

DUNLEAS ENTERPRISE LIMITED ("the Company") - In Compulsory Liquidation
In the High Court Number 6567 of 2012

LIQUIDATOR'S PROGRESS REPORT TO CREDITORS AND MEMBERS
For the year ending 13/12/2016

COMPANIES HOUSE

MONDAY



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13/02/2017

#91

STATUTORY INFORMATION

| | |
|----------------------------------|---|
| Company name | Dunlea's Enterprise Limited |
| Registered office | 18 Clarence Road, Southend on Sea, Essex, SS1 1AN |
| Former registered office | 2 Nelson Street, Southend on Sea, Essex, SS1 1EF |
| Registered number | 05784809 |
| Liquidator's name | Deborah Ann Cockerton |
| Liquidator's address | 18 Clarence Road, Southend on Sea, Essex, SS1 1AN |
| Liquidator's date of appointment | 14/12/2012 |

LIQUIDATORS' ACTIONS SINCE LAST REPORT

Since the date of my last annual report to creditors I have been making enquiries into the bank accounts held by the company and in particular payments made to the directors and shareholders

As a result of my findings a solicitor has been instructed to make enquiries into the transactions and to pursue the relevant parties for repayment

I have also been in correspondence with the bank in relation to their claim after many unsuccessful attempts to confirm the amount owed. A proof of debt has now been received with statements but this does not correlate with the balances around the date of liquidation which were advised by the bank via telephone in my previous conversations. Further requests will be made from the bank to substantiate their claim, however as the bank has a debenture this matter will need to be resolved prior to any dividend being paid to any other class of creditor.

There is certain work that I am required by the insolvency legislation to undertake work in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my last progress report is contained in Appendix 1.

RECEIPTS AND PAYMENTS

My Receipts & Payments Account for the period from 14/12/2015 to 13/12/2016 is attached at Appendix 1.

The balance of funds is held in the Insolvency Services Account operated by The Insolvency Service.

ASSETS

A valuation of the assets of the Company was prepared by Ken Lammas of General Auctions Ltd, an independent firm of valuers who have confirmed that they hold Professional Indemnity Insurance.

The assets have been sold for £149,639.20. An outline of the different types of asset sold and the amount for which they were sold, together with a comparison against the valuation realised.

| Asset category | Valuation basis & amount (£) | Sale Consideration £ |
|---|---|---------------------------------|
| <u><i>Floating charge/uncharged assets)</i></u> | | |
| Book Debts | - - | 17,074 20 |
| Plant & machinery | Forced Sale Unvalued | 1,000 00 |
| Utility Refund | - - | 28 56 |
| Sale of Vehicles | Forced Sale Unvalued | 130,400 00 |
| Total | - | £148,502.76 |

Utility Refund

The liquidator received the sum of £28 56 in respect of an electricity refund. This was not originally expected in the liquidation.

Other Assets

There has been no other realisation of assets in this period other than net bank interest of £145 67.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has granted the following charges:

Debenture – Royal Bank of Scotland – Created 26/07/2006

Supplemental Chattel Mortgage – State Securities Ltd – Created 19/10/2012

Preferential Creditors

The statement of affairs anticipated made no mention of preferential creditors. No claims have been received.

Crown Creditors

HMRC's final claim of £30,140 78 has been received in respect of PAYE/NIC and Corporation Tax. No proof of debt has been received in respect of VAT to date.

