

## The Insolvency Act 1986

Liquidator's Progress Report  
Pursuant to Section 192 of  
The Insolvency Act 1986**S.192**

For Official Use

To the Registrar of Companies

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Company Number

OC326381

Name of Company

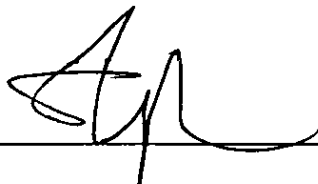
2 New Square LLP

*/* We  
Shay Bannon  
55 Baker Street  
London  
W1U 7EU

Andrew Howard Beckingham  
55 Baker Street  
London  
W1U 7EU

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

Signed



Date

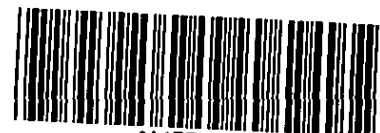
26 JUN 2012

BDO LLP  
55 Baker Street  
London  
W1U 7EU

Ref 00172463/JJB/AB/JAB/SPC

Insolvent

FRIDAY



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24/08/2012 #31  
COMPANIES HOUSE

**2 New Square LLP**  
**(In Liquidation)**  
**Joint Liquidators' Abstract of Receipts & Payments**

**Statement  
of Affairs**

**From 23/06/2011  
To 22/06/2012**

**ASSET REALISATIONS**

Season Tickets	19,427 15
Furniture & Equipment (merger consid	119,779 00
Book Debts - Work in Progress	209,948 82
Book Debts - Penningtons (net)	975,638 05
Insurance Refund	122,418 56
Cash at Bank	56,860 89
Book Debts - Other (gross)	35,435 20
Bank Interest Gross	627 95
Sundry Refunds	49,926 50
Suspense - Tenon	2,399 44
	<u>1,592,461 56</u>

**COST OF REALISATIONS**

Preparation of S of A	10,595 88
Liquidator's Fees	60,000 00
Liquidators Disbursements	1,548 64
Accounting services	810 00
Legal Fees	70,000 00
Legal Disbursements	2,967 11
Sundry Expenses	500 00
Rents Payable	24,604 16
Bank Charges	25 00
	<u>(171,050 79)</u>

**1,421,410 77**

**REPRESENTED BY**

Vat Input	8,568 52
Bank 1 Current	1,413,908 75
Vat Output	(1,066 50)
	<u><b>1,421,410 77</b></u>

20 August 2012

Our Ref JJB/SPC/CVL741/A6

Please ask for  
Sarantis Chiotis  
0207 893 2390**TO ALL MEMBERS, FORMER MEMBERS AND CREDITORS**

Dear Sirs

**2 New Square LLP (formerly: Dawsons LLP) (the "Partnership") - In Creditors' Voluntary Liquidation****Registered Address: 55 Baker Street, London, W1U 7EU (formerly: 2 New Square, Lincoln's Inn, London, WC2A 3RZ)****Registered Number: OC326381****Liquidators: Shay Bannon and Andrew Howard Beckingham****Liquidators Address: BDO LLP, 55 Baker Street, London, W1U 7EU****Date of Appointment: 23 June 2011**

I now provide my annual progress report in accordance with Section 104A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986

I attach a Receipts and Payments account showing a balance in hand of £1 428m for your information

Further to my initial report dated 15 July 2011, I can advise that the Creditors' Committee (the "Committee") continues to be in operation. We have held two formal meetings and have been in regular correspondence to update on progress of the Liquidation. The Committee consists of representatives from:

- ING Lease (UK) Limited,
- Resolute Support Services Limited; and
- Barclays Bank PLC

**Receipts**

The Receipts in the attached account are largely self-explanatory. You will recall that approximately eight weeks prior to my appointment as Joint Liquidator, the Members and Former Members of the Partnership completed a sale of the business and certain assets of the Partnership to Penningtons Solicitors LLP ("Penningtons"). For the avoidance of doubt, neither I, nor my firm, advised in respect of the transaction.

