

WU07

Notice of progress report in a winding-up by the court



Companies House

MONDAY



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27/11/2017

COMPANIES HOUSE

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www.gov.uk/companieshouse

1 Company details

Company number 0 6 7 7 6 2 2 5

Company name in full KHERG Construction Limited (formerly Parritt Leng
Construction & Management Limited)

→ Filing in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Louise Donna

Surname Baxter

3 Liquidator's address

Building name/number The Old Exchange

Street 234 Southchurch Road

Post town Southend on Sea

County/Region Essex

Postcode S S 1 2 E G

Country

4 Liquidator's name ①

Full forename(s) Lloyd

Surname Biscoe

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number The Old Exchange

Street 234 Southchurch Road

Post town Southend on Sea

County/Region Essex

Postcode S S 1 2 E G

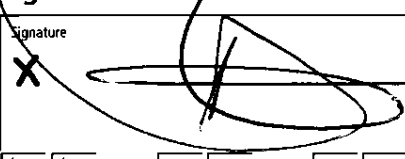
Country

② Other liquidator

Use this section to tell us about
another liquidator.

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6	Period of progress report																
From date	^d	2	^d	3	^m	0	^m	8	^y	2	^y	0	^y	1	^y	6	
To date	^d	2	^d	2	^m	0	^m	8	^y	2	^y	0	^y	1	^y	7	
7	Progress report																
<input checked="" type="checkbox"/> The progress report is attached																	
8	Sign and date																
Liquidator's signature	<div>Signature</div> <div></div>												<div>X</div>				
Signature date	^d	1	^d	9	^m	1	^m	0	^y	2	^y	0	^y	1	^y	7	

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	David Farmer
Company name	Begbies Traynor (Central) LLP
Address	The Old Exchange
	234 Southchurch Road
Post town	Southend on Sea
County/Region	Essex
Postcode	S S 1 2 E G
Country	
DX	
Telephone	01702 467255



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint Liquidators' Summary of Receipts & Payments

Lloyd Biscoe
Joint Liquidator

KHERG Construction Limited
(formerly J.V.P.B. (Construction & Management) Limited
(formerly Parritt Leng Construction & Management Limited)
(In Compulsory Liquidation)

Leeds High Court of Justice No. 178 of 2016

Progress report

Period: 23 August 2016 to 22 August 2017

Important Notice

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	KHERG Construction Limited (formerly J.V.P.B. (Construction & Management) Limited (27 Jan 2016 - 07 Jul 2016) (formerly Parritt Leng Construction & Management Limited) (18 Dec 2008 - 27 Jan 2016) (In Compulsory Liquidation)
"the liquidation"	The appointment of liquidators by the Court pursuant to Section 140 of the Act on 23 August 2016.
"the liquidators", "we", "our" and "us"	Louise Donna Baxter and Lloyd Biscoe of Begbies Traynor (Central) LLP, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. COMPANY INFORMATION

Trading name(s):	Parritt Leng Construction & Management
Company registered number:	06776225
Company registered office:	The Old Exchange, 234 Southchurch Road, Southend-On-Sea, Essex, SS1 2EG
Former trading address:	16A Wyndham Road, London, SE5 0UH

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date of winding up order:	12 July 2016
Date of liquidators' appointment:	23 August 2016

Changes in liquidator (if any):

None

4. POSITION OF COMPANY IN RELATION TO THE SUBSIDIARY AND ASSOCIATED COMPANIES AND DIRECTORS.

Information pertinent to liquidation:

Under the Insolvency Rules, this progress report should be specific to the case to which it refers and paragraphs 5 onwards will focus on KHERG Construction Limited ("KHERG"). However, the joint liquidators consider that it is necessary to provide creditors with some detail of the position in relation to some of the other companies controlled by Mr. James Parritt ("JP") and Mr. Kuan Wai Leng ("KWL") (prior to his departure) which are also in liquidation as these have bearing on KHERG.

Loughborough Triangle Projects Limited (formerly 8 Loughborough Square Limited) ("Loughborough") is a 50% owned entity by KHERG.

Loughborough was placed into liquidation on 5 December 2016.

Initial enquiries into Loughborough revealed that it was a sale and purchase vehicle incorporated to effect the back to back purchase and sale of commercial land at the Higgs Industrial Estate, London, SE24 0AV.

