



# Adonis Hotels Limited (in compulsory liquidation)

Joint liquidators' annual progress report for the period from 22  
July 2015 to 21 July 2016

12 September 2016

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# 1. Glossary

Abbreviation	Description
the Company	Adonis Hotels Limited
the liquidators/joint liquidators	Finbarr Thomas O'Connell and Adam Henry Stephens
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
HMRC	HM Revenue & Customs

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 year ended 21 July 2016. It should be read in conjunction with any previous reports. By way of reminder, we, Finbarr Thomas O'Connell and Adam Henry Stephens, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed liquidators of the Company on 22 July 2014 following the presentation of a petition by HMRC for the compulsory winding up of the Company. The winding up order was made on 3 February 2014 under Brighton County Court reference number 98 of 2014.

The trading addresses of the Company were principally The Courtlands Hotel, 19-27 The Drive, Brighton & Hove, East Sussex BN3 3JE, The Imperial Hotel, First Avenue, Brighton and Hove, East Sussex BN3 2GU and The Langfords Hotel, 8-16 Third Avenue, Brighton and Hove, East Sussex BN3 2PX. The Company traded under the names "The Courtlands Hotel", "The Imperial Hotel" and "The Langfords Hotel", collective "hotels". According to records provided to the Joint Liquidators, the Company has also had involvement in certain other hotels, including Shelleys Hotel in Lewes and The Royal Pavillion Townhouse, in Brighton.

The Company's registered office is 25 Moorgate, London, EC2R 6AY and its registered number is 7003433.

### 3. Executive summary

The liquidators were initially appointed as provisional liquidators of the Company on 5 December 2013 by HMRC

The liquidation of the Company is linked to the liquidation of Bergman Rubenstein Hotels Limited (“Bergman”) and Pegasus Hotels Limited (“Pegasus”), which entered into liquidation on 16 July 2012 and 2 July 2011, respectively. On 14 February 2013 Finbarr Thomas O’Connell and Adam Henry Stephens were appointed joint liquidators of Bergman and Pegasus

The Company was involved in trading several hotels in central Brighton and Hove. No tangible assets have been realised to date, therefore the liquidators are continuing their investigations into possible routes of recovery for creditors. Given this, there is no certainty over the extent and timing of any dividend to creditors.

### 4. Realisation of assets

Attached at Appendix I is our receipts and payments account for the period from 22 July 2015 to 21 July 2016. This account includes cumulative figures for the period from 22 July 2014 to 21 July 2016.

The receipts and payments account also includes a comparison with the Official Receiver’s report to creditors.

No assets have been realised to date. Realisations are most likely to flow from investigations.

The Joint Liquidators are continuing their investigations into possible routes to recovery, which are summarised at section 5 below.

### 5. Investigations

#### 5.1 Background

We have received very little cooperation from the Company’s former management in respect of the liquidators’ investigations into the Company’s involvement in the hotels. Therefore, our work has focused on obtaining information from various 3<sup>rd</sup> parties including the Company’s former bank. Our investigations straddle the Company, Bergman and Pegasus. Because our investigations are ongoing, much of our work must remain confidential.

#### 5.2 Directors’ conduct

As you may be aware, in a compulsory liquidation, the duty to investigate the Company’s affairs is the responsibility of the Official Receiver. There is no requirement on the joint liquidators to submit a report or return on the directors’ conduct to the Department for Business Innovation and Skills. However, where matters are brought to the joint liquidators’ attention, these are reported as appropriate to the Official Receiver for further consideration.

#### 5.3 Current situation

The joint liquidators’ investigations are ongoing in this matter.

If creditors believe they have useful information, then they are asked to provide it to us now.

## 6. Creditors

### 6.1 Secured creditors

There are no secured creditors

### 6.2 Prescribed Part

The Company did not grant any floating charges and the Prescribed Part requirements do not therefore apply.

### 6.3 Preferential creditors

There are no preferential creditors

### 6.4 Unsecured creditors

We have received claims totalling £5,708,559.43 from five creditors.

At present realisations are insufficient to declare a dividend to unsecured creditors. We have not therefore taken steps to agree unsecured creditor claims.

## 7. Liquidators' remuneration

The creditors approved that the basis of the liquidators' remuneration be fixed [either 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 £
22 July 2014 to 21 July 2015	76.75	26,772.00	348.82	0.00
22 July 2015 to 21 July 2016	25.25	4,604.75	182.37	0.00
<b>Total</b>	<b>102.00</b>	<b>31,376.75</b>	<b>307.62</b>	<b>0.00</b>

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.

Also attached as Appendix III, is a cumulative time analysis for the period from 22 July 2014 to 21 July 2016 which provides details of the liquidators' time costs since appointment. No funds have been drawn on account of these costs.

The joint liquidators anticipate the future costs to be in the region of £20,000.

A detailed 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.

A copy of 'A Creditors' Guide to Liquidators' Fees' 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 IV

## 8. Liquidation expenses

### 8.1 Subcontractors

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

### 8.2 Professional advisers

We have not used any professional advisers in this case

### 8.3 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 £
Statutory advertising	0 00	0 00	75 00
Company searches	3 00	0 00	6 00
Storage costs	58 24	0 00	108 32
Travel costs	139 20	0 00	139 20
Land registry searches	282 00	0 00	282 00
<b>Total</b>	<b>482.44</b>	<b>0.00</b>	<b>610.52</b>

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

### 8.4 Category 2 disbursements

No Category 2 disbursements have been incurred and/or paid in the current period

### 8.5 BIS and Secretary of State charges

All monies received by the liquidators must be paid into the Insolvency Service's Account. This account is held with the Bank of England and is under the control of the Secretary of State. This account attracts charges which are deducted at source and apply in all cases.

The current and most recent charges are listed below. Details of previous charges can be found on the Insolvency Services website.

Fee type	Current fee £
Banking Fee	22 00
BACS Payment	0 15
Cheque Fee	1 10
CHAPS Payment	10 30
Unclaimed Dividend Fee	25 75

Secretary of State fees:	
Realisations	Fees applicable for Winding Up Orders between 6 April 2010 to 15 November 2015
Up to £2,500	0%
£2,500 01 to £4,200	100%
£4,200 01 to £5,700	75%
£5,700 01 to £401,700	15%
Charge on further realisations up to £80,000 maximum fees	1%

Details of the various fees and charges levied in this case are contained within the liquidators' receipts and payment account at Appendix I

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

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

# 9. Outstanding matters

The joint liquidators' anticipate the future costs to be in the region of £20,000

A detailed 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

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

- Further in-depth investigations
- 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

## 10. 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

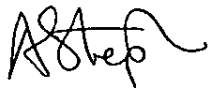
Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for 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.

## 11. 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 and members with our draft final progress report ahead of convening the final meeting of creditors

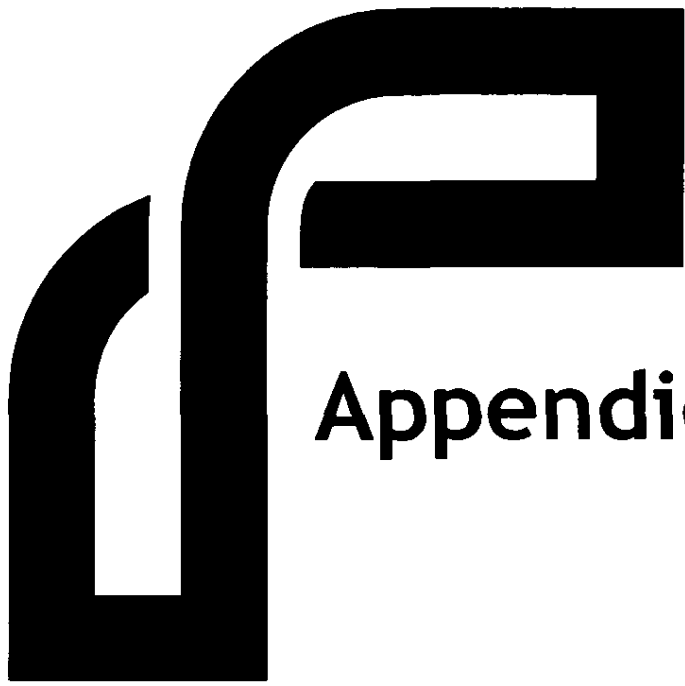


Finbarr Thomas O'Connell and Adam Henry Stephens

Joint Liquidators

Date 12 September 2016





# Appendices

# I Receipts and payments account

Receipts and payments account to 21 July 2016

**Adonis Hotels Limited  
(In Liquidation)  
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs £	From 22/07/2015 To 21/07/2016 £	From 22/07/2014 To 21/07/2016 £
<b>COST OF REALISATIONS</b>		
O R's Debit Balance (Net)	NIL	1,132 53
O R's Expenses	NIL	43 52
DTI Banking Fees	88 00	176 00
	<u>(88.00)</u>	<u>(1,352 05)</u>
<b>UNSECURED CREDITORS</b>		
(49,163 74) Trade & Expense Creditors	NIL	NIL
(2,618,923 00) Inland Revenue	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
 (2,668,086.74)	 <u>(88.00)</u>	 <u>(1,352.05)</u>
 <b>REPRESENTED BY</b>		
ISA Interest Bearing		<u>(1,352.05)</u>
		<u>(1,352.05)</u>

## Notes and further information required by SIP 7

- We have not yet sought approval of or drawn any other costs that would require the same approval as our remuneration
- No payments have been made to us from outside the estate
- Details of significant expenses paid are provided in the body of our 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 22 July 2015 to 21 July 2016

Adonis Hotels Limited (In Liquidation)  
Breakdown of time spent by Smith & Williamson LLP employees  
for the period ended 21 July 2016

Classification of work function	Partner / Director	Manager/ Assistant Manager	Hours Other professional staff	Assistants & support staff	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
Case planning, administrative set up, Appointment notification, Maintenance of records, statutory reporting	0 00	0 35	11 10	3 40	14 85	£2,249 25	£151 46
<b>Investigations</b>							
SIP2 review, CDDA reports, Investigating antecedent transactions	0 00	8 00	0 00	0 00	8 00	£1,880 00	£235 00
<b>Creditors</b>							
Communication with creditors, Creditors' claims (including employees and other preferential creditors)	0 40	0 00	0 50	0 00	0 90	£228 00	£253 33
<b>Forensics</b>							
	0 00	0 00	1 50	0 00	1 50	247 50	165 00
<b>Totals</b>	<b>0 40</b>	<b>8 35</b>	<b>13 10</b>	<b>3 40</b>	<b>25 25</b>	<b>£4,604 75</b>	<b>£182 37</b>

### Explanation of major work activities undertaken

#### Administration and Planning

This section of the analysis encompasses the costs of the joint liquidators and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters. This work includes the following:

- Preparing the joint administrators' progress report for the period ended 21 July 2015
- Dealing with routine correspondence
- Maintaining physical case files and electronics case details on IPS (case management software)
- Case reviews (including 1 month, 3 month, 6 month and annual reviews)
- Case planning and administration, and devising a suitable case strategy

#### Investigations

The Joint Liquidators have investigated, and continue to investigate, any matters that might lead to recoveries for the estate and any further matters that may be appropriate to report to the Official Receiver. Given the nature of the joint liquidators' ongoing investigations, I can provide only broad details of our work recorded under the investigation activity code, as follows:

- Conducting a detailed review of all available books and records and financial information
- Investigating the reasons for the failure of the Company
- Discussions and correspondence with relevant parties
- Writing to directors to request information regarding the Company and requesting their attendance for interview

#### Creditors

The Joint Liquidators are continuing to identify and investigate creditors' claims against the Company. Work recorded under the creditors activity code comprised:

- Discussions with HM Revenue & Customs regarding their claim. HM Revenue & Customs petitioned to wind up the Company, and they have provided information concerning the Company's tax affairs.

## Forensics

Smith & Williamson LLP's Forensic Technology Team have assisted with preserving the electronic records of the Company

# III Cumulative time analysis

From 22 July 2014 to 21 July 2016

Adonis Hotels Limited (In Liquidation)  
Breakdown of time spent by Smith & Williamson LLP employees  
for the period 22 July 2014 to 21 July 2016

Classification of work function	Partner / Director	Associate Director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff	Hours		Average hourly rate
						Total hours	Time cost	
<b>Administration &amp; planning</b>								
Case planning, administrative set up, Appointment notification	0 00	2 50	0 60	24 35	4 30	31 75	£5,533 00	£174 27
Maintenance of records statutory reporting								
<b>Investigations</b>								
SIP2 review CDDA reports Investigating antecedent transactions	15 50	36 20	10 55	0 00	0 00	62 25	£23,313 25	£374 51
<b>Creditors</b>								
Communication with creditors Creditors claims (including employees and other preferential creditors)	0 40	5 50	0 00	0 50	0 00	6 40	£2 263 00	£353 59
<b>AML/Compliance</b>	0 00	0 00	0 00	0 00	0 10	0 10	£20 00	£200 00
<b>Forensics</b>	0 00	0 00	0 00	1 50	0 00	1 50	247 50	165 00
<b>Totals</b>	<b>15 90</b>	<b>44 20</b>	<b>11 15</b>	<b>26 35</b>	<b>4 40</b>	<b>102 00</b>	<b>£31,376 75</b>	<b>£307 62</b>

# IV 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. Charge out rates for S&WFS were also provided to creditors at the time the basis of their fees was approved.

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 2016.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates	London office £/hr	Regional offices £/hr		
	From 1/7/14	From 1/7/15	From 1/7/14	From 1/7/15
Partner / Director (from 1 January 2016)	480	425-480	350	350
Associate Director	370	370	295-325	295-300
Managers	235-310	235-310	190-290	190-290
Other professional staff	150-235	150-235	120-175	120-175
Support & secretarial staff	85	85	60-135	60-135

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates as at 1 July 2016	London office £/hr	Regional offices £/hr
Partner / Director	435-485	350-375
Associate Director	370-380	295-305
Managers	235-315	190-290
Other professional staff	150-235	120-175
Support & secretarial staff	85-90	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)

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