuneration was approved. The current rates are shown below;

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates as at 1 July 2013	London office £	Regional offices £
Partner	480	350-375
Associate Director	370	295-325
Managers	235 - 310	190 - 285
Other professional staff	150-235	110 - 170

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Support & secretarial staff

85

28 – 75

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual case.
3. The firm's cashiering function is centralised and London rates apply

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