

**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

06237509

Name of Company

SFT Realisations Limited

I / We
Stephen J Akers
30 Finsbury Square
London
EC2P 2YU

Leslie Ross
4 Hardman Square
Spinningfields
Manchester
M3 3EB

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 14/06/2010 to 13/06/2012

Signed



Date

13/7/12

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Ref T00259L/SJA/IRA/CPK/JET

SATURDAY



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14/07/2012

COMPANIES HOUSE

#228

**SFT Realisations Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs	From 14/06/2010 To 13/06/2012
COSTS OF REALISATION	
Administrators Fees	19,572 07
	<u>(19,572 07)</u>
ASSET REALISATIONS	
Admin/Receivers Surplus	628,720 53
Bank/ISA InterestGross	1,971 89
	<u>630,692 42</u>
COST OF REALISATIONS	
DTI Cheque Fees	5 45
ISA Account Fees	161 00
Liquidators Fees	25,000 00
Liquidators Expenses	69 75
VAT irrecoverable	9,272 06
Administrators Counsel Fees	3,750 00
Corporation Tax	338 94
Statutory Advertising	74 63
Tax on Interest	394 38
	<u>(39,066 21)</u>
PREFERENTIAL CREDITORS	
Preferential Creditors (All)	727 20
	<u>(727 20)</u>
	<u><u>571,326.94</u></u>
REPRESENTED BY	
ISA NIB 28/02/11	571,326 94
	<u><u>571,326.94</u></u>

Note

Stephen J Akers
Joint Liquidator

Our Ref CPK/JXA/IRA/ALH/T00259L/PF7

To the Creditors and Members

13 July 2012

Dear Sirs



A41

14/07/2012
COMPANIES HOUSE

#229

Recovery and Reorganisation

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SFT Realisations Limited (formerly Towergate Financial Services Intermediate Limited) - In Liquidation (the Company)

1 INTRODUCTION

- 1.1 Following the appointment of myself and Andrew Hosking as **Joint Liquidators** of the **Company** on 14 June 2010, I present my annual report on the liquidation to the members and creditors in accordance with Section 104A of the Insolvency Act 1986
- 1.2 The last report to creditors was sent to creditors on 12 August 2011. This annual report should be read in conjunction with that prior report
- 1.3 I enclose the following appendices to assist with the reading of this report
 - Appendix A - Glossary of terms. Please note all words in **bold** are defined in the glossary,
 - Appendix B - An account of my receipts and payments for the period from the commencement of the liquidation to 13 June 2012,
 - Appendix C - A statement of the remuneration charged by the **Joint Liquidators** in the period 14 June 2011 to 13 June 2012 and a statement of expenses incurred in the period,
 - Appendix D - An analysis of my firm's time costs as required by **SIP 9**,
 - Appendix E - An extract from the Insolvency Rules 1986 relating to the creditors' rights to request additional information from the **Joint Liquidators** (Rule 4.49E), and
 - Appendix F - An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the **Joint Liquidators'** fees if excessive (Rule 4.313)
- 1.4 Please note that Andrew Hosking is no longer a Partner of Grant Thornton UK LLP and by a court order dated 22 May 2012 he has been replaced as Joint Liquidator by Les Ross
- 1.5 Please note that I am authorised by the Institute of Chartered Accountants in England and Wales and Les Ross is authorised by The Insolvency Practitioners Association, to act as insolvency practitioners

2 STATUTORY INFORMATION

2.1 The Company's statutory details are as follows

Registered number	06237509
Registered office	30 Finsbury Square London EC2P 2YU
Former trading address	Towergate House Eclipse Park Sittingbourne Road Maidstone ME4 3EN

3 ASSETS

3.1 No statement of affairs has been prepared for the liquidation, as the only asset to be realised is the Joint Administrators' surplus funds (£628,721 as discussed below)

Cash in hand and at bank

3.2 As at the date of my appointment, funds totalling £628,721 were transferred from the administration. Since my appointment, the funds have been held in an ISA account.

