

**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

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

The Progress Report covers the period from 23/06/2012 to 22/06/2013

Signed



Date

17 JUL 2013

BDO LLP  
55 Baker Street  
London  
W1U 7EU

Ref 00172463/JJB/AB/KMK/SPC

SATURDAY



A30

\*A2DICDAR\*  
27/07/2013  
COMPANIES HOUSE

#227



Tel +44 (0)20 7486 5888  
Fax +44 (0)20 7935 3944  
DX 9025 West End W1  
www.bdo.co.uk

55 Baker Street  
London W1U 7EU

18 July 2013

Our Ref JJB/KLH/KMK/00172463/A6

Please ask for: Luke Horvath  
Direct line 0207 893 2921  
Email: luke.horvath@bdo.co.uk

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 enclose for your information an 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 £1.605m for your information.

Further to my previous report dated 20 August 2012, I can advise that the Creditors' Committee ("the Committee") continues to be in operation. I have been in regular correspondence to update on the progress of the Liquidation. The Committee consists of representatives from

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

**1. Receipts**

**1.1. Members' Settlement**

As previously advised, the Liquidation has entailed investigations into the Members' and Former Members' overdrawn current and tax reserve accounts, as well as other matters. Whilst there were significant claims available to the Joint Liquidators to pursue against the Members and Former Members, any action would have incurred significant costs.

Discussions have been ongoing with certain Members and Former Members for over a year in respect of a settlement and I can confirm that a settlement agreement was completed on 29 May 2013. A contribution of £266,351.62 was received from the Members and Former Members into the Liquidation.





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As part of this settlement agreement the Joint Liquidators have agreed not pursue any claims it had against the Members and Former Members and they have agreed not to submit a claim in the Liquidation.

## **1.2. Book Debts and Other Receipts**

As previously advised, approximately 8 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") 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 £1.019m. 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 £226k and £120k respectively

As part of the settlement agreement, the Joint Liquidators agreed a Deed of Assignment for the remaining book debts and Excrow to Dunreadin Therefore there will be no additional receipts in this regard

## **2. Payments**

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

The Legal fees incurred and paid in the past 12 months have related to the time spent on the settlement agreement

## **3. Progress of the Liquidation**

All assets have now been realised and the Joint Liquidators are now in the process of adjudicating two significant potential unsecured creditor claims, which may have an effect on the level of funds available for distribution to the unsecured creditors

At present I do not have sufficient information to enable me to comment on the likelihood of such claims being valid

## **4. 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 adjudication, I anticipate there being sufficient asset realisations to enable a dividend payment of 60p-75p in the £ to the unsecured creditors with claims agreed by the Joint Liquidators Given the nature of the potential creditor claims mentioned above the timing of a dividend is 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 adjudications are 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 have not been withdrawn as part of the settlement or otherwise, will be formally rejected

#### **5. 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 5 July 2013 and the work undertaken in that respect. The Committee approved a payment in respect of the scheduled costs in the sum of £60k which was drawn from the estate in November 2011

#### **6. 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 £1,830.77 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 £282.42 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



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## 7. 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 Luke Horvath of my office.

Yours faithfully  
For and on behalf of  
2 New Square LLP

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

Enc

**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



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- (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 22 June 2013

	Notes	Estimated to Realise as Per SofA £	Movement Since Last Report £	Total £
<b>RECEIPTS</b>				
Book debts (NET recoveries from Penningtons)	1	1,390,803	0	980,430
Book debts (Other GROSS)			4,040	39,475
Work In Progress (inc Penningtons)		300,000	7,121	225,524
Insurance refunds		118,000	0	122,419
Furniture & Equipment (the Merger Consideration)		119,779	0	119,779
Cash at Bank		Uncertain	0	59,260
Licence monies from Penningtons re former premises		-	0	48,564
Season ticket/other staff loans		25,000	0	19,427
Sundry refunds (Prepayments)		100,000	205	1,603
Bank Interest		-	288	1,007
Treasury Deposit Interest			3,949	3,949
Settlement Money - Former Members		Uncertain	266,352	266,352
VAT on Receipts			1,424	3,531
		2,053,582	283,378	1,891,318