Loughborough completed purchase of the land, which at this time was comprised of various parcels, for a combined amount of £7.875m on 22 June 2015. At the same time the land (aside from a portion which was retained by Loughborough) was sold to Family Mosaic Home Ownership Ltd "Family Mosaic" for £16.75m.

As part of this sale, it was agreed by KHERG and Family Mosaic that they would enter into a JCT Design and Build contract performed by the Company, under which Family Mosaic would hold security over the land retained by Loughborough.

The Company allegedly defaulted under the terms of the contract and Family Mosaic eventually took possession of the retained land. It is believed that the land was potentially sold at an undervalue and solicitors instructed on behalf of the liquidators of Loughborough are reviewing this transaction. Family Mosaic have also filed a substantial claim in the liquidation of KHERG for damages allegedly suffered as a result of the non-performance of the build out contract, in the sum of approximately £12m. The Liquidators have not admitted this claim and enquiries are on-going in this regard.

Claim(s) against directors:

Forensic investigations into the use of the original net sale proceeds of approximately £8m received by Loughborough have revealed that the entirety of this sum was dissipated. High Court proceedings have therefore been brought on behalf of the Company, Loughborough and two other associated corporate entities that are also in liquidation.

Pursuant to this claim, the liquidators were successful in obtaining a worldwide freezing injunction order against the assets of Mr Parritt on 25 January 2017 which continues in place today. On 09 March 2017 a judgment in default was secured against him for approximately £7m pursuant to the losses suffered.

A final charging order has since been made against Mr Parritt's residential property and an order for possession and sale made. The property is currently being marketed and the net sales proceeds allocated to the four insolvent estates; the apportionment is still to be reviewed.

It is presently believed that Mr. Parritt's asset base available is substantially less than that of the judgment debt which cannot therefore be settled in full.

Intercompany loan:

The Company has an outstanding interest free loan in the sum of £1,589,080 made by the Company to the entity now known as Projects London Developments Limited ("PLDL").

PLDL is the parent company of a number of entities, but not KHERG or Loughborough. PLDL was placed into compulsory liquidation by order of the Court on 14 November 2016. It is presently not known what potential prospects of a dividend exist as investigations and asset realisations continue throughout the subsidiary companies of PLDL from which dividends (or repayment of funds) may be paid up to PLDL. KHERG may rank as an unsecured creditor of PLDL (although claim agreement will only be undertaken if there are dividend prospects) and will receive a dividend should one be paid.

Potential recovery of funds from antecedent transaction pursued by liquidators of Loughborough:

It has been identified that a sale of certain railway arch premises sold by Loughborough to another entity controlled by Mr. Parritt, 469-470-471 Southern Limited ("Southern"), was for consideration significantly below market value. As such, Loughborough had a potential claim against Southern.

Southern was placed into Compulsory Liquidation by order of the Court on 22 February 2017 and liquidators appointed on 03 March 2017. A settlement was reached between the liquidators of Loughborough and Southern whereby Southern would market and sell the properties at a price to be ratified by the liquidators of Loughborough. The costs of sale would be deducted from sale proceeds (after obtaining Loughborough's consent). Sums would be set aside for the known costs of liquidation and creditors of Southern. Any balance of sale proceeds thereafter may be payable to Loughborough.

At present it is unlikely that there will be sufficient funds held in Loughborough to declare a dividend to its shareholders out of the Company. We should comment that at this stage, the known claims in Loughborough's liquidation exceed £1.8million. If the joint liquidators recover more funds and all creditors are paid in full, a payment up to the Company as the shareholder may be possible. This could result in a dividend to the Company's creditors.

As Loughborough was a subsidiary company of KHERG, work was undertaken to ascertain the values of the assets transferred to 469-470-471 Southern Limited prior to it being placed into liquidation itself.

5. PROGRESS DURING THE PERIOD COVERED BY THIS REPORT

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 23 August 2016 to 22 August 2017.

There have been no asset realisations in the period.

The only costs listed to date are those of the Official Receiver's fee in the sum of £1,170, shorthand writers charges of £67.99 and the DBIS Treasury Bill fees in the sum of £88 (which currently accrue at £22 per quarter). These are statutory payments made in respect of a liquidation resulting from a winding up Order. The amount paid to the Official Receiver ("the OR") represents the costs incurred by the OR prior to our appointment.

The petitioning creditors' solicitors costs have not yet been paid in accordance with Rule 7.108(4)(h) of the Rules.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only.

