

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

05267819

Name of Company

The London Organising Committee of the Olympic Games and Paralympic Games Limited

☒ We

Jeremy Willmont, 150 Aldersgate Street, London, EC1A 4AB

Emma Sayers, 150 Aldersgate Street, London, EC1A 4AB

the liquidator(s) of the company attach a copy of ~~my~~ our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 30/05/2013 to 29/05/2016

Signed T Willmont Date 26/7/16

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

Ref L67400/EMS/AXM

WEDNESDAY



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Strictly Private & Confidential

THE LONDON ORGANISING COMMITTEE OF THE OLYMPIC GAMES AND PARALYMPIC GAMES LIMITED (IN MEMBERS VOLUNTARY LIQUIDATION) ("THE COMPANY" or "LOCOG")

Report to the members in accordance with Rule 4.49C of the Insolvency Rules 1986

26 July 2015

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This report is intended for use by those parties entitled to a copy thereof under Rule 4.49C of the Insolvency Rules 1986. It may contain information that is privileged, confidential or exempt from disclosure and any dissemination, distribution or copying of it and its attachments is strictly prohibited.

Any estimated outcomes for members are for illustration only and cannot be relied upon as guidance as to the actual outcome for members.

Jeremy Willmont and Emma Sayers are authorised in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. All of our work is conducted in accordance with the Insolvency Code of Ethics.

1 Statutory information

Company name	The London Organising Committee of the Olympic Games and Paralympic Games Limited
Company number	05267819
Registered office	150 Aldersgate Street London EC1A 4AB
Date of appointment	30 May 2013
Joint liquidators	Jeremy Willmont Emma Sayers Following Phillip Sykes' retirement from Moore Stephens LLP he was replaced as joint liquidator by Emma Sayers by an order made in the High Court of Justice on 12 January 2015
Joint liquidators' address	150 Aldersgate Street London EC1A 4AB

2 Progress to date

- 2 1 Attached at Appendix I is a receipts and payments account covering the periods 30 May 2015 to 29 May 2016 ("the Period") and 30 May 2013 to 29 May 2016

Trade and other receivables

- 2 2 Against an estimate of £5,000,000, the liquidators have recovered a total of £8,963,118 20
- 2 3 Recoveries net of bank interest in the Period total £6,241 84
- 2 4 As set out in the last progress reports, the increases in the receivables is partly due to actual receivables being higher than anticipated and other monies being received which were not expected at the outset

Gross interest

- 2 5 Gross interest received on monies held amounts to £4,672 90 in the Period The Company is exempt from corporation tax and thus there will be no tax to pay on this sum

Outstanding issues

- 2 6 We have continued to work closely with the former members of the LOCOG team in the Period in order to resolve the issues that remain outstanding

Business rates

- 2 7 As at the date of the last report, there remained two outstanding issues relating to business rates The liquidators can confirm that one of the outstanding matters has now been resolved and a settlement has been agreed in principle in relation to the remaining claim It is hoped that this settlement can be finalised
- 2 8 Further rates refunds totalling £6,241 84 have been received in the period

Taxation

Corporation tax

- 2 9 LOCOG is exempt from corporation tax

VAT

- 2 10 As set out previously, all pre-liquidation VAT matters are resolved and VAT due paid
- 2 11 HMRC has advised that they would like to carry out a final VAT audit prior to conclusion of the liquidation, which is considered normal procedure for an organisation of this nature

Debtors

- 2 12 As at the date of the last progress report, the total amount outstanding in respect of debtors was £108,975 of which £86,000 was owed by one single debtor and was disputed. Despite further efforts it has not been possible to collect any of the remaining debts and it has been decided that it is no longer commercially worthwhile to continue to pursue them.
- 2 13 In addition to the known debts at the outset, additional debtors have come to light. These have been reviewed and collected by the liquidators.

Insurance claims

- 2 14 As detailed in the previous report, all outstanding insurance claims made by LOCOG have been resolved.

Personal injury claims

- 2 15 The liquidators have continued to support the insurers in researching the validity of such claims but no cost to LOCOG arises as there are no excesses under the PI insurance cover.
- 2 16 There are a small number of claims that remain to be dealt with and the liquidators are continuing to work closely with the insurers to ensure the claims are progressed as quickly as possible and resolved. The liquidators are not able to conclude their administration until all such claims have been settled or otherwise dealt with.

