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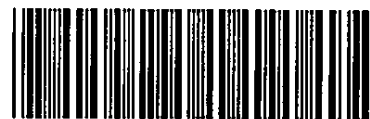
Agrius Limited (In Compulsory Liquidation)

Newcastle Upon Tyne County Court No. 499 of 2012

Progress report pursuant to Rule 4.49B of the Insolvency Rules 1986

Period: 12 July 2012 to 11 July 2013

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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"	Agrus Limited (In Compulsory Liquidation)
"the liquidation"	The appointment of liquidators by the Secretary of State pursuant to Section 137 of the Act on 12 July 2012
"the liquidators", "we", "our" and "us"	Rob Sadler of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ and Kevin Mawer formerly of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (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

This report should be read in conjunction with the liquidators' interim report to creditors dated 10 October 2012

2. COMPANY INFORMATION

Trading name	Formerly traded as P M Clayton
Company registered number	06966650
Company registered office	9th Floor, 9 Bond Court, Leeds, LS1 2JZ
Former trading address	Bentley Hall Farm, Wyke Lane, Bradford

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced	17 May 2012 (date of winding up petition)
Date of liquidators' appointment	12 July 2012

4. PROGRESS DURING THE PERIOD COVERED BY THIS REPORT

Attached at Appendix 1 is our abstract of receipts and payments for the period from 12 July 2012 to 11 July 2013, which creditors will note details that there have been no realisations to date

Creditors will recall from our interim report dated 10 October 2012 that no company records have been delivered up to the liquidators. The only records which have been available are limited to bank statements and documentation which the Company's creditors have been able to provide to the liquidators

In the absence of any records, we undertook a detailed review of the Company's bank statements in respect of its account with HSBC Bank Plc ("HSBC") – and also statements for the credit card held with HSBC. These revealed a substantial number of transactions between the Company and the Company's sole shareholder, who is also the former director and company secretary, Keith Lowe. A significant number of other transactions were identified which were for the benefit of Mr Lowe and not the Company.

The Company's directors failed to register the Company for PAYE or VAT duties, yet it is apparent from the limited records available to the liquidators that the Company charged VAT on its sales and deducted PAYE – and also National Insurance – from payments made to staff.

Following a chain of correspondence between us and Mr Lowe, and in the absence of any suitable explanations as to why the Company made such significant payments – both in number and value – to Mr Lowe and on his behalf, our solicitors, Ward Hadaway ("WH"), issued a letter of claim on 1 October 2012 setting out the various claims which arose against him personally. These claims amounted to some £219,982.07.

Mr Lowe subsequently instructed Lupton Fawcett Lee & Pnestley Solicitors to act on his behalf and a chain of correspondence ensued between WH and LFL&P. Regrettably this chain of correspondence has not progressed matters and it has become necessary to issue a claim in the High Court. WH are presently finalising the particulars of claim.

Our comments in relation to the items appearing in the receipts and payments account at Appendix 1 are as follows:

The sum of £1,165 represents the deposit paid by the petitioning creditor on presentation of the petition to wind-up the Company

The amount received by the Official Receiver ("the OR") represents the costs incurred by the OR prior to our appointment

Banking fees of £88 have been incurred, together with statutory advertising costs of £76 50 plus VAT

In the absence of any realisations, statutory disbursements have been discharged from this firm's office account, to be reimbursed from any future realisations

5. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (based upon the information available to us as liquidators) are as follows

Secured creditor

The Company has not granted security to any creditor

Preferential creditors

We have not been notified of any preferential creditors

Unsecured creditors

Unsecured creditors were estimated at £699,521 and we have received claims in the total sum of £531,298 to date. In addition to these claims, the Company's liability to HM Revenue & Customs is expected to be in excess of £200,000

We estimate an outcome for each class of the Company's creditors as follows

Secured creditor

There are no secured creditors

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

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

It is not possible at this time to comment upon dividend prospects for unsecured creditors as they are dependent upon successful litigation against Mr Lowe

6. REMUNERATION & DISBURSEMENTS

Remuneration

We have not at this time drawn any funds on account of our remuneration, nor on account of certain disbursements. Accordingly, we are seeking approval at a meeting of creditors convened pursuant to Rule 4.54 of the Rules to be held on 17 October 2013 at 2.30pm that our remuneration be fixed by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the liquidation.

Our time costs for the period from 12 July 2012 to 11 July 2013 amount to £38,750.50 which represents 125.7 hours at an average rate of £308.28 per hour.

To assist creditors in determining this matter, the following further information as regards time costs is set out at Appendix 2:

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 12 July 2012 to 11 July 2013
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

If you wish to know more about how creditors should determine the liquidators' fees, a copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2011' 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.

Disbursements

We are also seeking approval at the forthcoming creditors meeting to draw disbursements, including disbursements for services provided by our firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy.

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements] that have been incurred are provided in the narrative summary of time costs which is at Appendix 2.

7. LIQUIDATORS' EXPENSES

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

8. ASSETS THAT REMAIN TO BE REALISED

As set out above, it is not apparent that the Company owns any physical assets. The only assets in this matter relate to the claims which arise against Mr Lowe as a result of the transactions between him and the Company and the conduct of the Company's affairs.

9. 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 and have identified claims against the Company's former director, Mr Lowe, as set out in this report and in the previous interim report dated 10 October 2012.

A letter of claim was issued on 1 October 2012, but no offers to settle have been received. As such WH are preparing particulars of claim, which are to be served upon Mr Lowe's solicitors imminently.