As part of the Business Transfer Agreement ("BTA"), the debtor ledger was assigned to Penningtons to collect the outstanding ledger and to remit net recoveries to the ultimately appointed Joint Liquidators. Total sums realised are £1 266m, however £250k is held separately



in an Escrow account to cover potential professional indemnity claims made in respect of client matters assumed by Penningtons. Sums received to the Liquidation estate total £1.016m. My staff have been liaising with Penningtons throughout this process to monitor and assist where appropriate with collections

In addition to the debtors, amounts for converted work in progress and fixtures and fittings have realised £218k and £120k respectively.

### **Payments**

Again, I trust the payments detailed are self-explanatory. The on-account payments of the Joint Liquidators' fees (see below) and Legal fees were approved by the Committee.

The sum of £24,604 in respect of the surrender of former leasehold property was approved by the Committee and ensured the property was dealt with expediently and to mitigate a significant unsecured claim in the Liquidation.

The Statement of Affairs fee (for assisting the Members and Former Members with the preparation of the Statement of Affairs and procedural matters in respect of the initial meetings of members and creditors) was notified to the initial meeting of creditors on 23 June 2011 by RSM Tenon of £15k (net). The fee was subsequently part-approved by the Committee, with the balance of £5k subordinated to the unsecured creditors, should they be repaid in full.

### **Progress of the Liquidation**

The Liquidation has entailed investigations into the Members' and Former Members' overdrawn current and tax reserve accounts, as well as other matters. Whilst there are significant claims available to the Liquidators to pursue against the Members and Former Members, given the asset realisations to-date and the creditor position, there is a relatively small shortfall to ensure that all non-Member creditors (with claims agreed by the Liquidators) receive 100p in the £.

Discussions have been ongoing with certain Members and Former Members in respect of a settlement and I am hopeful that this can be concluded in due course (subject to the agreement of an appropriate settlement agreement). This will enable a contribution to the Liquidation estate to discharge the shortfall to the non-Member creditors (with claims agreed by the Liquidators) and enable payment in full, after payment of costs.

You will appreciate that I do not wish to comment further in this report so as not to prejudice these discussions. I can confirm that the Committee is being fully updated of progress in this regard.

### **Remaining Assets**

The majority of the estate asset value (excluding the above-mentioned Members' and Former Members' liabilities in terms of the claims that the estate has against them) has been realised, however further residual amounts are anticipated in respect of the

- Debtors;
- WIP,
- Season ticket/staff loans; and
- Prepayments (individual practising certificates)

I can confirm that a VAT bad debt relief claim has been prepared and submitted to HMRC. Subject to approval by HMRC, this will have the effect of reducing their unsecured claim, as opposed to providing a cash asset in the estate.

#### **Future Prospects for Creditors**

There are no secured creditors in the Liquidation therefore the provisions of Section 176A of the Insolvency Act 1986 (the Prescribed Part) do not apply.

In addition there are no preferential creditors (in respect of unpaid wages and accrued, but unpaid holiday pay) given the staff transfer to Penningtons.

I am pleased to report that on present information and subject to the conclusion of the above-mentioned settlement, I anticipate there being sufficient asset realisations to enable a dividend payment in full to the unsecured creditors with claims agreed by the Liquidators. Given the ongoing discussions with certain Members and Former Members of the Partnership as to a settlement, the exact timing of a dividend is currently uncertain.

If you have yet to submit your formal claim in the Liquidation, please complete the attached Proof of Debt form and return it to my office forthwith along with substantiating documentation (e.g. copy invoices, agreements or associated correspondence with the Partnership).

A formal notice of intention to declare a dividend will be issued once the above-mentioned settlement is concluded.

For the avoidance of doubt, I consider that all Members and Former Members' claims for capital are 'quasi shareholder' claims and are wholly subordinated to the unsecured creditors. Any Members or Former Members' claims which are not withdrawn as part of any settlement or otherwise, will be formally rejected.

#### **Joint Liquidators' Remuneration**

Pursuant to the Insolvency Rules 1986, the Joint Liquidators are obliged to fix their remuneration in accordance with Rule 4.127(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either

- (1) as a percentage of the assets realised and distributed, and/or
- (2) by reference to the time the Joint Liquidators and the staff have spent attending to matters in the Liquidation; and/or
- (3) as a set amount, and/or
- (4) as a combination of the above.