Material damage claim

- 2 17 There is one outstanding material damage claim to deal with. This has not yet been resolved.

3 Joint liquidators' remuneration and category 2 disbursements

- 3 1 At the time of liquidation, the proposed liquidation costs as approved by the LOCOG management team were forecast to be £60,000 plus VAT. On this basis, at the general meeting of members held on 30 May 2013 the following resolutions were passed:
- That the remuneration of the joint liquidators be determined by reference to the time properly given by the joint liquidators and their staff in attending to matters arising in the winding up (pre and post appointment) in accordance with Rule 4 148A(2)(b) of the Insolvency Rules 1986, limited to £20,000 plus VAT in relation to pre appointment matters and to £60,000 plus VAT in relation to post appointment matters without further resolution from the members of the Company.
 - The joint liquidators shall be authorised to draw their firm's internal costs and expenses in dealing with the estate, including photocopying, printing, facsimile, storage, mileage and room hire, as and when funds permit.
- 3 2 As set out previously, the above forecast was based on the assumption that any remaining matters would have been materially completed by LOCOG's staff in the period through to the end of June 2013. In the event, there were significantly more items that needed to be handed over to the liquidators than originally planned and the costs transpired to be significantly higher than this. Because of the increased costs the liquidators sought the approval of the members to increase their remuneration to £300,000 plus VAT. A resolution was passed by the members to this effect on 6 May 2014.
- 3 3 Following the last report, due to the existence of previously unforeseen complications in bringing the liquidation to a close, including issues surrounding the insurance claims detailed above in paragraphs 2 15 to 2 17, the liquidators sought a further resolution from members to increase the level of their remuneration.
- 3 4 The members resolved to increase the liquidators' remuneration to £410,000 plus VAT on 15 April 2016.
- 3 5 All costs incurred by the liquidators have been settled save for the costs of the independent adviser engaged by the liquidators to assist with the resolution of the rating issues which are, by their nature, extremely complex. The independent adviser's fees are being calculated on a percentage of the savings achieved subject to a cap of £20,000 plus VAT on one of the venues in question.
- 3 6 As can be seen from Appendix II, total time costs incurred in the Period amounts to £63,441.80. This includes an adjustment of 44.95 hours for director time totalling £13,844.60, which was not previously included for the period 30 May 2013 to 29 May 2014. Costs incurred between 30 May 2013 and 29 May 2016 are £419,236.20. Against these, the liquidators have drawn the sum of £410,000 plus VAT in accordance with the resolution passed on 15 April 2016 as set out in paragraph 3 4 above.
- 3 7 Disbursements in the Period amount to £486.92.

3 8 The work carried out by the liquidators may be summarised as follows

Administration/meetings

3 9 The volume of necessary meetings has again reduced in the Period, but it has still been necessary to meet with the former LOCOG management team and former employees in order to resolve queries arising

Tax/VAT/rates

3 10 There have been ongoing VAT returns to complete and rating issues to resolve, as described above

Creditors

3 11 As set out previously, despite LOCOG's best efforts, it was not possible to pay all creditors prior to liquidation. In the Period there have been further claims received, most of which required investigation and substantiation before payment could be made

Personal injury claims

3 12 As set out above, there remain a number of personal injury claims to resolve and the liquidators have been corresponding and assisting the insurers in this regard throughout the Period

Insurance claims

3 13 As set out above, there is one material damage claim that remains to be resolved

Disputes

3 14 In the Period the primary disputes have related to the rating issues which have necessitated the liquidators engaging and liaising extensively with specialist advisers

Preservation of records

3 15 The liquidators have been liaising with former LOCOG management and have sought legal advice in relation to their obligations regarding the storing and safeguard of certain records held. This issue remains ongoing and it is hoped a resolution will be found in the near future

General administration

3 16 We have dealt with the statutory functions required under the Insolvency Act and Rules

4 Members' rights

4 1 Within 21 days of receipt of this report, members with at least 5% in value of the total voting rights of all members having the right to vote at general meetings of the Company or any member with the permission of the court may request in writing that the joint liquidators provide further information about their remuneration or expenses which have been itemised in the progress report

4 2 Within 14 days of receipt of the request, we must provide all of the information asked for, except so far as we consider that

- the time or cost of preparation of the information would be excessive, or
- 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
- we are subject to an obligation of confidentiality in respect of the information

