

Liquidator's Annual Progress Report to Creditors

**E M Laboratories Limited
- In Compulsory Liquidation
7 December 2016**

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CONTENTS

- 1 Introduction and Statutory Information
- 2 Realisation of Assets
- 3 Investigations
- 4 Creditors
- 5 Liquidator's Remuneration
- 6 Liquidator's Expenses
- 7 Resolutions to be put to the meeting of creditors
- 8 Creditors' Rights
- 9 Next Report

APPENDICES

- A Receipts and Payments Account from 12 October 2015 to 11 October 2016
- B Time Analysis for the period 12 October 2015 to 11 October 2016
- C Additional Information in relation to Liquidator's fees pursuant to Statement of Insolvency Practice No 9

1 Introduction and Statutory Information

- 1 1 I, James Ashley Dowers of DDJ Insolvency Limited, was appointed as Liquidator of E M Laboratories (the Company) on 12 October 2015 following the presentation of a petition for the compulsory winding up of the Company made on 24 March 2014 in the Brighton County Court under court reference number 197 of 2014. This report provides an update on the progress in the liquidation for the year ended 11 October 2016.
- 1 2 The trading address of the Company is Sycamore Court, Brighton Road, Handycross, Haywards Heath, West Sussex, RH17 6BZ.
- 1 3 The registered office of the Company has been changed to 100 Borough High Street, London, SE1 1LB and its registered number is 06634121.

2 Realisation of Assets

- 2 1 There are no known assets in the Liquidation.

3 Investigations

- 3 1 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 liquidator to submit a report or return on the directors' conduct to the Department for Business, Energy & Industrial Strategy, however where matters are brought to the liquidator's attention these are reported as appropriate to the Official Receiver for further consideration.
- 3 2 I would confirm that I 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 and that may need reporting to the Official Receiver. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire.
- 3 3 I have reviewed all handover documents sent by the Official Receiver.
- 3 4 I wrote to the Company bank to retrieve copy bank statements which have been reviewed and analysed. I have spent time filtering the bank analysis, analysing any possible preference payments.
- 3 5 I contacted the Company accountant to obtain the Company accounts which have been reviewed.
- 3 6 I am in the process of instructing solicitors and my investigations remain ongoing.

4 Creditors

Secured Creditors

- 4 1 There are no secured creditors in the Liquidation

Preferential Creditors

- 4 2 There are no preferential creditors in the Liquidation

Unsecured Creditors

- 4 3 I have received claims totalling £106,898 82 from 5 creditors I have yet to receive claims from 7 creditors whose debts total £24,853 66 as per the Official Receiver's report on the Company
- 4 4 At present, there are no funds to make a distribution to creditors My investigations are continuing and this may be subject to change

5 Liquidator's Remuneration

- 5 1 Notice is hereby given pursuant to Section 141 of the Insolvency Rules that a meeting of creditors of the Company will be held at 100 Borough High Street, London, SE1 1LB on 6 January 2017 at 10 00am for the purpose of providing creditors with the opportunity to form a Creditors Committee In the event a Creditors' Committee is not formed, resolutions may be taken as outlined in paragraph 7 below specifying the terms on which the liquidator is to be remunerated
- 5 2 A proxy form is enclosed which, to enable a creditor to vote, must be lodged, together with a proof of debt, at the offices of DDJ Insolvency Limited, 100 Borough High Street, London, SE1 1LB, not later than 12 00 noon on 5 January 2017 The proxy form and statement may be posted or sent by fax to 0207 863 3194 Secured creditors may only vote for the balance of the debt which will not be recovered by enforcement of the security, unless right to enforce is waived
- 5 3 It is proposed that the liquidator's fees be fixed as follows,
- (i) A time costs resolution of up to and not exceeding £10,000 plus VAT for all statutory and regulatory enquiries including initial investigations in accordance with SIP2, general administrative and statutory work in relation to the liquidation, to be drawn from the asset

realisations at the liquidator's discretion, as and when funds are available. The set amount relates to the following,

