

**Liquidator's Progress Report****Pursuant to section 92A, 104A, and 192 of the  
Insolvency Act 1986****S. 192**

To the Registrar of Companies

Company Number

06264894

Name of Company

(a) Insert full name  
of company

(a) UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION

(b) Insert full name(s)  
and address(es)I <sup>(b)</sup>Paul Appleton of David Rubin & Partners LLP, 26 - 28 Bedford Row,  
London, WC1R 4HEthe liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986The Progress Report covers the period from 19 August 2010 to 18 August  
2012

Signed



Date 20/9/12

Presenter's name,  
address and reference  
(if any)David Rubin & Partners LLP  
26 - 28 Bedford Row  
London WC1R 4HETel 020 7400 7900  
DX Number 267 DX Exchange London/Chancery Lane

FRIDAY



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21/09/2012

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COMPANIES HOUSE

**IN THE MATTER OF**  
**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**

**AND**  
**THE INSOLVENCY ACT 1986**

**THE LIQUIDATOR'S SECOND ANNUAL PROGRESS REPORT  
PURSUANT TO SECTION 92A OF THE INSOLVENCY ACT 1986**

**AND**  
**RULE 4.49C OF THE INSOLVENCY RULES 1986**  
**FOR THE YEAR ENDED 18 AUGUST 2012**

**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**  
**Annual Progress Report pursuant to Section 92A of the Insolvency Act 1986**

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**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**  
**Annual Progress Report pursuant to Section 92A of the Insolvency Act 1986**

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**(a) Introduction**

The Company was placed into Members' Voluntary Liquidation by a Special Resolution of the members on 19 August 2010. This report provides an update on the progress in the liquidation for the year ended 18 August 2012.

**Rule 4.49C: Progress Report**

**(b) Statutory Information**

Company name	UK Sports Investments Limited
Registered office	26 - 28 Bedford Row, London WC1R 4HE
Company number	06285237

**(c) Liquidator's names and address.**

Paul Appleton of David Rubin & Partners LLP, 26 - 28 Bedford Row, London, WC1R 4HE was appointed Liquidator of the Company on 19 August 2010.

**(d) Liquidator's Remuneration**

*Basis of remuneration*

- 1.1 The Company, by Special Resolution, approved that the basis of my remuneration as Liquidator be fixed at £20,000 plus VAT and disbursements, for assisting the Directors and Members in placing the Company into Liquidation. Additional fees for acting as Liquidator may be taken, with the agreement of the Shareholders, on the basis of time spent as agreed from time to time.
- 1.2 In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), a schedule of my firm's charge-out rates was issued to Members at the time at which the basis of the Liquidator's remuneration was approved. There has not been any material increase in these rates during this appointment. Our current hourly chargeout rates, exclusive of VAT, are as follows:

	£
Partners/Office Holders	300 - 395
Managers/Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistance	120 - 160
Supports	110 - 120

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Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance

1.3 *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, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment, and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

**(e) Liquidator's remuneration**

My time costs for the year under review are £244,329. This represents 843 hours and 12 minutes at an average rate of £289.76 per hour. I attach, as Appendix A, a time analysis which provides details of the activity during the year, analysed by staff grade.

To date, I have drawn the sum of £160,000 against total pre and post appointment time costs of £397,888 with the approval of the ultimate controlling parties.

To view an explanatory note concerning Liquidators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website at [www.drpartners.com/cases](http://www.drpartners.com/cases) using the following log-on details:

USERNAME: u735 uks@sharesrvr.com      PASSWORD: sku573U\*

Alternatively, please contact this office to arrange for a copy to be sent to you.

Included in the work undertaken by my staff and I is, inter alia, the following:

**Administration and Planning**

Case planning  
Administrative set up  
Appointment notification  
Maintenance of records  
Statutory reporting

**Realisation of assets**

Identifying and securing assets and dealing with various litigation issues arising in respect of the Company. Reviewing, producing and providing numerous statutory and other documents in respect of the litigation.

**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**  
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Creditors/Shareholders	Extensive correspondence, meetings and conference calls with the shareholders' representatives, Counsel and legal advisors in the UK and Dubai Dealing with creditors' claims including HM Revenue and Customs
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**(f) Liquidator's Expenses**

Expenses incurred in the liquidation are explained at (g) below in my comments on the Receipts and Payments Account

**(g) Details of progress for the period under review.**

A Receipts and Payments Account is attached at Appendix B, which is further explained below

**1 Receipts**

**1.1 Third Party Funds**

The sum of £677,091.28 was transferred by a third party to UK Sports Investments (Holdings) Limited ('Holdings') in respect of potential tax liabilities and additional costs. As detailed in (i) below, the Company had a winding up petition issued against it in August 2011 and any subsequent payments made from the Company could have been voidable if a winding up order had been made. Accordingly, all expenses incurred by the Company for the period under review, were made by Holdings and recharged and allocated once the petition had been dismissed. The sum of £238,649.42 represents the total sum of payments made on behalf of the Company by Holdings, being the immediate parent company.