In this Liquidation I requested my remuneration be fixed on a time cost basis, a resolution which was approved by the Committee shortly after my appointment.

I attach a schedule detailing the total time costs incurred from my appointment to 17 August 2012 and the work undertaken in that respect. The Committee approved an on-account payment in respect of the scheduled costs in the sum of £60k which was drawn from the estate in November 2011.

**Joint Liquidators' Disbursements**

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I therefore report that since my appointment, the sum of £1,548.64 has been incurred and drawn in respect of category 1 disbursements for statutory advertising, bonding, travel, records storage and company searches.

Further sums have been incurred (but remain undrawn) of £249.42 in respect of travel and company searches.

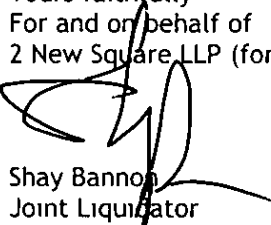
Some Liquidators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors (or the Committee) before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP is not to charge any category 2 disbursements.

**Creditors' rights**

I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or expenses within the Liquidation.

If you require any further information please do not hesitate to contact Sarantis Chiotis of my office.

Yours faithfully  
For and on behalf of  
2 New Square LLP (formerly Dawsons LLP)



Shay Bannon  
Joint Liquidator  
Licensed to act as insolvency practitioner by the Association of Chartered Certified Accountants

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**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Liquidators' fees and expenses:****Rule 4.49E Creditors' and members' request for further information**

- (1) If-
- (a) within the period mentioned in paragraph (2)-
    - (i) a secured creditor, or
    - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
    - (iii) members of the company in a members voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or
  - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2)
    - (i) any unsecured creditor, or
    - (ii) any member of the company in a members' voluntary winding up,
- makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4.49B(1)(e) or (f) (including by virtue of Rule 4.49C(5)) or in a draft report under Rule 4.49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter[s] in a draft report under Rule 4.49D or a progress report required by Rule 4.108 which (in either case) was previously included in a progress report not required by Rule 4.108
- (2) The period referred to in paragraph (1)(a) and (b) is
- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report where it is required by Rule 4.108, and
  - (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft report in any other case
- (3) The liquidator complies with this paragraph by either-
- (a) providing all of the information asked for, or
  - (b) so far as the liquidator considers that
    - (i) the time or cost of preparation of the information would be excessive, or
    - (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
    - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

**Rule 4.131 Creditors' claim that remuneration is or other expenses are excessive**

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that-
  - (a) the remuneration charged by the liquidator,

- (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
- (c) expenses incurred by the liquidator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days notice but which is without notice to any other party  
  
If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders
  - (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
  - (b) an order fixing the basis of remuneration at a reduced rate or amount,
  - (c) an order changing the basis of remuneration,
  - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
  - (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation



**2 New Square Limited (formerly Dawsons LLP)**  
**In Creditors' Voluntary Liquidation -**  
**Summary of the Joint Liquidators' Receipts and Payments**  
**For the Period from 23 June 2011 (date of appointment) to 20 August 2012**

	<u>Notes</u>	<u>Estimated to Realise as Per SoFA</u>	<u>Total</u>
		<u>£</u>	<u>£</u>
<b>RECEIPTS</b>			
Book debts (NET recoveries from Penningtons)	1	1,390,803	980,430
Book debts (Other GROSS)			35,435
Work In Progress (inc Penningtons)	2	300,000	218,403
Insurance refunds		118,000	122,419
Furniture & Equipment (the Merger Consideration)		119,779	119,779
Cash at Bank		Uncertain	59,259
Licence monies from Penningtons re former premises			48,564
Season ticket/other staff loans		25,000	19,427
Sundry refunds (Prepayments)		100,000	1,398
Bank Interest			719
Due from Former Members	3	Uncertain	0
VAT on Receipts	4		2,107
		<hr/>	<hr/>
		2,053,582	1,607,940
		<hr/>	<hr/>

**PAYMENTS**

Legal Fees (on account)		70,000
Joint Liquidators' Fees (on account)		60,000
Rent payable - surrender of lease(s)		24,604
Preparation of Statement of Affairs Fee (on account)		10,596
Legal Disbursements (on account)		2,967
Joint Liquidators' Disbursements (on account)		1,549
Former FD services		810
Sundry expenses		500
Bank charges		25
VAT on Payments	4	8,569
		<hr/>
		179,619
		<hr/>
Balance in Hand		1,428,320
		<hr/>
		1,607,940
		<hr/>