- Attending to correspondence and telephone calls with creditors
- Attending to correspondence and telephone calls with directors and shareholders
- Attending to correspondence and telephone calls with other interested parties including HM Revenue & Customs
- Recording, acknowledging and adjudicating upon creditors' claims
- Conducting initial enquiries into the Company's affairs/records to identify the possibility of further realisations
- Writing to the Company bankers
- Writing to the Company accounts
- Writing to the Company solicitors
- Preparation and submission of statutory reports to the Secretary of State
- Obtaining bonding and completing bond reviews to enable the Liquidator to continue to act
- Cashiering and updating insolvency computer system
- Case Reviews
- Statutory compliance which includes submissions to Companies House
- Preparation of submission of annual and final progress reports
- Dealing with all employee matters, including the Redundancy Payments Service and pension schemes
- Realisation of declared assets
- Dealing with post appointment VAT and CT
- Case filing, diary compliance and billing
- Collections and making an inventory of company books and records
- Reviewing company books

5.4 The above list is not exhaustive, but provides an overview of the work anticipated to be carried out in the liquidation, which is either required by Statute or necessary to perform the basic duties of a liquidator, but may not necessarily provide a direct financial benefit to creditors

(ii) That the liquidator be authorised to draw additional remuneration by reference to the time properly given by the office holder and his staff in attending to matters arising in the liquidation, as detailed in the attached report to creditors, and be authorised to draw that remuneration and disbursements as and when funds allow. The additional time includes the following, -

- Bank analysis work and correspondence with banks for further information
- Dealing with company solicitors including reviewing files, and meetings
- Dealing with company accountants including reviewing files and meetings
- Dealing with other third parties as necessary including reviewing files and meetings
- Reconstruction of financial affairs of the company
- Dealing with S236 applications against non-cooperating parties
- Interviewing directors and other parties
- Instructing and attending on solicitors/counsel re review claims
- Attending court

5.5 The above list is not exhaustive, but provides an overview of the work anticipated to be carried out in the liquidation, which is necessary to perform the duties of a liquidator, it is anticipated

advanced enquiries would lead to additional realisations but may not necessarily provide a direct financial benefit to creditors

- 5 6 This case was passed to me on the basis that there were no realisable assets but there were substantive matters requiring investigation. The circumstances of the case require a detailed investigation that may ultimately lead to a realisation for the benefit of creditors
- 5 7 As there are limited assets there is a risk that there will not be sufficient funds for my firm to be paid in full for the work that will be undertaken. It is for this reason that my firm is requesting an uplift in fees in the form of a resolution to be passed below. The likely costs involved with this matter could cost £32,000
- 5 8 The standard rates set by my firm, which are subject to review periodically and are summarised at Appendix C below
- 5 9 A copy of 'A Creditors' Guide to Fees Charged by Liquidators in England and Wales' is available on request or can be downloaded or viewed at www.ddjinsolvency.co.uk or at www.icaew.com/en/technical/insolvency/creditors-guides
- 5 10 Disbursements will include an element of recharged overheads incurred by DDJ Insolvency Ltd and will be recharged to the case on the basis set out in the attached policy statement of DDJ Insolvency Ltd
- 5 11 My time costs for the period from 12 October 2015 are £11,836.50. This represents 58.50 hours at an average rate of £202.33 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by me in managing the Liquidation. To date, no fees have been drawn on account
- 5 12 As you will see from Appendix B, the majority of time in this period in the Investigations section. This includes time spent in obtaining and reviewing paperwork from various third parties, including, banks, accountants, and liaising with HM Revenue & Customs in respect of their claim against the Company
- 5 13 Considerable time has also been recorded in the Administration & Planning section. This includes time spent in undertaking the initial set-up of the case. Time has also been recorded for general administration such as email and paper filing
- 5 14 Finally, time has been spent on cashiering

- 5 15 A copy of 'A Creditors' Guide to Fees Charged by Liquidators in England and Wales' is available on request or can be downloaded or viewed at www.ddinsolvency.co.uk or at www.icaew.com/en/technical/insolvency/creditors-guides
- 5 16 Attached at Appendix C is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade

6 Liquidator's Expenses

- 6 1 We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses.