General case administration and planning

- Updating the electronically held information at this office;
- General filing and printing of incoming communications;
- Setting up and maintaining physical case files;
- Review of background and identifying areas requiring action and formulating a case strategy plan.
- Updating case strategy plan.
- Creation, review and update of case compliance checklists.
- Dealing with correspondence (physical and electronic) that is considered routine in the context of the engagement and otherwise does not directly fall into other categories.
- General case updates to include internal meetings on case strategy and effect of instruction.
- Overseeing and controlling the work undertaken on this engagement by junior staff;
- Creation of file notes where necessary;
- Completion of one month case compliance and progression checklist;
- Completion of three month case compliance and progression checklist;
- Completion of six monthly compliance and progression checklists;
- Ensure time recording data is compliant with Statement of Insolvency Practice 9;
- Establishing the location of and subsequent collection (if applicable) of some of the Company's statutory and financial books and records from both the director of the Company and the Company's former accountants.
- Communication with the insolvent's bank to obtain copy bank statements;
- Liaison with representatives of Mr. Leng.
- Liaison with BTG CID.
- Detailed review of Contingency Fee Agreements to be entered into relating to instruction of solicitors together with their terms of engagement.
- Liaison with solicitors generally on this matter.
- Compliance reviews;
- Freezing Order assistance (for this Company's affairs);
- Sourcing advice from solicitors on report and fee resolutions;
- Dealing with meeting for fee approval, to include minutes.
- Review of insurance documentation;
- General appointment activity;

On this engagement, the work identified above does not yet hold a direct commercial benefit to creditors. Creditors benefit from this work as it ensures this particular engagement is dealt with to the standards expected and also in a timely fashion. Elements of this work are required to comply with best practice and statute.

Compliance with the Insolvency Act, Rules and best practice

- Preparing documentation and dealing with formalities of appointment (both statutory and best practice);
- Preparing, reviewing and issuing initial report to creditors following appointment;
- Submission of forms to Companies House and the London Gazette advertising;
- Obtaining specific penalty bond;
- Reviewing the adequacy of the specific penalty bond periodically;
- Ongoing consideration to ethical practice;
- Ongoing consideration to money laundering regulations;
- Updating case checklists and statutory diaries where necessary;
- Submission of forms to Companies House;

Banking:

- Maintaining and managing the insolvent estate bank account.
- Maintaining and managing the officer holders' cash book on this assignment.
- Undertaking regular bank reconciliations of the insolvent estate bank account.
- Complying with risk management procedures;

On this engagement, the work identified above does not hold a direct commercial benefit to creditors. It is the duty of the appointed office holder to comply with the Insolvency Act and Rules and creditors benefit from this being done to a standard expected of this firm.

Investigations

- Corresponded with relevant directors of the insolvent entity to advise of the effect on them of insolvency and issue directors' questionnaires.
- Written to accountant for delivery up of company's files to include accounts and tax returns.
- Written to bank to obtain copy statements and their subsequent review and analysis;
- Review of books and records held.
- Reporting to relevant authorities;
- Investigations relating to subsidiary;
- Investigations into corporate structure;
- Obtaining searches and land registry entries;
- Investigations into the directors;
- Liaison with Acorn;
- Undertaking PN1 searches;
- Investigative enquiries with parties, including creditors;
- Liaison between Southend, CID and instructed solicitors, Gateleys;
- Undertaking claim assessment and risk analysis;
- Review of barristers opinion;
- Issues relating to Family Mosaic claim / Devonshires solicitors;
- Review of witness statements and bundles.
- Liaison with Mr. Leng and his solicitors;
- Work relating to freezing order application;
- Various preparations for interview of Parritt (incl. aborted meetings);
- Various preparations for interview of Leng;
- ATE insurance proposals work;
- Preparations for disclosure hearing;
- Management, direction and supervision of the entire litigation process, that resulted in the freezing order and judgment for £7M against Mr Parritt
- Initiation and strategy in relation to the enforcement of any judgment
- Review of all potential further avenues for recovery of potential corporate assets

- Initiation of, and supervision of applications and possession proceedings in connection with Mr. Parritt's assets.

Further specific information will not be provided to creditors' at this time to reduce the risk of prejudicing any claims that may be brought.

On this assignment, there may be a direct commercial benefit to creditors in relation to the above matters if any rights of action became viable during the course of the investigations and are pursued leading to recovery/contributions to estate assets.

