

# 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

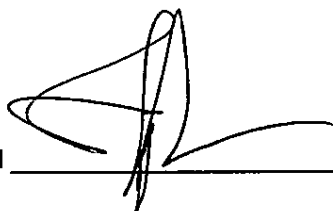
Shay Bannon, 55 Baker Street, London, W1U 7EU

Sarah M Rayment, 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 23/06/2013 to 22/06/2014

Signed



Date

02 JUL 2014

BDO LLP  
55 Baker Street  
London  
W1U 7EU

Ref 00172463/JJB/SMR/KLH/KMK/SPC

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COMPANIES HOUSE



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55 Baker Street  
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18 August 2014

Our Ref: 8893/JAB/CVL740 -  
Report/A6

Please ask for  
Robert Feme  
0207 893 3562  
robert.feme@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: Lincolns Inn, London, WC2A 3RZ)**  
**Registered number: OC326381**  
**Joint Liquidators: Shay Bannon and Sarah Rayment**  
**Joint Liquidators' Address: 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.

For your information, I also enclose a receipts and payments account showing a balance in hand of £1,607,739.

Further to my previous report dated 18 July 2013, 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, on 29 May 2013, a contribution of £266,351 was received from the Members and Former Members into the Liquidation. This was in relation to the settlement of the Joint Liquidators' claims against the Members' and Former Members' overdrawn current and tax reserve accounts.

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.

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

In addition to the debtors, amounts for converted work in progress and fixtures and fittings have realised £226k and £119k respectively. 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 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 negotiating and agreeing settlements with two significant potential unsecured creditors.

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

In my previous report, I advised that I was in the process of adjudicating two significant potential unsecured creditor claims. One of these matters has now been settled and I am in the process of concluding the other matter. Both of these matters have been agreed with the approval of the Committee, and in the best interests of the creditors.

There are no additional matters that prevent me from initiating the process to pay a first and final dividend in this liquidation

I have conducted an initial adjudication of the unsecured creditor claims submitted to date, and I am now in a position to issue a notice of intended dividend to all those potential creditors who are yet to submit their claim.

## **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, I anticipate there being sufficient asset realisations to enable a dividend payment of 65p-75p in the £ to the unsecured creditors with claims agreed by the Joint Liquidators.

A formal notice of intention to declare a dividend is attached to this report, together with a list of all those creditors whose claims have been agreed and therefore do not need to take any further action.

If you believe you are a creditor and your name or that of your company is not included on this list, 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)

The deadline for submitting your claim is 25 September 2014; I will then declare a first and final dividend within 2 months of this deadline.

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 18 August 2014 and the work undertaken in that respect. The Committee approved a payment in respect of the scheduled costs in the sum of £60,000 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 £1,548 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 £1,924.

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.

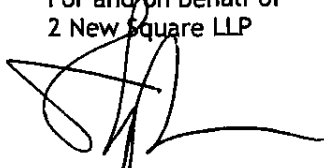
## 7. Creditors' Rights

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.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> where you will find further information on how you may pursue the complaint

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

Yours faithfully  
For and on behalf of  
2 New Square LLP



Shay Bannon  
Joint Liquidator  
Authorised 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

(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 2014

	Estimated to Realise as Per SofA £	Movement Since Last Report £	Total £
<b>RECEIPTS</b>			
Book debts (NET recoveries from Penningtons)	1,390,803	0	980,429 88
Book debts (Other GROSS)		0	39,475 13
Work In Progress (inc Penningtons)	300,000	1,260	226,784 33
Insurance refunds	118,000	0	122,418 56
Furniture & Equipment (the 'Merger Consideration')	119,779	0	119,779 00
Cash at Bank	Uncertain	0	59,260 33
Licence monies from Penningtons re former premises		0	48,563 70
Season ticket/other staff loans	25,000	0	19,427 15
Sundry refunds (Prepayments)	100,000	0	1,602 53
Bank Interest		1,062	2,068 80
Treasury Deposit Interest		222	4,170 79
Settlement Money - Former Members	Uncertain	0	266,351 63
VAT on Receipts	-	252	3,782 80
	<u>2,053,582</u>	<u>2,797</u>	<u>1,894,114 63</u>