**1.2 Bank interest gross**

Interest earned on the funds in hand during the period under review amounts to £640.19.

**1.3 Assets that remain to be realised: Litigation in Dubai**

As shareholders will be aware, there is ongoing litigation in Dubai against the Principals of Emirates Advocates law firm ('EA') and others, to recover the embezzled proceeds from the sale, by the Company, of its 100% shareholding in Manchester City Limited ('MCL').

Following my appointment, I instructed Galadari & Associates, in my capacity as Liquidator, to pursue a claim against the Principals of EA and others for the benefit of Shareholders. The claim is substantial, being circa £93m, plus interest and costs. The litigation process is ongoing as at the date of this report.

**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

**2      Payments**

**2.1      Remuneration Paid on behalf of other Group Companies**

Shareholders may recall that on 19 August 2010, I was also appointed Liquidator of the immediate and ultimate shareholders of the Company, namely UK Sports Investments (Holdings) Limited, UKSIL No 1 Limited, UKSIL No 2 Limited, UKSIL No 3 Limited, and UK Sports Investments Limited. Given that there were no funds within these Companies, the agreed remuneration of £10,000 plus VAT for each matter was paid through the Company. In addition, further payments were agreed totalling £97,155.20, which brings the total balance of remuneration paid on behalf of the other Group Companies to date of £147,155.20. All sums will be reimbursed when appropriate.

**2.2      Legal Fees and Disbursements**

The following sums, net of VAT, have been paid in the period under review:

Translation Centre (UAE)	£11,906.99	Costs associated with the translation of UAE Legal Court documents from Arabic to English
Quinn Emanuel Urquhart & Sullivan UK LLP ("QE")	£141,829.81	Solicitors and barristers costs in respect of defending the winding up petition against the Company and instructing Counsel in respect of the same

In addition, the sum of £1,335 has been paid to MK Soni Notaries for the provision of Notary Public Services in respect of documentation required for the litigation in Dubai.

**2.3      Professional Fees**

I have paid the Group's tax advisors and accounts Stern and Co ("Stern") a further £32,050 for services rendered in drafting and submitting the outstanding Corporation Tax returns for the Company and advising on tax matters generally.

**(h)      Details of any assets that remain to be realised**

As detailed above, future realisations depend on the outcome of litigation proceedings in Dubai, which are ongoing.

**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

**(i) Other Matters**

**1.1 UK Legal Matters**

Shareholders will recall that EA had claimed that it was still owed £6.5m in outstanding fees for services provided during the sale of MCL. Following protracted correspondence between March and May 2011, a petition was served to compulsorily wind up the Company on the just and equitable ground. I instructed QE to oppose the petition and the matter was heard in the High Court on 10 October 2011, where the Court ordered that the petitioner serve evidence in reply by 14 November 2011, with the Company serving its response by 28 November 2011, with a further hearing scheduled for 13 December 2011.

By agreement, EA served its witness statements on 28 November 2011 and 7 December 2011. I filed my second witness statement on 12 December 2011, together with supporting witness statements. On 13 December 2011, the Court ordered that the hearing be adjourned to 17 April 2012.

On 29 March 2012, QE chased EA's UK solicitors with regard to the filing of EA's hearing bundle. The solicitors confirmed that they were still waiting instructions from EA. Counsel duly filed skeleton arguments on the Company's behalf on 13 April 2012. On 16 April 2012, EA's solicitors filed an order declaring that they had ceased to act for the petitioner.

On 17 April 2012, the Court, after hearing the evidence before it, dismissed the Petition. The Company was awarded indemnity costs of £78,385 as the petition was an abuse of process and should never have been brought. Subsequently, a demand for payment was served on EA on 20 April 2012.

QE has confirmed that it is able to get the costs award formally registered in Dubai. However, this is being held in abeyance pending the outcome of the Dubai litigation.

**1.2 UAE Legal Matters**

In April 2012, it transpired that the ultimate controlling party had approached another firm of legal advisors in Dubai, Excel Advocates and Legal Consultants ("Excel"), to progress the matter. Following clarification of the position, Excel was formally instructed by the Company in Liquidation, and on 12 July 2012, the case was finally heard. The principal of EA was found guilty and received a three-year prison sentence. At the time, the defendants had fifteen days to appeal, which they did, albeit, Excel were confident that the appeal would not be successful. Once the appeal process has been concluded, it is hoped that the judgment can be used to recover the embezzled funds.