Realisation of assets

- Review of the available information and formulating an asset realisation strategy;
- Dealing with issues relating to subsidiary in capacity as 50% shareholder;
- Corresponding with bank to close the Company's account and forward any credit balance held;
- Proportion of time allocated to securing possession and sale of Mr. Parritt's London flat.

On this assignment, the work detailed above has not yet realised assets directly for the insolvent estate. The office holders are duty bound to realise and get in the Company's property and maximise asset realisations. In some cases this does not yield sufficient realisations to enable creditors to have a direct financial benefit.

Trading

- None

Dealing with all creditors' claims (including employees), correspondence and distributions

Creditors:

- Creating and updating schedules of unsecured creditor claims;
- Preparing all necessary notices and forms and subsequently sending initial circular to creditors;
- Receipt of creditor claims and input on internal case management software;
- Review of creditor claim supporting information;
- Taking and dealing with phone calls from creditors;
- Acknowledgment of creditor claims correspondence and/or dealing with further queries on claims;
- Receipt, consideration of and response to creditor correspondence;
- Where necessary, consideration of issues to reject claims and issue of appropriate letter to creditor(s) affected in accordance with statutory requirements concerning rejection of all or part claims;

On this engagement, the work detailed above does not yet have any direct financial benefit to creditors from the insolvent estate and has been undertaken to comply with the Insolvency Act and Rules together with best practice and enabling creditors to have evidence of their loss for tax and VAT purposes.

Other matters which includes meetings, tax, litigation, pensions and travel

Tax / VAT

- Submitting relevant initial notification to HM Revenue & Customs;
- Consideration of possible terminal loss relief claim;
- Post appointment tax compliance – including CT600 return;
- Post appointment VAT compliance.

On this engagement, the work detailed above does not yet have any direct financial benefit to creditors from the insolvent estate. It is a requirement of the office holders to complete and file VAT and Tax returns until conclusion of the matter.

Pensions

- Establishing if a pension exists, to include online checks;

There is no direct financial benefit to creditors of this work on this assignment. It is required by statute for the office holders to identify any possible pension schemes in place and deal with their closure or otherwise. Where schemes exist, we engage pension trustee services to deal with this on our behalf.

Meetings/travel

- Meeting with creditor for investigations purposes.
- Travel to and from solicitors;
- Travel to and from court;

There is no direct financial benefit to creditors of this work on this assignment but it has been necessary in order to progress the insolvency process.

Time Costs Analysis

An analysis of time costs for the period of the report is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

Expenses

Details of all of the expenses incurred in the period of this report are attached at appendix 3.

Messrs Breeze & Wyles Solicitors Limited were engaged on a time costs basis with an estimate of time costs up to £1,760 for work to be undertaken at Partner level with an agreed rate of £220p/h. Messrs Breeze & Wyles Solicitors Limited were instructed to review a technical matter relating to procedure and were chosen due to reasonable rates, their prior known effectiveness and insolvency specialism.

Martin DeVarga were instructed on a fixed fee basis.

Messrs. Gateleys PLC are engaged on a time costs basis with 60% uplift. Their time costs to date are listed in appendix 3 and their agreed rates are:

The hourly charge out rates of Gateley Plc are as follows:

Grade	Hourly rate	Currently engaged
Partner	£275 - £400	
Legal Director	£275 - £350	
Senior Associate	£260 - £350	1x £275
Associate	£240 - £300	
Assistant Solicitor	£160 - £275	2x £200
Trainee	£150 - £175	1x £150
Paralegal	£100 - £240	1x £125

Gateleys plc have been chosen to act on this matter because of their proven effectiveness in past dealings with antecedent transactions, known insolvency specialisms coupled with sufficient staff resources to act quickly on complex issues and ability to source information internally on matters outside of insolvency where required.

Category 2 Disbursements

No disbursements in relation to Category 2 disbursements have been incurred since the date of our appointment.

6. ESTIMATED OUTCOME FOR CREDITORS

No Statement of Affairs was supplied to the Official Receiver and therefore there are no estimated values of creditor claims available. We can only report to creditors on the sums that have been provided to us from various parties in their capacity as unsecured creditors.

Secured creditor

There is one recorded outstanding secured creditor, Lloyds TSB Bank plc (charge created 20/03/12). It is not believed that Lloyds TSB Bank plc is owed any sums under their charge.

Preferential creditors

There are no known preferential claims.

Unsecured creditors

Unsecured creditors were estimated at £94,461, being the value of the petitioning creditors' claim and share capital. We have received the claims of 18 unsecured creditors totalling £14,558,504 and we have admitted 5 claims in the total sum of £119,584.