Connected party transactions

Save for the transactions between the Company and Mr Lowe which give rise to the claims being pursued, we have not been made aware of transfers of the Company's assets to connected parties.

Kevin Mawer

I would inform creditors that Kevin Mawer has left the employment of Begbies Traynor and, since I am the lead appointee in relation to this matter, it is intended that I will retain the appointment and Mr Mawer will cease to have any ongoing involvement in the matter. As a result, it is no longer practicable for Mr Mawer to remain in office as joint liquidator and it is necessary to convene a meeting of creditors to accept his removal from office under R 4.113. Formal notice of the meeting is enclosed, together with a proxy form.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 4.49E 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 detailed in this progress report.

Right to make an application to court

Pursuant to Rule 4.131 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 as set out in this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

11. MEETING OF CREDITORS

This progress report will be presented to the meeting of creditors convened to be held at the offices of Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ on 17 October 2013 at 2.30pm. The purpose of the meeting is to seek a resolution approving the basis for our remuneration and disbursements and also for creditors to accept the removal of Mr Mawer from office under Rules 4.113 and 4.54. Formal notice of the meeting and a proxy form are enclosed with the covering letter accompanying this report.

Should any creditor require further explanation of matters contained within the report, they should contact our office and speak in the first instance to the case manager who will be pleased to assist. If any creditor wishes to attend the meeting, it would assist us in making the necessary administrative arrangements if you would inform the case manager by telephone. This is particularly important for any creditor wishing to attend who considers that the proposed venue is inconvenient. In that event we will consider reconvening the meeting at an alternative venue to be agreed. Any such request should be made within the next seven days so that we may inform all creditors of the revised arrangements. Alternatively, if you wish a proxy to attend on your behalf, the proxy form should be returned to our office by 12 noon on the business day before the meeting. Please note that we will not accept receipt of completed proxy forms by email. Submission of proxy forms by email will lead to the proxy being held invalid and the vote not cast.

12. CONCLUSION

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



R Sadler
Joint Liquidator

Dated 6 September 2013

APPENDIX 1

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 12 July 2012 to 11 July 2013

S of A £	£	£
ASSET REALISATIONS		
Petitioner's deposit	1,165 00	1,165 00
COST OF REALISATIONS		
Official Receiver administration fee	2,235 00	
DBIS Audit Fees	88 00	
Statutory Advertising	76 50	
Irrecoverable VAT	15 30	(2,414 80)
		(1,249 80)
REPRESENTED BY		
ISA NIB		(1,158 00)
Office		(91 80)
		(1,249 80)

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 12 July 2012 to 11 July 2013

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Agnus Limited
	Newcastle Upon Tyne County Court 499 of 2012
CASE TYPE	Compulsory Liquidation
OFFICE HOLDERS	Rob Sadler and Kevin Mawer
DATE OF APPOINTMENT	12 July 2012

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

As a result of there being no company records delivered up, the liquidators have been required to spend a significant amount of time reviewing the Company's bank statements and documentation provided to them by the Company's creditors

A significant amount of time has also been expended in dealing with matters raised by Mr Lowe and his wife subsequent to the letter of claim being issued. This chain of correspondence continues

1.3 Exceptional responsibilities

Save for the necessity to commence proceedings against Mr Lowe in respect of the claims which arises against him, there have been no exceptional responsibilities in this matter

1.4 The office holders' effectiveness

Following our appointment we have undertaken detailed investigations into the transactions between the Company and Mr Lowe and other transactions recorded in the Company's bank statements which appeared to be for the benefit of Mr Lowe. Various claims were identified against Mr Lowe and a letter of claim was issued on 1 October 2012. We continue to progress this matter and anticipate draft particulars of claim will be issued imminently

1.5 Nature and value of property dealt with by the office holders

The Company owns no physical assets

1.6 Anticipated return to creditors

It is not possible at this time to comment upon the estimated return for creditors as this is dependent upon the outcome of the litigation against Mr Lowe as set out in the accompanying report

1.7 Time costs analysis

An analysis of time costs incurred between 12 July 2012 and 11 July 2013 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

As a result of the investigative and litigious nature of this matter, it has been necessary to assign staff with the appropriate knowledge and experience in dealing with these matters. A significant amount of time has been spent at Manager and Partner grades

1 8 The views of the creditors

Creditors' views were invited in the initial circular to creditors dated 6 August 2012. We also set out the actions taken since our appointment in our interim report dated 10 October 2012.

1 9 Approval of fees

We are seeking creditors' approval to the basis of our remuneration in the accompanying report.

1 10 Approval of Expenses and Disbursements

We are seeking creditors' approval to our disbursements in the accompanying report.

1 11 Other professionals employed & their costs

On this assignment we have used Ward Hadaway solicitors and Claire Jackson of Kings Chambers as legal counsel.

Both Ward Hadaway and Ms Jackson are working under full conditional fee agreements.

1 12 Staffing and management

As a result of the investigative and litigious nature of this matter, it has been necessary to assign staff with the appropriate knowledge and experience in dealing with these matters.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2 1** Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is included with this appendix, together with details of the rates charged by the various grades of staff who may work on a case.

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Solicitors' fees	Ward Hadaway	16,762 50 + VAT	-	16,762 50 + VAT
Counsel fees	Claire Jackson	1,980 00 + VAT	-	1,980 00 + VAT
Statutory advertising	Courts Advertising	76 50 + VAT	-	76 50 + VAT
Insolvency Practitioners' Bond	Marsh Limited	20 00	-	20 00