**BDO LLP**  
**55 Baker Street**  
**London**  
**W1U 7EU**

**Shay Bannon**  
**Joint Liquidator**  
**20 August 2012**

**NOTES**

- Abbreviations and terms are as per the attached annual report dated 20 August 2012
- 1 In addition to the above realisations, £250k has been realised and is held separately in an ESCROW account as part of the BTA to cover potential professional indemnity claims made in respect of client matters assumed by Penningtons. The ESCROW monies must be held for 6 years, hence no amount has been assumed to be realised into the Liquidation estate
- 2 Monies received to date from both Penningtons (in accordance with the BTA) and Partners not involved in the transfer
- 3 Liquidators' initial investigations estimate in excess of £1m could be challenged from the former Members
- 4 VAT refund from HMRC due of £6,462. No realisation has been included for any agreed VAT bad debt relief claim as this will off set against HMRC's unsecured claim

**2 New Square LLP (formerly Dawsons LLP) - In Creditors' Voluntary Liquidation**  
**Summary of Time Charged and Rates Applicable For the Period 23 June 2011 (date of appointment) to 17 August 2012**

DESCRIPTION	PARTNER		SENIOR MANAGER / MANAGER		SENIOR EXECUTIVE		EXECUTIVE		OTHER STAFF		GRAND TOTAL		AVERAGE RATE
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	£
A. Pre Appointment Matters	-	-	-	-	-	-	-	-	-	-	-	-	N/A
B. Steps On Appointment	9 00	5,922 00	-	-	4 50	1,179 00	-	-	-	-	13 50	7,101 00	526 00
C. Planning & Strategy	2 00	1,316 00	1 00	259 00	0 60	147 00	-	-	-	-	3 60	1,722 00	478.33
D. General Administration	-	-	96 00	38,172 55	46 00	11,788 50	23 85	4,208 85	1 75	157 50	167 60	54,327 40	324 15
E. Assets Realisation/Dealing	30 00	19,740 00	126 25	52,122 75	25 75	6,746 50	-	-	-	-	182 00	78,609 25	431.92
F. Trading Related Matters	-	-	-	-	-	-	-	-	-	-	-	-	N/A
G. Employee Matters	-	-	-	-	-	-	-	-	-	-	-	-	N/A
H. Creditor Claims	2 00	1,316 00	39 80	16,432 80	2 50	655 00	-	-	-	-	44 30	18,403 80	415.44
I. Reporting	14 00	9,212 00	26 25	10,711 25	6 50	1,703 00	2 75	247 50	-	-	49 50	21,873 75	441.89
J. Distribution and Closure	-	-	-	-	-	-	-	-	-	-	-	-	N/A
	57 00	37,506.00	289 30	117,698 35	85 85	22,219.00	26.60	4,456 35	1 75	157 50	460.50	182,037 20	

BDO LLP Forensics fees (excl VAT) 20,911 25

Billed with Committee approval (Nov '11) -60,000 00

BDO LLP unpaid fees (excl VAT) 142,948.45

Disbursements	1,798.06
Billed with Committee approval (Nov '11)	1,548.64
BDO LLP unpaid disbursements (excl. VAT)	249 42

## Proof of Debt - General Form

2 New Square LLP (formerly Dawsons LLP)  
- In Creditors' Voluntary Liquidation

Date of Resolution for voluntary winding-up: 23 June 2011

1	Name of creditor (If a company please also give company registration number)	
2	Address of creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation	
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the liquidator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convener of any meeting)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf  _____	
	Name in BLOCK LETTERS  _____	
	Position with or in relation to creditor  _____ Address of person signing (if different from 2 above)	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Liquidator		Liquidator

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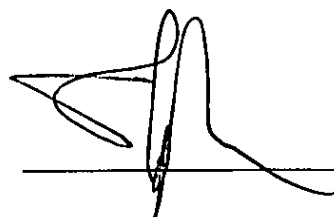
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