Of the claims received, £12,334,036 relates to the claim from Family Mosaic. This is not yet adjudicated on due to ongoing investigations into the validity of the claim and the amount.

Unsecured creditors (with claims submitted or indicated) consist of the following:

Acorn Limited	£112,500
Butler and Young Limited	£2,400
London Borough of Barnet Council	£21,456.39
Builder Depot Limited	£18,569.11
CMS Plumbing & Heating Limited	£4,119.46
Delta Tower Cranes Limited	£29,112
Family Mosaic Housing Services Limited	£12,334,036.46
HM Revenue & Customs (PAYE/CT)	£59,693.31
HM Revenue & Customs (VAT)	£826,112.62
Interior Partnerships Limited	£58,738.28
Kingspan Limited	£21,581.91
Maldon Decor Limited	£83,934.79
O'Halloran & O'Brien Limited	£919,007
Riverdale Mahoney Engineering Co	£6,977.97
RSM UK Tax and Accounting Limited	£8,148
Stannah Lifts Limited	£28,861
University College London	<u>£1,800</u>
	£14,558,504.69

Inclusion in the above is not an admission of a claim, nor does it prejudice the rights of creditors to claim a different amount.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

There is one recorded outstanding secured creditor, Lloyds TSB Bank plc (charge created 20/03/12). It is not believed that Lloyds TSB Bank plc are owed any sums under their charge.

Preferential creditors

There are no known preferential claims.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the liquidator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

A liquidator will not be required to set aside the prescribed part of net property if:

- ☐ the net property is less than £10,000 and the liquidator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the liquidator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

Presently, we have received the claims of 18 unsecured creditors totalling £14,558,505. Of this, £12,334,036 relates to the claim from Family Mosaic.

Based upon realisations to date and estimated future realisations it is anticipated there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

7. REMUNERATION & DISBURSEMENTS

Remuneration

Our remuneration has been fixed by creditors on 09 March 2017 by way of a resolution by correspondence as 35% of the gross value of the assets realised.

We have not yet realised any assets and consequently no fees have been drawn.

Disbursements

To 22 August 2017, we have also drawn disbursements in the sum of £NIL.

Why have subcontractors been used?

No subcontractors have been utilised in this matter.

Category 2 Disbursements

In accordance with the approval obtained from creditors by way of a resolution by correspondence the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since the date of our appointment in accordance with our firm's policy, a copy of which is at Appendix 2.

No Category 2 Disbursements have been incurred in the period.

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2015' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

8. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the liquidation would total £439,616 excluding any uplift. Where any estimates were provided for periods, these have been updated to cover the first year.

That estimate has not been exceeded and we do not expect it to be exceeded if matters progress to conclusion as envisaged.

9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

The assets that remain to be realised are more fully detailed in paragraph 4 above but in summary relate to :

- a). Claims against directors;
- b). Intercompany loan with PLDL;
- c). Any potential realisations from Loughborough.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

- The preparation, drafting and issue of this report to creditors and members to include all necessary information;
- Obtaining up to date estimates from agents instructed in relation to their costs;
- Updating case strategy plan;
- update of case compliance checklists;
- Dealing with correspondence (physical and electronic) that is considered routine in the context of the engagement and otherwise does not directly fall into other categories;
- General case updates to include internal meetings on case strategy and effecting instruction;
- Ongoing maintenance of up to date information on the electronic case information;
- Periodic reviews of the case generally;
- Overseeing and controlling the work undertaken on this engagement by junior staff;
- Completion of three month case compliance and progression checklist;
- Completion of six monthly compliance and progression checklists;
- Ensure time recording data is compliant with Statement of Insolvency Practice 9;

On this engagement, the work identified above does not hold a direct commercial benefit to creditors. Creditors benefit from this work as it ensures this particular engagement is dealt with to the standards expected and also in a timely fashion. Elements of this work are required to comply with best practice and statute.

Compliance with the Insolvency Act, Rules and best practice

- Reviewing the adequacy of the specific penalty bond periodically;
- Ongoing consideration to ethical practice;
- Ongoing consideration to money laundering regulations;
- Updating case checklists and statutory diaries where necessary;
- Submission of forms to Companies House;
- Maintain accurate account of receipts and payments;
- Issuing annual progress reports for submission at Companies House and copies sent to all known creditors.