We are also required to give reasons for not providing all of the requested information

4 3 Members with at least 10% in value of the total voting rights of all members having the right to vote at general meetings of the Company) may, within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the joint liquidators' remuneration, the remuneration charged, or the expenses incurred by the joint liquidators as set out in the progress report are excessive

5 Liabilities

Secured creditors

5 1 There are no secured creditors

Preferential creditors

5 2 There are no preferential creditors

Unsecured creditors

5 3 As set out previously, the liquidators' solicitors have confirmed that the liquidators may rely on the provisions of Rule 4 182A of the Insolvency Rules 1986 ("Rule 4 182A") and there is no requirement for an application to court for a bar date. Further, notwithstanding the liquidators had previously issued a notice to claim under Rule 4 182A, for the sake of prudence and given the nature of the Company's business and speed with which its affairs were wound down, a further notice was issued giving creditors one final opportunity to claim, the final date for proving was 13 March 2015.

5 4 Further miscellaneous claims continue to be received which require investigation to determine if they are valid.

DCMS

5 6 The liquidators have made payment to DCMS on account of their claim in the sum of £3.25m after making adequate provision for further known possible claims.

5 7 A further payment of £250,000 was made to the DCMS in the period subsequent to which this report and attached receipts and payments is drawn. This will be shown in the next account.

6 Return on capital

6 1 There will be no return to the members.



Jeremy Willmont
Joint Liquidator

Appendix I

Joint Liquidators' receipts and payments account

The London Organising Committee of the Olympic Games and Paralympic Games Limited (In Liquidation)

	Note	Declaration of Solvency £	From 30/05/2015 To 29/05/2016 £	From 30/05/2013 To 29/05/2016 £
RECEIPTS				
Cash and cash receivables		34,000,000 00	-	35,054,356 48
Trade and other receivables		5,000,000 00	6,241 84	8,963,118 20
Shareholder distribution			-	7,638 48
IT Equipment (Servers)			-	12,408 33
Receipt from former employee re P60			-	25 78
Interest gross of tax			4,672 90	92,096 53
Suspense account			-	12,173 48
			<u>10,914 74</u>	<u>44,141,817 28</u>
PAYMENTS				
Agent's fees & expenses			1,500 00	11,340 07
Room hire			337 50	2,250 00
IT related costs			-	10,389 00
Counter charges			3 04	330 99
Printing & photocopying			-	1,108 89
Bank charges			20 37	456 79
Legal fees & expenses			14,605 00	14,605 00
Enquiry fees			-	5 00
Subsistence			13 00	171 12
Telephone fax & telex			-	116 32
Stationery & postage			134 13	1,028 91
Statutory advertising			-	2,666 85
Specific penalty bond			-	200 00
Travel train/taxi			-	859 80
Land registry & company search fees			-	3 00
Liquidators' fees			110,000 00	410,000 00
Companies House searches			-	1 00
Consultancy fees			-	15,000 00
Trade and other payables	(1)		305,546 28	19,332,988 86
Provisions	(1)		-	23,744,188 09
			<u>432,159 32</u>	<u>43,547,709 69</u>
Net Receipts/(Payments)			<u>(421,244 58)</u>	<u>594,107 59</u>

Note

- 1 According to the declaration of solvency, trade and other payables amounted to £16 6million and there were provisions for further payments of £22 8million. To date, total payments made to creditors are £19million and payments made in respect of provisions are £23 74million. The latter primarily relates to payments made to the Department of Culture Media and Sport, which collectively total £23million.

Breakdown of time costs

The London Organising Committee of the Olympic Games and Paralympic Games Limited (In Members Voluntary Liquidation)

Summary of Moore Stephens time-costs from 30/05/2013 to 29/05/2014

	Partner / Associate	Director / Manager	Assistant manager	IT Support	Tax	Administrative Assistant	Total hours	Time cost(£)	Av rate £/h
Comp/admin	39 20	148 10	92 30	-	-	160 60	440 20	88 718 80	201 54
Realisation of assets	18 30	36 25	28 70	-	-	16 65	99 90	24 083 00	241 07
IT	14 25	27 20	27 65	143 25	-	27 45	239 80	35 945 80	149 90
Tax	14 10	39 70	13 45	-	98 75	35 40	201 40	36 688 60	182 17
Creditors and claims	49 90	111 90	101 95	-	-	75 05	338 80	75,710 40	223 47
Total hours	135 75	363 15	264 05	143 25	98 75	315 15	1 320 10		261,146 60
Total time costs £	54 300 00	111,850 20	38 023 20	15 471 00	13 769 00	27 733 20		261 146 60	197 82