- 6 2 Standard expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include,

Statutory Advertising	£73 plus VAT per advert dependent on advert and publication
Statutory Bonding	£12 50 to £1,500 dependent on value of assets within the case
Storage costs	£0 16 per box per week
HM Land Registry Fees	£3 per search / £40 per land restriction
Company searches	£1 per document

- 6 3 Case specific expenses – this includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include,

Agent's Fees (Valuation & Sale of assets)	Time costs plus disbursements plus VAT
Agent's Fees (Book debt collection)	Generally agreed as a % of realisations plus disbursement plus VAT
Legal Fees	Time costs plus disbursements plus VAT or
CFA basis	
Other disbursements	See attached policy schedule

The following expenses have been incurred since appointment

Supplier / Service Provider	Nature of expense incurred	Amount incurred to date £	Paid to date £	Amount Outstanding £
JLT	Specific Bond	12 50	0 00	12 50
Court's Advertising	Statutory Advertising	71 00	0 00	71 00

Land Registry	Land search	12 00	0 00	12 00
City Sprint	Courier	52 42	0 00	52 42
JG Collections	Storage	0 72	0 00	0 72
DDJ Insolvency	Postage	4 80	0 00	4 80
DDJ Insolvency	Photocopies	3 60	0 00	3 60

7 Resolutions to be put to the meeting of Creditors

- 7.1 For the reasons stated in Section 5 above, I am seeking creditors' agreement to the basis of my remuneration as detailed below

For the appointment of _____ to be a member of the Liquidation Committee

The following resolutions will only be considered in the event that a liquidation committee is not constituted

(ii) That the liquidator be authorised to draw remuneration by reference to the time properly given by the office holder and his staff in attending to matters arising in the liquidation of up to and not exceeding £10,000 plus VAT for all statutory and regulatory enquiries including initial investigations in accordance with SIP2, general administrative and statutory work in relation to the liquidation, to be drawn from the asset realisations at the liquidator's discretion, as and when funds are available

(iii) That the liquidator be authorised to draw additional remuneration by reference to the time properly given by the office holder and his staff in attending to matters arising in the liquidation, as detailed in the attached report to creditors, and be authorised to draw that remuneration and disbursements as and when funds allow

(iv) That the liquidator be authorised to draw an uplift of 100% on his time costs or such lesser sum as the creditors may agree with him. To be agreed prior to the uplift being drawn

(v) Category 2 disbursements be drawn in accordance with the attached policy statement of DDJ Insolvency Limited

Could you please indicate your agreement or otherwise to the resolution stated above on the enclosed proxy form

- 7 2 This report will be presented at the meeting of creditors. Should you be unable, or do not wish to attend, please complete and return the attached Proxy Form. Your attention is drawn to the voting instructions contained therein.

8 Creditors' rights

- 8 1 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) may request in writing that the Liquidator provide further information about his remuneration or expenses which have been itemised in this progress report.
- 8 2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) 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.

9 Next Report

- 9 1 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 this, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors.

Yours faithfully



JAMES DOWERS


Liquidator

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**E M Laboratories Limited
(In Liquidation)**

Liquidator's Abstract Of Receipts And Payments

	Statement of affairs £	From 12/10/2015 To 11/10/2016 £	From 12/10/2015 To 11/10/2016 £
RECEIPTS			
Petitioners Deposit		0 00	1,165 00
		<u>0 00</u>	<u>1,165 00</u>
PAYMENTS			
O R Disbursements		0 00	227 52
O R Remuneration		0 00	2,235 00
Bank Charges		88 00	88 00
Trade & Expense Creditors	(116,141 20)	0 00	0 00
Ordinary Shareholders	(90 00)	0 00	0 00
		<u>88 00</u>	<u>2,550 52</u>
BALANCE - 11 October 2016		<u>(88.00)</u>	<u>(1,385.52)</u>
MADE UP AS FOLLOWS			
ISA NIB		(88 00)	(1,385 52)
		<u>(88 00)</u>	<u>(1,385 52)</u>


James Ashley Dowers
Liquidator

Time Entry - Detailed SIP9 Time & Cost Summary

DDJE009 - E M Laboratories Limited
From 12/10/2015 To 11/10/2016
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
202 Set up administration	0.60	2.50	0.00	1.50	4.60	1 094.50	237.93
206 General case administration billing filing diary	0.80	0.20	0.00	6.00	7.00	1 424.00	203.43
Admin & Planning	1.40	2.70	0.00	7.50	11.60	2,518.50	217.11
307 Information capture correspondence meetings	1.00	1.70	0.00	18.50	21.20	4,452.50	210.02
308 Retrieval, review and analysis of records	0.00	0.10	0.00	23.20	23.30	4 015.00	172.32
309 Strategic planning and organisation	0.70	0.70	0.00	0.00	1.40	485.00	346.43
310 Dealing with solicitors and litigation	0.70	0.00	0.00	0.00	0.70	276.50	395.00
Investigations	2.40	2.50	0.00	41.70	46.60	9,229.00	198.06
412 Identification, securing insuring and bonding	0.10	0.00	0.00	0.00	0.10	34.50	345.00
Realisation of Assets	0.10	0.00	0.00	0.00	0.10	34.50	345.00
518 Cashiering	0.10	0.00	0.00	0.10	0.20	54.50	272.50
Trading	0.10	0.00	0.00	0.10	0.20	54.50	272.50
Total Hours	4.00	5.20	0.00	49.30	58.50	11,836.50	202.33
Total Fees Claimed						0.00	