Banking:

- Maintaining and managing the insolvent estate bank account.
- Maintaining and managing the officer holders' cash book on this assignment.
- Undertaking regular bank reconciliations of the estate bank account.
- Complying with risk management procedures;

Closure

- Preparing, reviewing and issuing final report to members and creditors;
- Completion of statutory and internal matters following closure;
- Filing of final return at Companies House;
- Update physical and electronic case records following closure;

On this engagement, the work identified above does not hold a direct commercial benefit to creditors. It is the duty of the appointed office holder to comply with the Insolvency Act and Rules and creditors benefit from this being done to a standard expected of this firm.

Investigations

- Ongoing investigations into KHERG, its Loughborough subsidiary and other Parritt-controlled entities which may lead to recoveries for the estate.
- Ongoing investigations into the directors' conduct which may lead to recoveries for the estate;

There will be a direct commercial benefit to creditors in relation to the above matters if any rights of action became visible during the course of the investigations and are pursued leading to recovery/contributions to estate assets. However, this comment is made subject to the costs and expenses of the liquidation.

Realisation of assets

- Continuing review of current and new information and formulating an asset realisation strategy;
- Agree and receive any proportion of monies from the sums recovered from director(s);
- Claim for and receive any dividend in respect of funds owed by PLDL (claim estimated in the region of £1.5m)
- The asset realisations falling into the liquidation of KHERG are otherwise covered under the heading of investigations.

On this assignment, the ongoing work detailed above has realised assets for the insolvent estate. The office holders are duty bound to realise and get in the Company's property and maximise asset realisations. In some cases this does not yield sufficient realisations to enable creditors to have a direct financial benefit.

Trading

- None

Dealing with all creditors' claims (including employees), correspondence and distributions

Creditors:

- The issue of this report and associated required documents;
- Updating schedules of preferential and unsecured creditor claims;
- Receipt of creditor claims and input on internal case management software;
- Review of creditor claim supporting information;
- Taking and dealing with phone calls from creditors;
- Acknowledgment of creditor claims correspondence and/or dealing with further queries on claims;
- Receipt of, consideration of and response to creditor correspondence;
- Where necessary, consideration of issues to reject claims and issue of appropriate letter to creditor(s) affected in accordance with statutory requirements concerning rejection of all or part claims;

On this engagement, the work detailed above has not yet had any direct financial benefit to creditors from the insolvent estate and has been undertaken to comply with the Insolvency Act and Rules together with best practice and enabling creditors to have evidence of their loss for tax and VAT purposes.

Other matters which includes meetings, tax, litigation, pensions and travel

- The completion of VAT forms in order to reclaim outstanding VAT;
- The completion of Corporation Tax returns;
- Applications for new PAYE and UTR references if a dividend becomes payable;
- Attending meetings that may arise along with travel to and from those meetings;
- Filing of final Corporation Tax return;
- Seeking closure clearance from HMRC;

Some of the above have no direct financial benefit to creditors but have to be done in order to comply with the Insolvency Rules such as creditors and members meetings, as well as a legal requirement, such as completion of corporation tax returns. Others do have a direct financial benefit to creditors. These include the provision of VAT returns after the liquidation as the majority of VAT will be recoverable and therefore an asset of the insolvent estate.

How much will this further work cost?

Our remuneration was fixed at 35% of gross realisations, excluding all disbursements, legal fees, ATE, agents costs etc.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the estimate of anticipated expenses sent to creditors on 14 February 2017 which included all of the expenses that we anticipate that we will incur throughout the liquidation.

10. OTHER RELEVANT INFORMATION

Investigations

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. We can confirm that we have discharged our duties in these respects.

Connected party transactions

In accordance with Statement of Insolvency Practice 13, we are obliged to inform creditors of any sale of the Company's business or assets which involves a party connected to the Company. We have not been made aware of any sales of the Company's assets to connected parties.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, 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, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

Continued on next page...

12. CONCLUSION

We will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner.

Lloyd Biscoe
Joint Liquidator

Dated: 19 October 2017

APPENDIX 1

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 23 August 2016 to 22 August 2017

KHERG Construction Limited (formerly Parritt Leng Construction & Management Limited)
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 23/08/2016 To 22/08/2017 £	From 23/08/2016 To 22/08/2017 £
COST OF REALISATIONS		
O.R. Debit Balance	1,170.00	1,170.00
OR Shorthand Writer Charges	67.99	67.99
DBIS Treasury Bill Fees	88.00	88.00
	<u>(1,325.99)</u>	<u>(1,325.99)</u>
	<u>(1,325.99)</u>	<u>(1,325.99)</u>
REPRESENTED BY ISA (Interest Bearing)		(1,325.99)
		<u>(1,325.99)</u>
		Lloyd Biscoe Joint Liquidator

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 23 August 2016 to 22 August 2017; and
- c. Time Costs Analysis for the period from 23 August 2016 to 22 August 2017 (CID).