Bank Interest

3.3 Total interest in the sum of £1,972 has been received to date.

Prepayments and other accrued income

3.4 As noted in my previous report, a balance of c £82k was due in respect of a prepayment to Focus, the Company's software support provider. Focus have disputed the prepayment and referred us to a clause in the contract between themselves and the Company that serves to negate any rights the Company may have otherwise had to a refund of any prepayment due to the Company's insolvency. As a result of a review of the Company records and advice from my solicitors, it is not envisaged that any amount will be realised in respect of this debt.

4 LIABILITIES

Secured Creditors

4.1 The Senior Debt Holders were owed c £8m as at the date of our appointment. During the administration, total distributions of £7.58m were made to the Senior Debt Holders pursuant to the security held by them.

4.2 The Senior Debt Holders have submitted a claim in the liquidation in respect of the residual debt due to them of c £800k. The Junior Debt Holders, who received no distribution from the Joint Administrators, were owed c £6.4m as at the date of the commencement of the administration.

Preferential Creditors

- 4 3 A first and final dividend of c £72k was paid by the administrators to the preferential creditors of the **Company**. This amount has been paid to employees in accordance with their individual entitlements, and represents arrears of wages (subject to certain statutory limits) and unpaid accrued holiday pay outstanding as at the date of our appointment as **Joint Administrators**.
- 4 4 All remaining amounts owed to the employees of the **Company** will rank as unsecured claims.

Unsecured Creditors

- 4 5 In accordance with S176A of the Insolvency Act 1986 certain funds, which would otherwise be payable to the **Senior Debt Holders**, will be made available instead to the **Company's** unsecured creditors. The sum of money in question, known as the "Prescribed Part", is calculated by applying certain percentages to the **Company's** "Net Property", which is calculated in accordance with the formula below:

$$\text{Net Property} = \left[\begin{array}{l} \text{Net proceeds from the} \\ \text{realisation of assets} \\ \text{subject to floating} \\ \text{charges} \end{array} - \begin{array}{l} \text{Debts due to} \\ \text{preferential} \\ \text{creditors} \end{array} \right]$$

- 4 6 The percentages applied to the **Company's** Net Property in order to calculate the Prescribed Part are:
- 50% of the first £10,000 of Net Property, plus
 - 20% of the next £2,975,000 of Net Property
- 4 7 The calculation above generates a maximum possible Prescribed Part of £600,000. In this case, the Prescribed Part which will be distributed to the **Company's** unsecured creditors is £600,000, the maximum possible sum.
- 4 8 The claims that were held by the **Joint Administrators** were passed on to the **Joint Liquidators** on their appointment, and we have subsequently advertised for claims in the London Gazette and written to creditors, in accordance with the Insolvency Act 1986.
- 4 9 The **Joint Liquidators** are continuing to review claims and other documentations received.
- 4 10 As previously reported, we have been provided with documentation by a creditor that is currently the subject of a detailed review. This has come to note as a complex legal matter that may impact upon all the unsecured creditors and the prescribed part distribution. Subsequently, we will continue to work with our solicitors to decipher an outcome.
- 4 11 Until such time as the joint liquidators have obtained a satisfactory conclusion to the issues arising from this documentation, we are not in a position to make the distribution to the unsecured creditors.

5 WORK UNDERTAKEN BY THE JOINT LIQUIDATORS TO DATE

- 5 1 Since converting from administration to CVL on 14 June 2010, I have written to all creditors and former employees to request submission of their completed claim forms in the liquidation, a statutory requirement which is in accordance with the Insolvency Act 1986
- 5 2 I further advertised for claims in the London Gazette in September 2010. In total, 69 claims amounting to c £16.2m have been received to date in the liquidation
- 5 3 The process of adjudicating upon the unsecured creditor claims is taking a significant amount of time throughout the latter half of 2010 and early 2011 as my team liaised with creditors and former employees either to ensure all adequate supporting documentation was provided or to reject any claims, accordingly
- 5 4 Whilst the vast majority of unsecured claims have been adjudicated, we are now working to conclude the complex legal issues outlined in section 4.10. In dealing with this complex issue, the **Joint Liquidators** have accrued £51,077.00 of legal costs and discussions are being held with affected parties of the prescribed part distribution as to settlement of these costs
- 5 5 All relevant corporation tax, bank account and statutory return matters have been dealt with during the liquidation to date
- 5 6 A report has been sent to the Department for Business, Innovation and Skills (formerly the Department for Trade and Industry) in accordance with my statutory duties as **Joint Liquidators** to report on the conduct of the directors