Appendix C

ADDITIONAL INFORMATION IN RELATION TO LIQUIDATOR'S FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9 (SIP9)

1 Policy

Detailed below is DDJ Insolvency Limited's policy in relation to

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

1.1 *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, Administrator and/or an Assistant. 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 are not proposing to utilise the services of any sub-contractors in this case.

1.2 *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
JLT (insurance)	Scale rate

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1.3 *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 of 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.

On this case the following Category 2 disbursements have been incurred since appointment

Type and purpose	£
Photocopying	3 60
Postage	4 80

2 Charge-out rates

A schedule of DDJ Insolvency Limited's charge-out rates at 1 April 2014 was issued to creditors at the time the basis of the Liquidator's remuneration was approved. The charge-out rates at this time are listed below,

	Per Hour £
Director	345
Manager	265
Other Senior Professionals	
Senior Administrator	200
Administrator	150
Junior Administrator	125

Below are details of this firm's charge-out rates which have been applied with effect from 1 December 2015

	Per Hour £
Director	395
Manager	305
Other Senior Professionals	
Senior Administrator	250

Administrator	195
Junior Administrator	150

Below are details of this firm's charge-out rates which have been applied with effect from 1 December 2016

	Per Hour £
Director	495
Senior Manager	450
Manager	405
Other Senior Professionals	
Senior Administrator	350
Administrator	295
Junior Administrator	250

Proof of Debt – General Form**E M Laboratories Limited - In Compulsory Liquidation****Date of Winding Up Order – 24 March 2014**

1	Name of creditor (If a company state company registration number)	
2	Address of creditor for correspondence	
3	Total amount of claim, including uncapitalised interest as at the date of the winding up order	Gross Claim £ VAT £ Net Claim £
4	Details of any documents by reference to which the debt can be substantiated (Note The liquidator may call for any document or evidence to substantiate the claim at his discretion)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	Value = £ Date given / /
8	Particulars of any reservation of title claimed, in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Official Receiver/Liquidator		Liquidator

Rule 8.1**Insolvency Act 1986
Proxy (Winding Up by the Court)
E M Laboratories Limited****Form 8.4**

Name of Creditor or Member _____

Address _____

Please insert name of person (who must be 18 or over) or the chairman of the meeting (see note below) if you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. they have no discretion. Please delete words in brackets if the proxy holder is only to vote as directed i.e. they have no discretion

I appoint the above person to be my/the creditor's/member's proxy holder at the meeting of creditors to be held at 10 00am on 6 January 2017 or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at her/his discretion)

Voting Instructions for resolutions

Any other resolutions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs

- i For the appointment of _____ to be a member of the Liquidation Committee
- ii That the liquidator be authorised to draw remuneration by reference to the time properly given by the office holder and his staff in attending to matters arising in the liquidation of up to and not exceeding £10,000 plus VAT for all statutory and regulatory enquiries including initial investigations in accordance with SIP2, general administrative and statutory work in relation to the liquidation, to be drawn from the asset realisations at the liquidator's discretion, as and when funds are available
FOR/AGAINST*
- iii That the liquidator be authorised to draw additional remuneration by reference to the time properly given by the office holder and his staff in attending to matters arising in the liquidation, as detailed in the attached report to creditors, and be authorised to draw that remuneration and disbursements as and when funds allow
FOR/AGAINST*
- iv That the liquidator be authorised to draw an uplift of 100% on his time costs or such lesser sum as the creditors may agree with him. To be agreed prior to the uplift being drawn
FOR/AGAINST*
- iv Category 2 disbursements be drawn in accordance with the attached policy statement of DDJ Insolvency Limited
FOR/AGAINST*

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor/member has not signed in person

Position with creditor/member or relationship to creditor/member or other authority for signature

Please note that if you nominate the chairman of the meeting to be your proxy-holder he will be the current liquidator.