SIP9 Kheng Construction Limited - Winding Up Compulsory - 03KH012.WUC : Time Costs Analysis From 01/01/2000 To 22/08/2017

Staff Grade	Cons/Inst/Patient	Director	Sr Mgr	Mgr	Asst Mgr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning		0.5		4.0						5.1	1,722.00	337.85
	Case planning											
	Administration	16.0		8.7		4.1	0.1	0.4		26.6	10,055.50	351.59
	Total for General Case Administration and Planning	16.5		12.7		4.1	0.1	0.4		32.7	11,777.50	348.48
Compliance with the Insolvency Act, Rules and best practice										8.4	2,828.00	335.00
	Appointment											
	Banking and Bonding	0.8					0.3			1.1	404.50	367.73
	Case Closure											0.00
	Statutory reporting and statement of affairs	1.1		7.5		0.4				11.3	3,848.00	340.82
	Total for Compliance with the Insolvency Act, Rules and best practice	1.9		7.5		0.4	0.3			10.8	6,781.50	300.72
Investigations		2.1				1.7	0.9			17.4	6,449.00	372.93
	CCDA and investigations											
	Total for Investigations	2.1				1.7	0.9			17.4	6,449.00	372.93
Realisation of assets												0.00
	Debt collection											
	Property, business and asset sales									1.3	513.50	398.00
	Retention of identified party assets											0.00
	Total for Realisation of assets									1.3	513.50	398.00
Trading												0.00
	Trading											
	Total for Trading											0.00
Dealing with all creditors claims (including employees), correspondence and distributions												0.00
	Secured											
	Others	0.4		2.0		1.0		1.7		5.9	1,811.00	273.05
	Creditors committee											0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions	0.4		2.0		1.0		1.7		5.9	1,811.00	273.05
Other matters which includes meetings, lit, litigation, pensions and travel		2.0								2.8	1,216.00	434.29
	Seeking decisions of creditors including meetings									4.3	1,698.50	395.00
	Other									0.8	222.00	277.50
	Tax							0.4		7.1	2,955.50	416.41
	Litigation	3.9		0.3						18.9	6,093.00	406.30
	Total for Other matters	6.9		4.3				0.4		92.1		
	Total hours by staff grade	25.8		22.5		7.2	1.3	2.5				
	Total time cost by staff grade	19,898.00		7,697.50		1,892.00	240.30	400.00				
	Average hourly rate £	422.07		316.00		235.00	185.00	160.00	6.00			
	Total fees drawn to date £										0.00	

SIP9 Kheng Construction Limited - Contentious Insolvency Division - 03KH012.CID : Time Costs Analysis From 01/01/2000 To 22/08/2017

Staff Grade	Clerk/Staff/Partner	Director	Sr Mgr	Mngr	Asst Mgr	Sr Admn	Admn	Jr Admn	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning												
Case planning												
Administration	1.1				2.7					3.8	1,224.00	322.11
Total for General Case Administration and Planning:	1.1				2.7					3.8	1,224.00	322.11
Compliance with the Insolvency Act, Rules and best practice												
Appointment												0.00
Banking and Bonding							0.3			0.3	55.50	145.00
Case Closure												0.00
Statutory reporting and statement of affairs												0.00
Total for Compliance with the Insolvency Act, Rules and best practice:							0.3			0.3	55.50	145.00
Investigations												
CCOA and investigations	12.2		95.4		34.8	124.7				267.1	93,362.00	349.50
Total for investigations:	12.2		95.4		34.8	124.7				267.1	93,362.00	349.50
Realisation of assets												
Debt collection												0.00
Property, business and asset sales												0.00
Realisation of Third/Party assets												0.00
Total for Realisation of assets:												0.00
Trading												
Trading												0.00
Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions												0.00
Secured												0.00
Others												0.00
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions:												0.00
Other matters which includes meetings, tax, litigation, pensions and travel												
Seeking decisions of creditors including meetings					1.4					1.4	375.00	270.00
Other												0.00
Tax												0.00
Litigation												0.00
Total for Other matters:					1.4					1.4	375.00	270.00
Total hours by staff grade:	13.3		95.4		34.8	124.7	0.3			272.8		
Total time cost by staff grade:	5,965.00		34,021.00		10,463.00	43,045.50	55.50				85,009.50	
Average hourly rate £:	448.00	0.00	358.00	0.00	270.00	350.00	185.00	0.00	0.00			344.33
Total fees drawn to date £:											0.00	