Non-preferential unsecured Creditors

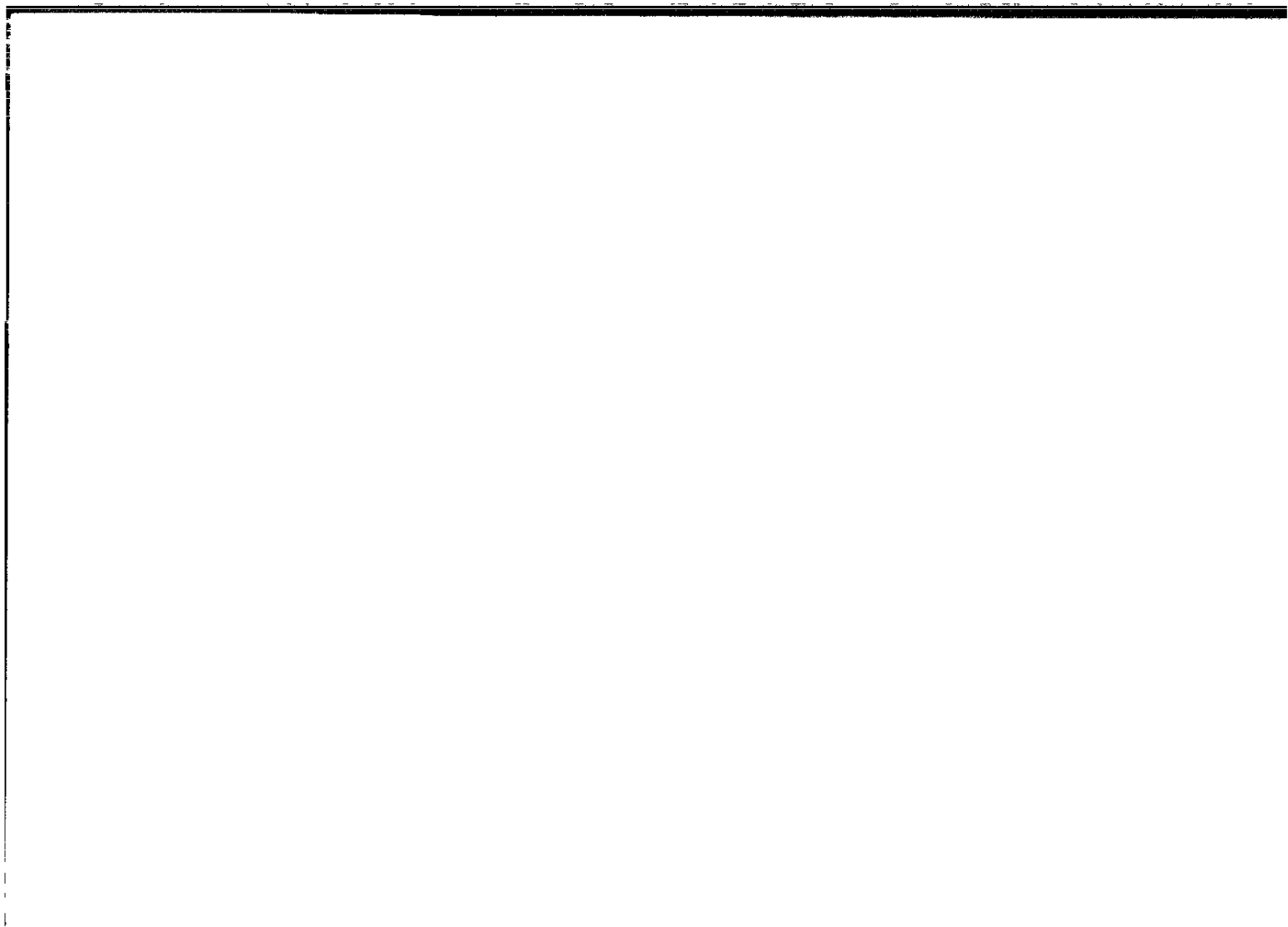
The statement of affairs included 23 unsecured creditors with an estimated total liability of £65,318 64. I have received and agreed claims from creditors at a total of £145,078 53. To date I have not received claims from 11 creditors.

DIVIDEND PROSPECTS

Preferential creditors

There are no preferential creditors.

Floating charge creditors



There is a debenture held by Royal Bank of Scotland which will require the prescribed part provisions to be made. As advised earlier in this report I have been making enquiries of the bank to substantiate their claim and to date these documents have not been provided. I understand that a balance will be owed to the bank, however the proof of debt provided does not correlate with previous balances advised by the bank in earlier correspondence.

Non-preferential unsecured creditors

As previously advised, the Company gave a floating charge to Royal Bank of Scotland on 26/07/2006 and the prescribed part provisions will apply. On the basis of realisations to date, together with estimated future realisations, and after taking into account the costs of the Liquidation to date, the net property of the Company is £60,562.80, and I estimate that the prescribed part of the net property for unsecured creditors is £15,112.56. However, these estimates do not take into account the future costs of the Liquidation, which will reduce the amount of the Company's net property.

This is based on an estimate of £30,000 being realised from the potential legal action to be taken against the directors and shareholders.

