

# Liquidator's Progress Report

# S.192

Pursuant to Sections 92A and 104A and 192  
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

07002010

Name of Company

4D Creative Limited

/ We

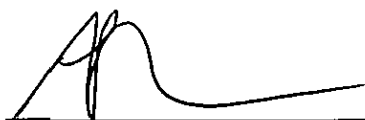
Matthew Dunham, 3rd Floor, 9 Colmore Row, Birmingham, B3 2BJ

Andrew Stephen McGill, 3rd Floor, 9 Colmore Row, Birmingham, B3 2BJ

the liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 08/05/2016 to 31/01/2017

Signed



Date

16/2/17

Smith & Williamson LLP  
25 Moorgate  
London  
EC2R 6AY

Ref: CR843/JY1/RMS1/NME

THURSDAY  
SATURDAY



\*A61U9QYW\*

A07 09/03/2017 #186  
COMPANIES HOUSE

\*A60JTYEJ\*  
A16 18/02/2017 #94  
COMPANIES HOUSE



# 4D Creative Limited (in creditors' voluntary liquidation)

Joint liquidators' annual progress report for the period from 8 May  
2016 to 31 January 2017

31 January 2017



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# 1. Glossary

Abbreviation	Description
the Company	4D Creative Limited
the liquidators / joint liquidators	Matthew Dunham and Andrew Stephen McGill
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
HMRC	HM Revenue & Customs
Wignall Brownlow	Wignall Brownlow Chartered Surveyors
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RBS	The Royal Bank of Scotland Plc
RPS	Redundancy Payments Service

Note: The IA86 and IR86 have been subject to a number of significant amendments since their original issue, including a number of substantial and important changes in April 2010. References to IA86 and IR86 in this report are to the legislation as it applies to this case

## 2. Introduction and statutory information

This report provides an update on the progress in the liquidation of the Company for the period from 8 May 2016 to 31 January 2017. It should be read in conjunction with any previous reports. By way of reminder, we, Matthew Dunham of Smith & Williamson LLP, Vantage Point, Spinningfields, Manchester, M3 3HF and Andrew Stephen McGill, of Smith & Williamson LLP, 3rd Floor, 9 Colmore Row, Birmingham, B3 2BJ, were appointed liquidators of the Company on 19 August 2015.

Matthew Dunham is retiring from Smith & Williamson LLP on 14 February 2017. Consequently, a meeting of creditors was convened for 31 January 2017 to receive his resignation as joint liquidator and to appoint Gregory Andrew Palfrey of Smith & Williamson LLP as joint liquidator.

The principal trading address of the Company was The Landing, The Blue Tower, 3rd Floor, Media City UK, Manchester, M50 2ST.

The Company's registered office is Vantage Point, Hardman Street, Spinningfields, Manchester, M3 3HF and its registered number is 07002010.

## 3. Realisation of assets

Attached at Appendix I is our receipts and payments account for the period from 8 May 2016 to 31 January 2017. The receipts and payments account also includes a comparison with the director's SOA values.

### 3.1 Former Directors' loan accounts

At the date of liquidation there were outstanding director's loan accounts relating to two former directors of the Company: Benjamin Willetts and Cathy Cross.

The balance outstanding in respect of Mr Willetts' loan was £14,076. An agreement was reached whereby Mr Willetts would repay the loan by way of monthly payments of £675. During the period covered by this report, a total of £4,646 has been received from Mr Willetts.

The balance outstanding in respect of Mrs Cross' loan was £17,204. To date, no repayments have been made by Mrs Cross. We have continued to pursue the monies owed, and are presently seeking Mrs Cross' proposals for repayment. In the absence of a sensible and agreeable proposal, the liquidators will consider alternative options to realise the debt.

### 3.2 Bank interest

During the period covered by this report, bank interest in the amount of £13 has been received into the liquidation bank account. This interest was received gross of tax.

## 4. Creditors

### 4.1 Secured creditors

RBS holds a floating charge over the Company's assets. At the date of the liquidation the indebtedness was estimated at £50,118. RBS has submitted a creditor claim of £49,210.

### 4.2 Prescribed Part

The Company granted a floating charge to RBS on 5 December 2012. Accordingly, we are required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors.

Based on present information, we estimate the value of the Company's net floating charge property to be in the region of £8,000. As this is below the prescribed minimum of £10,000 and as we believe that the cost of making a distribution to unsecured creditors from this fund would be disproportionate to the benefits, there is no requirement to set aside funds for unsecured creditors out of the Company's net floating charge property.

### 4.3 Preferential creditors

We set out below a summary of preferential claims received:

Preferential creditor	Claims received £	Claims agreed	
		in current period £	Total claims agreed £
Employee claims (9 claims)	4,852	0.00	0.00
Department for Business Innovation & Skills	9,137	0.00	0.00
Total	13,989	0.00	0.00

As realisation of the former directors' loan accounts is ongoing, we have not taken steps to agree preferential creditor claims during the reporting period.