6 OFFICEHOLDERS' REMUNERATION AND DISBURSEMENTS

- 6 1 The sum of £628,721 representing the **Joint Administrators'** surplus transferred to the liquidation upon conversion incorporated both the Prescribed Part sum and outstanding **Joint Administrators'** fees
- 6 2 The **Joint Administrators'** final costs have been settled in the liquidation. A sum of £19,670.18 (including disbursements of £21) was paid in part payment of the **Joint Administrators'** remuneration in November 2010, in accordance with the **Joint Administrators'** final report dated 8 June 2010
- 6 3 In accordance with the approval of the **Senior Debt Holders** the remaining amount of £3,397.80 was drawn by the **Joint Administrators** on 19 July 2011
- 6 4 In accordance with **SIP 9**, I attach at Appendix D a summary of my time costs to 13 June 2012 by grade of staff and type of work. Time costs incurred in the period but not drawn as remuneration to date are also disclosed at Appendix C
- 6 5 This shows total time costs of £77,454.10, representing 549.60 hours at an average of £140.93 per hour. Details of any matters which have had a significant impact on the time costs are included in the Appendix

- 6 6 Fees drawn by the **Joint Liquidators** to date have been £25,000 plus VAT, as permitted by a resolution passed at the meeting of creditors held on 9 December 2010. In addition, we have drawn disbursements of £69.75.
- 6 7 Background information regarding the fees of liquidators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Technical' to 'Creditors Guides to Fees'). Alternatively I can supply this information by post on request.

Should you have any queries please do not hesitate to contact my colleague, Ian Avery, on 020 7728 2242.

Yours faithfully
for and on behalf of SFT Realisations Limited

A handwritten signature in black ink, appearing to be 'Steve Akers', written over a horizontal line.

Steve Akers
Joint Liquidator

Enc

SFT REALISATIONS LIMITED - IN LIQUIDATION

APPENDIX A

Glossary of terms

The Company	SFT Realisations Limited (formerly Towergate Financial Services Limited) - In Administration
RBS	The Royal Bank of Scotland Plc
LBG	Lloyds TSB Bank Plc
The Senior Debt Holders	Collective term for RBS and LBG
The Junior Debt Holders	Collective term for Prudential and Aviva
Aviva	Aviva plc (formerly Norwich Union plc)
Prudential	Prudential plc
Focus	Focus Business Solutions Limited
ISA	Insolvency Services Account
SIP 9	Statement of Insolvency Practice 9
The Joint Administrators	Steve Akers and Andrew Hosking, both licensed by the Insolvency Practitioners Association
Joint Liquidators	Les Ross (from 22 May 2012), Steve Akers and Andrew Hosking, all licensed by the Insolvency Practitioners Association

APPENDIX B

SFT Realisations Limited - In Liquidation
Joint Liquidators' Abstract Of Receipts And Payments
For the period from 14 June 2010 to 13 June 2012

	Receipts and payments from 14 June 2011 to 13 June 2012	Receipts and payments from 14 June 2010 to 13 June 2012
RECEIPTS		
Joint Administrators' Surplus		628,720 53
ISA Interest Gross		1,971 89
Total Receipts	<u>-</u>	<u>630,692 42</u>
PAYMENTS		
DTI Cheque Fees		5 45
ISA Account Fees	69 00	161 00
Statutory Advertising		74 63
Tax on Interest		394 38
Vat Receivable		750 00
Fixed Charge VAT Receivable		566 30
Administrators' Fees		19,572 07
Liquidators' Fees		25,000 00
Liquidators' Expenses		69 75
Corporation Tax		338 94
Administrators' Counsel's Fees		3,750 00
Vat Irrecoverable		7,955 76
Preferential Creditors		727 20
Total Payments	<u>69 00</u>	<u>59,365 48</u>
Balance at Bank	<u>(69 00)</u>	<u>571,326 94</u>