As the bank's claim is yet to be verified there may be a surplus available after making a distribution to the bank under their floating charge and therefore may yield an increased dividend to unsecured creditors.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. In particular, I considered the following matters of concern raised by creditors, balance held at company bank account as at the date of liquidation, book debts owed to the company, transactions between the company and the directors in the months leading up to liquidation and the company. Specifically, I recovered, listed and reviewed the Company's accounting records, obtained and reviewed copy bank statements for the 6 months prior to the Company ceasing to trade from the Company's bankers, and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the liquidation and made enquiries about the reasons for the changes.

I took the following action where I considered that further investigation was justified:

Motor Vehicles

The liquidator took steps to establish the ownership of motor vehicles and reported any missing to the police as stolen.

The liquidator's agent has also been involved in the location of motor vehicles as a number were seen on the road post the date of winding up.

Book Debts

The liquidator made investigations into the collectability of the book debts and as a result instructed an agent to collect the remaining monies due.

Monies Withdrawn From Bank Account

The liquidator has reviewed the bank account held by the company and it appears that several transactions were made in the months leading up to the winding up order. A solicitor has been instructed and enquiries are being made into the relevant transactions.

LIQUIDATORS' REMUNERATION

My remuneration was previously authorised by the creditors at a meeting held on 07/03/2013. My remuneration was authorised on a time cost basis. My total time costs to 13/12/2016 amount to £65,356.50, representing 274.30 hours work at an average charge out rate of £238.27 per hour, of which

£3,205 50, representing 11 7 of hours work, was charged in the period since 14/12/2016, at an average charge out rate of £273 97 per hour

I have drawn £35,000 00 to 13/12/2016, of which none was drawn in the period 14/12/2015

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/> A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3, together with an explanatory note which shows DCA Business Recovery's fee policy are available at the link <http://www.dcabr.co.uk/business-advice-guides> Please note that there are different versions of the Guidance Notes and in this case you should refer to the October 2015 version

LIQUIDATORS' EXPENSES

I have incurred expenses to 13/12/2016 of £794 16, of which none was incurred in the period since 14/12/2015

I have drawn £794 16 to date, of which none was drawn in the period since 14/12/2015

I have used the following agents or professional advisors in the reporting period

| <u>Professional Advisor</u> | <u>Nature of Work</u> | <u>Basis of Fees</u> |
|-----------------------------|-----------------------|----------------------------|
| General Auctions | Valuer/Auctioneer | Percentage of realisations |
| Nicholls Law | Solicitors | Time costs |

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Liquidator's remuneration and expenses within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

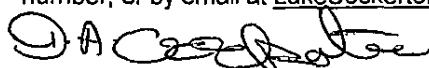
An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about DCA Business Recovery LLP can be found in the attached summary sheet.

SUMMARY

The Liquidation will remain open until the transactions with the directors have been fully resolved. I estimate that this will take approximately 12 months and once resolved the Liquidation will be finalised and our files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Luke Cockerton on the above telephone number, or by email at LukeCockerton@dcabr.co.uk



Deborah Ann Cockerton MABRP MIPA
Liquidator

Analysis of Liquidator's Time Costs

In accordance with the Statement of Insolvency Practice No 9, creditors are advised that -

- 1 The basis of the fees to be taken by the Liquidator was approved at the Meeting of Creditors held on 14th December 2012. It was resolved that such fees be paid on a time cost basis. This firm's standard insolvency rates with effect from 15th December 2012 are as stated below. For periods prior to this date lower rates will have applied. All rates are exclusive of valued added tax.

| GRADE | Hourly rate from 15 Oct 2015 £ | Hourly rate from 1 April 2014 £ | Hourly rate from 1 April 2013 £ | Hourly Rate from 1 Dec 2012 £ |
|--------------------------------|---|--|--|--|
| Partner | 350 | 350 | 350 | 350 |
| Senior Manager | 275 | 275 | 275 | 250 |
| Manager | 250 | 250 | 250 | 225 |
| Senior Administrator (Grade 1) | 225 | 225 | 225 | 200 |
| Senior Administrator (Grade 2) | - | 200 | 200 | 175 |
| Case Administrator (Grade 1) | 175 | 175 | 175 | 150 |
| Administrator (Grade 2) | - | 150 | 150 | 125 |
| Administrator (Grade 3) | - | 110 | 110 | 90 |
| Cashier | 150 | - | - | - |
| Support Staff | 130 | - | - | - |