**1.3 Corporation Tax**

All outstanding pre-liquidation corporation tax returns for the Company were submitted to HM Revenue & Customs ("HMRC") on 7 February 2012. HMRC have 12 months from the date to begin an investigation in respect of the returns. To date, no such notification has been received.

**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**  
**Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986**

**(j) Members' rights – Rule 4.49E and Rule 4.148C**

- i) Within 21 days of the receipt of this report, members, with either at least 5% of the total voting rights of all the members having the right to vote at general meetings of the Company, or with the permission of the Court, may request, in writing, that the Liquidator provide further information about his remuneration or expenses, which have been itemised in this progress report
- ii) Any members, with at least 10% of the total voting rights of all the 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, in all the circumstances, the basis fixed for the Liquidator's remuneration is inappropriate, and/or the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive

**(k) Next Report**

I am required to provide a further report on the progress of the liquidation within two months of the end of the next anniversary of the liquidation, unless I have concluded matters prior to that in which case I will write to all members with my final progress report ahead of convening the final meeting of members

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instance my Senior Manager, David Marks or his colleague, Edward Willmott, at this office



**PAUL APPLETON - LIQUIDATOR**

**DATE: 20 September 2012**

**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION**  
**LIQUIDATOR'S TIME COSTS FOR THE YEAR ENDED 18 AUGUST 2012**

**SIP 9 TIME SUMMARY**

Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	08 48	05 12	82 06	06 24	102 30	20,698 00	201 93
Investigations	00 00	00 00	01 00	00 00	01 00	110 00	110 00
Realisations of assets	165 00	92 00	169 24	00 00	426 24	121,730 00	285 48
Creditors	196 36	39 48	76 54	00 00	313 18	101 791 00	324 90
Total hours and costs	370 24	137 00	329 24	06 24	843 12	244,329 00	289 76

**LIQUIDATOR'S CUMULATIVE TIME COSTS FOR THE PERIOD 19 AUGUST 2010 TO 18 AUGUST 2012**

**SIP 9 TIME SUMMARY**

Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance admin and planning	17 06	10 06	115 18	14 06	156 36	30 245 00	193 14
Realisations of assets	303 48	171 00	246 54	00 00	721 42	206 765 00	286 50
Creditors	284 06	76 48	111 00	00 00	471 54	150,327 00	318 56
Total hours and costs	605 00	257 54	474 12	14 06	1351 12	387 447 00	286 74

The above headings include *inter alia*

**Administration and Planning**

case planning  
appointment notification  
maintenance of records  
statutory reporting and compliance  
tax and VAT

**Investigations**

SIP2 review  
reports pursuant to Company Directors Disqualification Act 1986  
investigating antecedent transactions

**Realisation of Assets**

identifying and securing assets  
debt collection  
property, business and asset sales

**Creditors**

communications with creditors  
creditors claims (including secured creditors, employees and preferential creditors)

**Direct expenses ("Category 1 disbursements")**

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

**Indirect expenses ("Category 2 disbursements")**

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate

**Postage and stationery circulars to creditors**

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

**Meeting Costs** Use of Meeting Room is charged at £150 per session

**Storage and Archiving**

We use a commercial archiving company for storage facilities for company's records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £30 per hour.

**Mileage** incurred as a result of any necessary travelling is charged to the estate at the HM Revenue & Customs approved rate, currently 45p per mile.

**APPENDIX B**

**UK SPORTS INVESTMENTS LIMITED - IN LIQUIDATION  
LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT  
FOR THE PERIOD FROM 19 AUGUST 2011 TO 18 AUGUST 2012**

	<b>Realised</b>	<b>Period Ended 18-</b>
	<b>£</b>	<b>Aug-2012</b>
<b><u>Receipts</u></b>		<b>£</b>
Cash at Bank	586,472 23	
Third Party Funds	238,649 42	238,649 42
Bank Interest	1,518 78	640 19
	<u>826,640 43</u>	<u>239,289 61</u>
<b><u>Payments</u></b>		
Liquidator's Remuneration (on account)	150,000 00	50,000 00
Remuneration paid on behalf of other Group Companies	147,155 20	97 155 20
Specific Bond	1,312 00	
Legal Fees and Disbursements	225,194 05	155,071 80
Professional Fees	87,680 80	32,050 00
Irrecoverable VAT	74 181 18	36,098 96
	<u>685,523 23</u>	<u>370,375 96</u>
<b><u>Balance in Hand</u></b>	<u><u>141,117.20</u></u>	