**PAYMENTS**

Legal Fees	87,869	157,868 70
Joint Liquidators' Fees	-	60,000 00
Rent payable - surrender of lease(s)	-	24,604 16
Preparation of Statement of Affairs Fee	-	10,595 88
Legal Disbursements	945	3,912 05
Joint Liquidators' Disbursements	-	1,548 64
Former FD services	-	810 00
Sundry expenses	-	500 00
Storage Costs	82 52	82 52
Bank charges	-	25 00
Specific Bond	80 00	80 00
VAT on Payments	17,762	26,347 75
	<u>106,739</u>	<u>286,374 70</u>
Balance in Hand		1,607,739 93
		<u>1,894,114 63</u>

BDO LLP  
55 Baker Street  
London  
W1U 7EU

Shay Bannon  
Joint Liquidator  
18 August 2014



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 18/08/2014

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			113 15	43,971 65	53 10	13,528 00	73 55	14,256 25	4 65	418 50	244 45	72,174 40	295 25
E Assets Realisation / Dealing	70 00	45,804 00	181 45	72,332 20	25 75	6,746 50					277 20	124,882 70	450 51
Employee Matters			0 50	210 50							0 50	210 50	421 00
H Creditor Claims	19 00	12,502 00	96 85	35,600 10	2 80	728 50					118 65	48,830 60	411 55
I Reporting	14 00	9,212 00	49 75	18,399.25	6 95	1,813 25	13 00	1,180 25			83 70	30,604 75	365 65
J Distribution & Closure			10 75	3,136 50							10 75	3,136 50	291 77
	114 00	74,756 00	453 45	173,909 20	93 70	24,142 25	86 55	15,436 50	4 65	418 50	752 35	288,662 45	

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

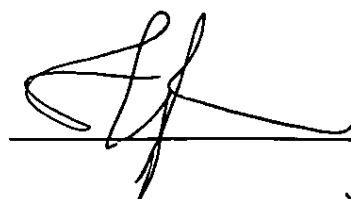
Billed with Committee approval (Nov '11) -60,000 00

BDO LLP unpaid fees (exc. VAT) 249,573 70

Disbursements	3,472 90
Billed with Committee approval (Nov 11)	-1,548 64
BDO LLP unpaid disbursements (exc. VAT)	<u>1,924 26</u>

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

Statement of Affairs	From 23/06/2013 To 22/06/2014	From 23/06/2011 To 22/06/2014
<b>ASSET REALISATIONS</b>		
Season Tickets	NIL	19,427 15
Furniture & Equipment (merger consid	NIL	119,779 00
Book Debts - Work in Progress	NIL	213,202 84
Book Debts - Penningtons (net)	12,025 42	997,655 30
Insurance Refund	NIL	122,418 56
Cash at Bank	2,399 44	59,260 33
Licence Fee Refund	48,563 70	48,563 70
Book Debts - Other (gross)	NIL	35,435 20
Bank Interest	42 42	784 46
Treasury Deposit Interest	2,026 55	4,863 97
Sundry Refunds	(48,505 03)	1,602 53
Suspense - Tenon	(2,399 44)	NIL
Settlement Money	270 83	266,622 46
	<u>14,423 89</u>	<u>1,889,615 50</u>
<b>COST OF REALISATIONS</b>		
Specific Bond	80 00	80 00
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	38,622 20	157,868 70
Legal Disbursements	667 80	3,912 05
Sundry Expenses	NIL	500 00
Storage Costs	82 52	82 52
Rents Payable	NIL	24,604 16
Bank Charges	NIL	25 00
	<u>(39,452 52)</u>	<u>(260,026 95)</u>
	<u><b>(25,028.63)</b></u>	<u><b>1,629,588.55</b></u>
<b>REPRESENTED BY</b>		
Vat Input		26,347 75
Bank 1 Current		1,606,771 60
Vat Output		(3,530 80)
		<u><b>1,629,588.55</b></u>



Shay Bannon  
Joint Liquidator