Summary of Moore Stephens time-costs from 30/05/2014 to 29/05/2015

	Partner / Associate	Director / Manager	Assistant manager	IT Support	Tax	Administrative Assistant	Total hours	Time cost(£)	Av rate £/h
Comp/admin	8 25	65 90	12 50	-	-	77 15	163 80	32 186 40	196 50
Realisation of assets	2 15	15 25	0 20	-	-	2 15	19 75	5 775 00	292 41
IT	-	-	-	-	-	-	-	-	-
Tax	0 65	10 45	-	-	31 10	1 35	43 55	9 059 00	208 01
Creditors and claims	29 70	92 95	22 70	-	-	43 75	189 10	47,627 40	251 86
Total hours	40 75	184 55	35 40	-	31 10	124 40	416 20		
Total time costs £	16 300 00	56 841 40	5 097 60	-	5 461 60	10 947 20		94 647 80	227 41

Summary of Moore Stephens time-costs from 30/05/2015 to 29/05/2016

	Partner / Associate	Director / Manager	Assistant manager	IT Support	Tax	Administrative Assistant	Total hours	Time cost(£)	Av rate £/h
Comp/admin	12 90	92 40	15 80	-	-	1 35	122 45	36 013 20	294 11
Realisation of assets	0 20	2 25	0 80	-	-	1 20	4 45	993 80	223 33
IT	-	6 50	-	-	-	-	6 50	2 002 00	308 00
Tax	0 15	8 20	0 20	-	3 50	-	12 05	3 062 40	254 14
Creditors and claims	12 45	47 40	11 95	-	-	0 80	72 60	21 370 40	294 36
Total hours	25 70	156 75	28 75	-	3 50	3 35	218 05		
Total time costs £	10 280 00	34,434 40	4 140 00	-	448 00	294 80		63,441 80	290 95

Summary of Moore Stephens time-costs from 30/05/2013 to 29/05/2016

	Partner / Associate	Director / Manager	Assistant manager	IT Support	Tax	Administrative Assistant	Total hours	Time cost(£)	Av rate £/h
Comp/admin	60 35	306 40	120 60	-	-	239 10	726 45	156 918 40	216 01
Realisation of assets	20 65	53 75	29 70	-	-	20 00	124 10	30 851 80	248 60
IT	14 25	33 70	27 65	143 25	-	27 45	246 30	37 947 80	154 07
Tax	14 90	58 35	13 65	-	133 35	36 75	257 00	48,810 00	189 92
Creditors and claims	92 05	252 25	136 60	-	-	119 60	600 50	144 708 20	240 98
Total hours	202 20	704 45	328 20	143 25	133 35	442 90	1,954 35		
Total time costs £	80 880 00	216 970 60	47,260 80	15 471 00	19 678 60	38 975 20		419 236 20	214 51

Total remuneration drawn on account

405,000 00

Breakdown of time costs**The London Organising Committee of the Olympic Games and Paralympic Games Limited (In Members Voluntary Liquidation)****Note**

The time for the current period includes an adjustment for director time of 44.95 hours which was not previously included for the period 30/05/13 - 29/05/14. Further details are available on request.

Charge out rates -**Rates**

Partner/ Associate	£400
Director / Manager	£308
Assistant manager	£144
IT Support	£108
Tax	£56-296
Administrative assistant	£88

Time charged in 3 minute units or multiples thereof

Examples of work generally undertaken but not limited to**Statutory compliance, administration and planning**

- Compliance with other regulatory requirements
- Statutory reporting and compliance
- Case planning
- Administrative set up
- Appointment notification
- Maintenance of records
- Meetings with former LOCOG management
- Other miscellaneous matters arising to resolve

IT

- Copy LOCOG's records to liquidators' system

Tax

- VAT returns

Realisation of assets

- Identifying
- Corresponden
- Insurance
- Debt
- Tax reclaims

Creditors and claims

- Communication with creditors
- Creditors' claims (including employees and other preferential creditors)
- Insurance
- Debt
- Tax reclaims