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ☐ **Category 1 disbursements (approval not required)** - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ☐ **Category 2 disbursements (approval required)** - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

The following items of expenditure are charged to the case (subject to approval):

Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
Car mileage is charged at the rate of 45 pence per mile;
Storage of books and records (when not chargeable as a *Category 1 disbursement*).

In addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as *Category 2 disbursements*. The following items of expenditure which relate to services provided by entities within the Begbies Traynor Group are to be charged to the case (subject to approval):

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of Eddisons Commercial Limited to provide assistance with the sale of assets. Their charges will be based on a percentage of realisations plus disbursements.

Instruction of Eddisons Commercial Limited to provide a valuation of the Company's physical assets. Their charges will be based on a fixed fee to be agreed plus disbursements.

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

Instruction of Eddisons Insurance Services Limited to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the

case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides. In accordance with standard insurance industry practice, Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

Services provided by an entity in which an Office Holder has an interest

The following items of expenditure which relate to services provided by an entity that a licensed insolvency practitioner within the firm has an interest in, are also to be charged to the case (subject to approval):

Storage of books and records (when not rechargeable as a *Category 1 expense*) is charged by Archive Facilities (Southend) Limited, in which some partners of Begbies Traynor hold an interest. The rates applying as at the date of this report are: Minimum charge of £40 per quarter for up to three boxes; Four to Two Hundred Boxes charged at £11 per quarter per box; over two hundred boxes are charged at half the aforementioned price, (£5.50 per box per quarter). Mileage for collection of books and records is charged at 55p per mile. Provision of cardboard box charged at £2.75 per box. Where Archive Facilities (Southend) Limited are required to physically pack the books and records, there is a minimum charge of 2 hours at £15 per hour per person required, and at £15 per hour for each hour thereafter. All figures stated are net.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

Telephone and facsimile, Printing and photocopying, Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Southend-on-Sea as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour)	Charge-out rate (£ per hour)
	1 May 2011 – 30-Apr-16	1 May 2016 – until further notice
Partner	495	495-550
Director	395	395
Senior Manager	365	365
Manager	315	315
Assistant Manager	270	285
Senior Administrator	235	250
Administrator	185	220
Trainee Administrator	160	n/a
Junior Administrator	n/a	160
Support	160	n/a
cashier	n/a	160
secretarial	n/a	160

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

The office holder may use the services of BTG Contentious Insolvency Division during the course of the case. BTG Contentious Insolvency Division is a specialist department of the office holder's firm which provides forensic investigating services. The current charge-out rates applying to work carried out by BTG Contentious Insolvency Division are as follows:

Grade of staff	Charge-out rate (£ per hour)	Charge-out rate (£ per hour)
	1 May 2011 – 30-Apr-16	1 May 2016 – until further notice
Director	395	395
Senior Manager	365	365
Assistant Manager	270	285

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

APPENDIX 3

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Agent's fees	Martin DeVarga surveyors	2,500.00	0.00	2,500.00
Legal fees	Breeze & Wyles Solicitors	1,760.00	0.00	1,760.00
Legal fees	Gateley plc	81,426.00	0.00	81,426.00+uplift.
Legal disbursements	Gateley plc	1,718.23	0.00	1,718.23
Statutory advertising	HMSO	79.40	0.00	79.40
Land Registry searches	HM Land Registry	39.00	0.00	39.00
Bond	AUA	18.00	0.00	18.00
Travel expenses (non-mileage)	Rail fares, taxi's and associated costs; various providers.	96.27	0.00	96.27
Postage	Royal Mail recharge	11.17	0.00	11.17
Courier	3D Couriers	9.95	0.00	9.95
OR Debit Balance	The Insolvency Service	1,170.00	0.00	1,170.00
OR Shorthand writers fee	The Insolvency Service	67.99	0.00	67.99
DBIS Treasury Bill fees	The Insolvency Service	88.00	0.00	88.00
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Char Policy</i>)				
NONE				