Appendix C:**Remuneration charged and expenses incurred by the Joint Liquidators
to 13 June 2012**

	Paid in period of report (£)	Charged/accrued in period but not yet paid (£)	Total (£)
<hr/>			
Joint Liquidators fees			
Time costs	-	52,454 10	52,454 10
Expenses	-	-	-
Professional fees			
	-	-	-
Legal fees	-	51,077 00 1	51,077 00
Insurance	-	-	-
<hr/>			
Total		103,531.10	103,531 10

Note

1 Prudent Provision for legal costs in dealing with the Agreement issue

SFT REALISATIONS LIMITED - IN LIQUIDATION

SIP 9 WIP ANALYSIS FOR THE PERIOD FROM 14 JUNE 2010 TO 13 JUNE 2012	Partner		Manager		Executive		Admin/Support		Total		Average Hourly Rate
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£	
Administration and Planning	7 50	3,525 00	1 30	435 00	52 40	14,119 10	91 50	8,989 50	152 70	27,068 60	177 27
Investigations					0 55	143 00	3 40	273 50	3 95	416 50	105 44
Realisation of Assets							0 35	50 75	0 35	50 75	145 00
Creditors			7 10	2,498 00	100 85	27,389 50	284 65	20,030 75	392 60	49,918 25	127 15
Grand Total	7 50	3,525 00	8 40	2,933 00	153 80	41,651 60	379 90	29,344 50	549 60	77,454 10	140 93

Less Joint Liquidators' fee drawn to date (25,000 00)

Joint Liquidators' net outstanding fee to date 52,454 10

Administration & Planning

Includes General administration and planning, reporting, statutory returns, court filings, physical filings, internal compliance review, case planning, statutory obligations, maintenance of cash and estate records and general correspondence

Investigations

Includes Initial consideration of approach to investigation into the Companies and directors

Realisation of Assets

Includes Collection of pre-appointment bank balances, monitoring of book debt collections, dealing with creditors claims to assets of insurance premium / rates refund

Creditors

Includes Correspondence with preferential and unsecured creditors, dealing with creditor correspondence, preparing reports and circulars to creditors, liaising with secured creditor, assistance to the DTI in relation to their preferential claim, dealing with inquiries to redundancies, employee queries and general creditor queries

APPENDIX E

An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the Joint Liquidators

Rule 4 49E edited for application to a progress report in a creditors' voluntary liquidation

(1) If

(a) within the period mentioned in paragraph (2)

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

(b) with the permission of the court upon an application made within the period mentioned in paragraph (2), any unsecured creditor,

makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of a matter which was previously included in a progress report

(2) The period referred to in paragraph (1)(a) is 21 days of receipt of the progress report

(3) The liquidator complies with this paragraph by either

(a) providing all of the information asked for, or

(b) so far as the liquidator considers that

(i) the time or cost of preparation of the information would be excessive, or

(ii) 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

(iii) the liquidator is subject to an obligation of confidentiality in respect of the information,

giving reasons for not providing all of the information

(4) Any creditor, who need not be the same as the creditor who requested further information, may apply to the court within 21 days of—

(a) the giving by the liquidator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

And the court may make such order as it thinks just

(5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 4 131(1B) by such further period as the court thinks just

APPENDIX F

An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Joint Liquidators' fees if excessive

Rule 4 131

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application by a creditor may be made on the grounds that—
 - (a) the remuneration charged by the liquidator,
 - (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
 - (c) expenses incurred by the liquidator,is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice but which is without notice to any other party
If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders—
 - (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
 - (b) an order fixing the basis of remuneration at a reduced rate or amount,
 - (c) an order changing the basis of remuneration,
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
 - (e) an order that the liquidator or the liquidator's personal representative pay to the Company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation