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## **J-Bees International LLP (In Compulsory Liquidation)**

Birmingham District Registry No. 6166 of 2015

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Progress report

Period: 22 June 2015 to 21 June 2016

SATURDAY



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COMPANIES HOUSE

### **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"	J-Bees International LLP (In Compulsory Liquidation)
"the liquidation"	The appointment of liquidators by the Secretary of State pursuant to Section 137 of the Act on 22 June 2015
"the liquidators", "we", "our" and "us"	Gareth Prince of Begbies Traynor (Central) LLP, 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG and Nigel Price of Begbies Traynor (Central), 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG
"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

# 2. COMPANY INFORMATION

Trading name(s)	n/a
Company registered number	OC320285
Company registered office	3rd Floor Temple Point 1 Temple Row Birmingham B2 5LG
Former trading address	Wood Green High Street Wood Green London N22 6YE

### 3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date of winding up order	28 May 2015
Date of liquidators' appointment	22 June 2015
Changes in liquidator (if any)	None

### 4. PROGRESS DURING THE PERIOD COVERED BY THIS REPORT

Attached at Appendix 1 is our abstract of receipts and payments for the period from 22 June 2015 to 21 June 2016 which includes a comparison with the statement of affairs submitted by the designated members of the LLP to the Official Receiver

#### **Receipts**

##### *Petitioners Deposit*

As part of the winding up application, the petitioning creditor paid a deposit to contribute towards the cost of the liquidation. This deposit will be returned to the petitioning creditor should sufficient funds be realised.

#### **Payments**

##### *OR Remuneration*

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

##### *DBIS Cheque Fees*

The sum of £88.00 has been paid in respect of the costs of operating and Insolvency Service bank account.

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### 5. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (based upon the information detailed in the statement of affairs submitted to the Official Receiver) are as follows:

#### **Secured creditors**

There are no secured creditors in this case.

#### **Preferential creditors**

There are no known preferential claims.

#### **Unsecured creditors**

Unsecured creditors were estimated at £231,900.00, we will seek to agree the claims of unsecured creditors if and when sufficient funds become available to enable a distribution to be made.

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

#### **Secured creditors**

There are no secured creditors in this case

#### **Preferential creditors**

There are no known preferential claims

#### **Unsecured creditors**

At this point it is uncertain as to whether there will be sufficient funds for a dividend to be paid to unsecured creditors

#### **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

## 6. REMUNERATION & DISBURSEMENTS

### Remuneration

Our remuneration has not yet been fixed. A meeting was convened for the purposes of agreeing the joint liquidators' remuneration on 16 September 2016, no quorum was present at the meeting and accordingly no votes were cast.

Our time costs for the period from 22 June 2015 to 21 June 2016 amount to £12,796.50 which represents 53.1 hours at an average rate of £240.99 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 2.

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 22 June 2015 to 21 June 2016
- ☐ Begbies Traynor charging policy

To 21 June 2016, we have not drawn any fees on account of our remuneration, against total time costs of £12,796.50 incurred since the date of our appointment.

### Disbursements

The following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been incurred since the date of our appointment in accordance with our firm's policy, a copy of which is at Appendix 2. It should be noted however that these disbursements have not been drawn in the absence of a fee resolution.

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	31.95
TOTAL	31.95

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](http://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.

## 7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement showing the total expenses incurred since the date of our appointment also appears at Appendix 3.

## 8. ASSETS THAT REMAIN TO BE REALISED

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. Our investigations are continuing into various transactions that took place prior to the appointment of liquidators.

## 9. OTHER RELEVANT INFORMATION

There is no other information considered relevant at this time.

## 10. CREDITORS' RIGHTS

### **Right to request further information**

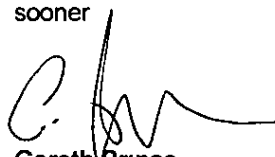
Pursuant to Rule 4.49E of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, 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. CONCLUSION

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



**Gareth Prince**  
Joint Liquidator

Dated 17 August 2016

**APPENDIX 1**

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**ACCOUNT OF RECEIPTS AND PAYMENTS**

Period 22 June 2015 to 21 June 2016

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## TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's charging policy,
- b Narrative summary of time costs incurred, [and]
- c Table of time spent and charge-out value for the period from 22 June 2015 to 21 June 2016

## **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 guidance<sup>1</sup> 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 guidance<sup>2</sup> 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.

(A) 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 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*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

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

<sup>2</sup> Ibid 1

*Expenses which should be treated as Category 2 disbursements (approval required)* – 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

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

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
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.

- (B) 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

**Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction**

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

**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 Birmingham office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

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.

J-Bees International LLP

BIRMINGHAM DISTRICT REGISTRY 6166 OF 2015

### **SUMMARY OF TIME COSTS AND EXPENSES**

This summary, which should be read in conjunction with the Time Costs Analysis for the period of the report attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case

**What work has been done since we were appointed], 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.

#### General case administration and planning

General case administration incorporates different categories such as cashiering, general case administration (filing, creditor correspondence) and dealing with sundry issues as and when they arise. Furthermore, this time cost comprises undertaking case reviews incorporating compliance checks and dealing with general queries. While not of direct financial benefit to creditors this work is necessary to administer the case properly.

#### Compliance with the Insolvency Act, Rules and best practice

During the period we have undertaken the preparation of the statutory notifications to notify various stakeholders of our appointment and also undertaken the appropriate searches and reports in order to comply with money laundering regulations, pension regulations and professional best practice. Whilst not of direct financial benefit to creditors, these activities are a requirement of statute.

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#### Investigations

We have a duty to investigate the conduct of the designated members of the LLP and transactions that took place prior to appointment that may lead to recoveries into the estate. We have begun our duties in this respect. If a recovery is made this work will be of direct financial benefit to creditors, nonetheless this work is a requirement of statute.

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

We have dealt with the enquiries of all classes of creditors as and when required. Whilst this is not of direct financial benefit to creditors, it has been a requirement to ensure the proper administration of this case.

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

We are required to complete returns in respect of VAT and Corporation Tax on behalf of the Company where applicable.

### Time Costs Analysis

An analysis of time costs 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 the 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

### Category 2 Disbursements

In accordance with the resolution obtained in relation to disbursements, 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

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	31 95
TOTAL	31 95

**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

Case administration and planning will continue for the duration of this assignment. This involves dealing with general correspondence and continuing file management. In addition, regular cashiering tasks and banking will continue to be undertaken for the duration of the case.

#### Compliance with the Insolvency Act, Rules and best practice

We regularly conduct compliance and bond reviews to ensure that sufficient bond is held and to ensure that statutory requirements are met. Statutory progress reports are also prepared during the liquidation to provide updates to all creditors; these reports are a statutory requirement.

#### Investigations

We will continue to investigate transactions that took place prior to our appointment. Should a realisation be made from this source, it will be of direct benefit to unsecured creditors.

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

We will continue to record any creditor claims that are received, however, reviewing and agreeing claims will only take place once the outcome to unsecured creditors is fully understood.

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

We will submit the necessary returns to HM Revenue & Customs (i.e. VAT and Corporation Tax) and in due course we will need to obtain clearances to exit the liquidation

**How much will this further work cost?**

The additional costs could be in the region of £10,000 although this will be dependent upon the time taken to finalise the position in respect of the investigations

**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 follows

Postage - £50

Statutory advertising - £200



Staff Grade	Consultant/Partner	Director	Sr Mng	Mng	Asst Mng	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning												
Case planning												
Administration	0.2		1.8		6.9				0.9	9.6	2,088.50	217.55
Total for General Case Administration and Planning	0.2		1.8		6.9				0.9	9.6	2,088.50	217.55
Compliance with the Insolvency Act, Rules and best practice												
Appointment			0.8		7.8					8.4	1,806.00	215.00
Blanking and Bonding			0.2		0.8				0.9	1.9	325.00	171.05
Case Closure												0.00
Statutory reporting and statement of affairs	0.2	0.5	0.7		12.1					13.5	2,949.00	218.44
Total for Compliance with the Insolvency Act, Rules and best practice	0.2	0.5	1.7		20.5				0.9	23.8	5,080.00	213.43
Investigations												
GDPA and investigations		8.0	2.8		5.0	1.5				17.3	4,915.50	284.13
Total for Investigations		8.0	2.8		5.0	1.5				17.3	4,915.50	284.13
Realisation of assets												
Debt collection												0.00
Property business and asset sales												0.00
Retention of Title/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												
Secured												0.00
Others		1.0	0.1							1.1	376.00	341.82
Total for Dealing with all creditors claims (including employees), correspondence and distributions		1.0	0.1							1.1	376.00	341.82
Other matters which includes meetings, tax, litigation, pensions and travel												
Meetings		0.5								0.5	172.50	345.00
Other												0.00
Tax					0.8					0.8	184.00	205.00
Litigation												0.00
Total for Other matters		0.5			0.8					1.3	356.50	258.85
Total hours by staff grade	0.4	10.0	8.2		33.2	1.5			1.8	53.1		
Total time cost by staff grade	158.00	3,450.00	1,822.00		6,806.00	282.50			198.00		12,796.50	
Average hourly rate £	395.00	345.00	310.00	0.00	205.00	175.00	0.00	0.00	110.00			240.98
Total fees drawn to date £											0.00	

## 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				
DBIS Cheque Fees	The Insolvency Service	88 00	0 00	88 00
Companies House Searches- Disbursement	Companies House	3 00	0 00	3 00
Statutory Advertising – Disbursement	Courts Advertising Limited	169 20	0 00	169 20
Bordereau – Disbursement	AUA Insolvency Risk Services Limited	18 00	0 00	18 00
Expenses incurred with entities within the Begbies Traynor Group ( <i>for further details see Begbies Traynor Charging Policy</i> )				
Mileage- Category 2 Disbursement	n/a	31 95	0 00	31 95