We anticipate that a distribution will be made to the preferential creditors in due course, however it is unlikely that they will be paid in full.

### 4.4 Unsecured creditors

We have received claims totalling £162,448 from 27 creditors. Total claims as per the director's SOA were £117,642.

At present we confirm that realisations in the liquidation are expected to be insufficient to declare a dividend to unsecured creditors.

## 5. Liquidators' remuneration

The creditors approved that the basis of the liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the liquidation.

The liquidators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
8 May 2015 to 7 May 2016	48.45	10,434.00	216.92	10,000
8 May 2016 to 31 January 2017	32.65	6,928.50	212.21	9,023
Total	81.10	17,362.50	214.09	19,023

Attached as Appendix II is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the liquidators and their staff in attending to matters arising in the liquidation. Details of work carried out in the period are also included in the body of this report.

The joint liquidators' anticipate the future costs to be in the region of £5,000.

A narrative explanation of these costs can be found in the 'Outstanding matters' section of this report.

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service, investigating the former officers of the company as required by the Company Directors' Disqualification Act 1986, and statutory reporting.

A copy of Statement of Insolvency Practice 9, 'Payments to Office Holders and Their Associates' is available on request or can be downloaded from the R3 website at the following address:

[https://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP%209%20Dec%202015.pdf](https://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20Dec%202015.pdf)

It should be noted that, whilst this statement makes reference to the need to provide creditors with a fees and costs estimate in the event that fees are being drawn on a time costs basis, this requirement only applies to appointments on or after 1 October 2015, the date that the Insolvency (Amendment) Rules 2015 ("new rules") took effect. Prior to the new rules, there was no statutory obligation to produce fees and costs estimates

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix III.

## 6. Liquidation expenses

### 6.1 Professional advisers

On this assignment we have used the professional advisers 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 adviser	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Sydney Mitchell LLP (Legal advice)	Hourly rate and disbursements	733	733	Nil

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

### 6.2 Liquidators' disbursements

We have paid and/or incurred the following disbursements in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Liquidators' bonds	-	140	-
Company searches	-	150	-
Postage	18.36	18.36	-

Description	Incurring in current period	Paid in current period	Total costs outstanding at period end
	£	£	£
Total	18.36	308.36	-

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid

### 6.3 Category 2 disbursements

Approval to recover business mileage, classified as a Category 2 disbursement, was given at the meeting of creditors held on 8 May 2015.

No category 2 disbursements have been incurred during the reporting period.

### 6.4 Policies regarding use of third parties and disbursement recovery

Appendix III provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements

## 7. Outstanding matters

The joint liquidators' anticipate the future costs to be in the region of £5,000.

A narrative explanation of these future costs can be found below

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service, investigating the former officers of the company as required by the Company Directors' Disqualification Act 1986, and statutory reporting.

The remaining actions to be concluded in the liquidation are as follows:

- Continuing to pursue the outstanding former directors' loan accounts;
- Agreement of preferential creditor claims,
- Distribution to the floating chargeholder (in the event that there are sufficient funds to do so);
- Obtaining tax clearance;
- Closure of the liquidation, including preparing and issuing draft final report, calling and holding final meetings, and preparing and issuing final report.

## 8. Creditors' rights

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 or otherwise with the court's permission) may request in writing that the liquidators provide further information about their remuneration or expenses which have been itemised in this report.



Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the liquidators, as set out in this report, are excessive.

These rights apply only to matters which have not been disclosed in previous reports

Further information regarding creditors' rights is available on application to the liquidators

## 9. Next report

We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation unless we have concluded matters prior to this, in which case we will write to all creditors with our draft final progress report ahead of convening the final meetings of creditors and members. The anniversary date will be the date on which Matthew Dunham resigned as joint liquidator being 31 January 2017.