- 2 The total hours expended by the Liquidator and all staff involved with the case during the period 14/12/2015 to 13/12/2016 is 11.7 hours and for the whole period is 274.30 hours. The Liquidator has ensured that during each period the appropriate member of staff has undertaken the different tasks involved taking into account the complexity of the task and the qualifications and experience of the person involved.
- 3 The charge out value of the period 14/12/2015 to 13/12/2016 is £3,205.50 plus VAT and for the whole period is £65,356.50 plus VAT, an average of £273.97 plus VAT per hour for this period and £238.27 plus VAT per hour for the whole period. The Liquidator has not been paid on account of time costs incurred during this period and has been paid a total of £35,000 plus VAT during the whole period of the liquidation. This equates to an average of £127.60 plus VAT for the whole period of the liquidation.
- 4 A general analysis of the time incurred during the period 14/12/2015 to 13/12/2016 confirms that work has been undertaken in the following areas -

| HOURS | | | | | | Time Costs Incurred | Average Hourly Rate |
|--------------------------------|------------|------------|-------------------------------|----------------------------------|----------------|---------------------------|---------------------------|
| Classification of Work | Partner | Manager | Other Senior Professionals | Assistants & Support Staff | Total Hours | | |
| Administration and Planning | 4.1 | 1.1 | | 1.7 | 6.9 | £1,935.50 | £280.51 |
| Investigations | | 1.7 | | | 1.7 | £425.00 | £250.00 |
| Realisation of Assets | 0.4 | 0.6 | | | 1 | £290.00 | £290.00 |
| Trading | | | | | | | |
| Creditors | 0.3 | 1.8 | | | 2.1 | £555.00 | £264.29 |
| Case Specific Matters | | | | | | | |
| Total | 4.8 | 5.2 | 0 | 1.7 | 11.7 | £3,205.50 | £273.97 |

Appendix 1

1 Administration

- Dealing with all routine correspondence and emails relating to the case
- Undertaking regular bank reconciliations of the bank account containing estate funds
- Reviewing the adequacy of the specific penalty bond on a quarterly basis
- Undertaking periodic reviews of the progress of the case
- Overseeing and controlling the work done on the case by case administrators
- Preparing, reviewing and issuing annual progress reports to creditors and members
- Filing returns at Companies House and Court
- Preparing and filing VAT returns
- Preparing and filing Corporation Tax returns

2 Creditors

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims
- Maintaining up to date creditor information on the case management system
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims

**Re DUNLEAS ENTERPRISE LIMITED
IN COMPULSORY LIQUIDATION**

**LIQUIDATORS RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 14/12/2015 TO 13/12/2016**

| Estimated Realisations per SOA | | Period 14/12/2015 to 13/12/16 | Cumulative Total to 13/12/2016 |
|--------------------------------------|-------------------------------|-------------------------------------|--------------------------------------|
| | Receipts | | |
| 91,000 00 | Book Debts | | 17,074 20 |
| 21,000 00 | Cash at Bank | - | - |
| | Plant & Machinery | | 1,000 00 |
| | Utility Refund | 28 56 | 28 56 |
| | Sale of Vehicles | | 130,400 00 |
| | Net Bank Interest | 145 67 | 651 65 |
| - | VAT Received | 2,819 71 | 33,728 29 |
| <u>112,000 00</u> | | <u>2,993 94</u> | <u>182,882 70</u> |
| | Payments | | |
| | OR Debit Balance | | 1,070 00 |
| | Tax on Interest Earned | 29 14 | 128 83 |
| | Secretary of State Fees | 532 72 | 20,828 26 |
| | Insolv Fee | | 110 00 |
| | Insolvency Bond | | 330 00 |
| | Statutory Advertising | | 253 80 |
| | Sundry Expenses | | 63 24 |
| | Stationery | | 5 95 |
| | Postage and Photocopying | | 31 17 |
| | Petitioning Creditors Fees | | 5,033 70 |
| | Liquidators Fees | | 35,000 00 |
| | Recoverable VAT | | 30,027 42 |
| | Agents Fees | | 15,511 43 |
| | Payments to Finance Companies | | 40,823 81 |
| | Agents VAT | | 3,102 29 |
| <u>0 00</u> | | <u>561 86</u> | <u>152,319 90</u> |
| | Balance at Bank | | <u><u>30,562 80</u></u> |

Notes Figures shown are net of VAT Balance at bank is held in an interest bearing account with The Insolvency Service