**PAYMENTS**

Legal Fees	87,869	157,869
Joint Liquidators Fees	0	60,000
Rent payable - surrender of lease(s)	0	24,604
Preparation of Statement of Affairs Fee	0	10,596
Legal Disbursements	945	3,912
Joint Liquidators Disbursements	0	1,549
Former FD services	0	810
Sundry expenses	0	500
Bank charges	0	25
VAT on Payments	17,762	26,331
	106,576	286,196
Balance in Hand		1,605,122
		1,891,318

BDO LLP  
55 Baker Street  
London  
W1U 7EU

Shay Bannon  
Joint Liquidator  
18 July 2013

**NOTES**

- Abbreviations and terms are as per the attached annual report dated 18 July 2013
- 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 New Square LLP (Formerly Dawsons LLP) ("the Company") - In Creditors Voluntary Liquidation

Summary of Time Charged and Rates Applicable for the Period From 23/06/2011 to 5/07/2013

Description	PARTNER		MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVERAGE RATE	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	£	
B Steps on Appointment	9 00	5,922 00			4 50	1,179 00					13 50	7,101 00	526 00	
C Planning and Strategy	2 00	1,316 00	1 00	259 00	0 60	147 00					3 60	1,722 00	478 33	
D General Administration			107 35	42,173 75	53 10	13,528 00	59 20	11,258 90	4 25	382 50	223 90	67,343 15	300 77	
E Assets Realisation / Dealing	66 00	43,172 00	179 70	71,675 20	25 75	6,746 50					271 45	121,593 70	447 94	
Employee Matters			0 50	210 50								210 50		
H Creditor Claims	6 00	3,948 00	64 85	25,046 60	2 80	728 50					73 65	29,723 10	403 57	
I Reporting	14 00	9,212 00	37 25	14,439 75	6 95	1,813 25	2 75	247 50			60 95	25,712 50	421 86	
	97 00	63,570 00	390 65	153,804 80	93 70	24,142 25	61 95	11,506 40	4 25	382 50	647 05	253,405 95		

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

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

BDO LLP unpaid fees (exc VAT) 214,317 20

Disbursements	1,830 77
Billed with Committee approval (Nov 11)	1,548 64
BDO LLP unpaid disbursements (exc VAT)	282 13

## 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

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

Statement of Affairs	From 23/06/2012 To 22/06/2013	From 23/06/2011 To 22/06/2013
<b>ASSET REALISATIONS</b>		
Season Tickets	NIL	19,427 15
Furniture & Equipment (merger consid	NIL	119,779 00
Book Debts - Work in Progress	3,254 02	213,202 84
Book Debts - Penningtons (net)	9,991 83	985,629 88
Insurance Refund	NIL	122,418 56
Cash at Bank	NIL	56,860 89
Book Debts - Other (gross)	NIL	35,435 20
Bank Interest	114 09	742 04
Treasury Deposit Interest	2,837 42	2,837 42
Sundry Refunds	181 06	50,107 56
Suspense - Tenon	NIL	2,399 44
Settlement Money	266,351 63	266,351 63
	<u>282,730 05</u>	<u>1,875,191 61</u>
<b>COST OF REALISATIONS</b>		
Preparation of S of A	NIL	10,595 88
Liquidator's Fees	NIL	60,000 00
Liquidators Disbursements	NIL	1,548 64
Accounting services	NIL	810 00
Legal Fees	49,246 50	119,246 50
Legal Disbursements	277 14	3,244 25
Sundry Expenses	NIL	500 00
Rents Payable	NIL	24,604 16
Bank Charges	NIL	25 00
	<u>(49,523 64)</u>	<u>(220,574 43)</u>
	<u><b>233,206 41</b></u>	<u><b>1,654,617.18</b></u>
<b>REPRESENTED BY</b>		
Vat Input		18,473 25
Bank 1 Current		1,638,250 43
Vat Output		(2,106 50)
		<u><b>1,654,617.18</b></u>



Shay Bannon  
Joint Liquidator