Matthew Dunham and Andrew Stephen McGill

Joint Liquidators

Date: 31 January 2017

# I Receipts and payments account

Receipts and payments account to 31 January 2017

## 4D Creative Limited (In Liquidation) Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 08/05/2016 To 31/01/2017 £	From 08/05/2015 To 31/01/2017 £
	<b>ASSET REALISATIONS</b>	
NIL	Leasehold Improvements	NIL
1,500 00	Furniture & Computer Equipment	1,000 00
10,100 00	Book Debts	21,090 00
Uncertain	Former Directors' Loan Accounts	11,395 80
	Cash at Bank	3,345 00
251 00	Petty Cash	NIL
	Bank Interest Gross	46 06
	<u>4,658 80</u>	<u>36,876 86</u>
	<b>COST OF REALISATIONS</b>	
	S&W Prep of S of A Fees	10,000 00
	Liquidator's Fees	9,022 75
	Liquidator's Expenses	308 36
	Agents/Valuers Fees (1)	850 00
	Legal Fees	730 00
	Legal Expenses	3 00
	Corporation Tax	6 60
	Duress Payments	10,308 63
	Statutory Advertising	75 00
	<u>(10,145 71)</u>	<u>(31,304 34)</u>
	<b>PREFERENTIAL CREDITORS</b>	
(2,494 51)	Redundancy Payments Office	NIL
(991 64)	Employee Wage & Holiday Arrears	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>FLOATING CHARGE CREDITORS</b>	
(50,118 00)	Bank Overdraft	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>UNSECURED CREDITORS</b>	
(72,991 63)	Trade & Expense Creditors	NIL
(4,596 86)	Employees	NIL
(15,434 03)	Redundancy Payments Office	NIL
(32,837 00)	Current Director's Loan & Credit Card	NIL
(27,377 05)	HM Revenue & Customs	NIL
(7,910 00)	Loan - Funding Circle	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>SHAREHOLDERS</b>	
(7 00)	Ordinary Shareholders	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(202,906.72)</u>	<u>(5,486.91)</u>	<u>5,572.52</u>
	<b>REPRESENTED BY</b>	
	VAT Receivable	4,197 22
	Interest Bearing Current Account	1,575 30
	VAT Payable	(200 00)
		<u>5,572.52</u>

## Notes and further information required by SIP 7

- The liquidators' remuneration and disbursements were approved at the meeting of the creditors held on 8 July 2015.
- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report
- Ransom payments refer to expenses in relation to the Northway project (see Section 3.2 in the main body of the report).
- Information concerning the liquidators' remuneration and disbursements incurred is provided in the body of our report.
- Information concerning the ability to challenge the liquidators' remuneration and expenses of the liquidation is provided in our report.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

## II Time analysis for the period

From 8 May 2016 to 31 January 2017

4D Creative Limited  
Breakdown of time spent by Smith & Williamson LLP employees  
for the period 8 May 2016 to 31 January 2017

Classification of work function	Hours					Total Hours	Time Cost	Average hourly rate
	Partner / Director	Associate Director	Managers	Other Professional Staff	Support & Secretarial Staff			
Administration & Planning	1 25	0 00	1 80	18 35	0 70	22 10	£4,080 21	£184 62
Realisation of Assets	0 00	0 00	9 25	0 95	0 00	10 20	£2,753 54	£269 95
Creditors	0 00	0 00	0 35	0 00	0 00	0 35	£94 75	£270 71
Totals	1 25	0 00	11 40	19 30	0 70	32 65	£6,928 50	£212 21

From 8 May 2015 to 31 January 2017

4D Creative Limited  
Breakdown of time spent by Smith & Williamson LLP employees  
for the period from 8 May 2015 to 31 January 2017

Classification of work function	Hours				Total Hours	Time Cost	Average hourly rate
	Partner / Director	Managers	Other Professional Staff	Support & Secretarial Staff			
Administration & Planning	2 25	4 50	35 35	3 30	45 40	£8,151 71	£179 55
Investigations	0 00	2 05	0 00	0 00	2 05	£533 00	£260 00
Realisation of Assets	2 25	21 50	4 00	0 00	27 75	£7,229 29	£260 51
Creditors	0 00	4 65	0 90	0 00	5 55	£1,366 50	£246 22
AML & Compliance	0 00	0 20	0 15	0 00	0 35	£82 00	£234 29
Totals	4 50	32 90	40 40	3 30	81 10	£17,362 50	£214 09

### Explanation of major work activities undertaken

#### Administration and planning

- Statutory duties associated with the appointment;
- Maintaining and reconciliation of bank accounts;
- Progress reviews of the case;

#### **Investigations**

- Investigations required under the CDDA 1986;

#### **Realisation of assets**

- Pursuit of the former directors' loan accounts;
- Liaising with agents in respect of sale of equipment;
- Realisation of cash at bank;
- Recovery of book debts;

#### **Creditors**

- Correspondence with creditors;
- Recording and maintaining the list of creditors;

# III Staffing, charging, subcontractor and adviser policies and charge out rates

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## Introduction

Detailed below are:

- Smith & Williamson LLP's policy in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers
  - Disbursement recovery
- Smith & Williamson LLP's current charge out rates

## 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 and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

## Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment

## 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 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.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

## Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the liquidators' remuneration was approved.

The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report.

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2015.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates	London office £/hr		Regional offices £/hr	
	From 1/7/15	From 1/7/16	From 1/7/15	From 1/7/16
Partner / Director (from 1 January 2016)	425-480	435-485	350	350-375
Associate Director	370	370-380	295-300	295-305
Managers	235-310	235-315	190-290	190-290
Other professional staff	150-235	150-235	120-175	120-175
Support & secretarial staff	85	85-90	60-135	60-135

## Notes

1. Time is recorded in units representing 3 minutes or multiples thereof
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.

[www.smith.williamson.co.uk](http://www.smith.williamson.co.uk)

Principal offices: London, Belfast, Birmingham, Bristol, Dublin, Glasgow, Guildford, Manchester, Salisbury and Southampton

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