

The Insolvency Act 1986**Liquidator's Progress
Report****S. 192****Pursuant to Sections 92A and 104A
of the Insolvency Act 1986****To the Registrar of Companies****For official use**
**Company Number**

00180235

Name of Company(a) Insert full
name of company

(a) Evans & Reid Investment Company Limited

Limited

(b) Insert full
name(s) and
address(es)#/We (b) Ross David Connock and Robert Nicholas Lewis of
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds,
LS1 4JPthe liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986Signed 

Date

22 August 2011

Presenter's name,
address and
reference
(if any)Rachel Wiltshire
PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP**For Official Use**

Liquidation Section

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To members and all known creditors

25 July 2011

Our ref: RMW/ALT/E&R/12

Dear Sirs,

Evans & Reid Investment Company Limited - in creditors' voluntary liquidation
Formerly trading from Ceredig House, 6 Mount Stuart Square, Cardiff, CF10 5EE

I enclose the Joint Liquidators' first annual progress report to members and all known creditors, for your information

If you have any queries in connection with the report, please contact Rachel Wiltshire on 0113 289 4026

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ross D Connock'.

Ross D Connock
Joint Liquidator

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Enclosures Annual report
Appendix A – Summary of financial information from 4 June 2010 to 3 June 2011
Appendix B – Analysis of time costs for the period 4 June 2010 to 3 June 2011

Ross David Connock and Robert Nicholas Lewis have been appointed as Joint Liquidators of the Company. Both are licensed to act in the United Kingdom as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

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**First progress report to
members and creditors**

Private & confidential

25 July 2011

Company **Evans & Reid Investment Company Limited**

Registered number **00180235**

Registered address **One Kingsway, Cardiff, CF10 3PW**

Type of insolvency **Creditors' voluntary liquidation**

Date of appointment **4 June 2010**

Appointees **Ross David Connock and Robert Nicholas Lewis**

Address **PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
Leeds
LS1 4JP**

Dividend prospects	Current estimate p in £	Previous estimate p in £
Preferential	Uncertain	70
Unsecured	nil	nil

Please note that the guidance on dividend prospects is indicative only. It should not be used as the sole or principal basis of any bad debt provision decision.

Evans & Reid Investment Company Limited – in creditors' voluntary liquidation ("the Company")

First annual report to members and creditors

In accordance with rule 4 49(c) of the Insolvency Rules 1986 ("IR86"), the Joint Liquidators' ("the Liquidators") present their first progress report to members and all known creditors. Attached at Appendix A is a summary of the financial information relating to the liquidation

Asset realisations

The Company's assets have been realised as follows -

	Actual realisations £*	Estimated to realise per the statement of affairs £*
Assets specifically pledged		
Freehold property – 7 Mount Stuart Square, Cardiff	205,000	175,000
Freehold land – Mill Street, Glossop	-	700,000
Freehold land – Empire House car park	163,345	165,000
Leasehold property – Tanfield Lea	-	-
Freehold land – East Moors Road, Cardiff	200,000	200,000
<i>Less due to Barclays Bank plc ("Barclays")</i>	<u>(542,824)</u>	<u>(2,549,839)</u>
	25,521	(1,309,839)
Freehold property – Ceredig House, 6 Mount Stuart Square, Cardiff	230,000	200,000
<i>Less due to HSBC Bank plc ("HSBC")</i>	<u>(201,654)</u>	<u>(199,692)</u>
	28,346	308
Assets not specifically pledged		
Office equipment	7,500	2,000
Artwork	1,780	10,000
WRU debentures	-	-
Investments in subsidiaries	-	-
Intercompany debtors	-	-
Other debtors	-	-
	<u>63,147</u>	<u>12,308</u>

* The above figures do not take into account costs of realisation

Assets specifically pledged

• **Freehold land and buildings**

○ **7 Mount Stuart Square, Cardiff**

This property was sold for £205,000 on 6 April 2011. The net sale proceeds have been passed to the secured creditor, Barclays.

○ **Mill Street, Glossop**

The company holds leasehold titles to land in Glossop, Derbyshire. The directors, working in collaboration with a third party, were intending to dispose of the titles via a proposed retail and residential developments which stalled prior to the Liquidators' appointment. The liquidators have sought advice from Jones Lang LaSalle ("JLL") and real estate specialists within PricewaterhouseCoopers LLP ("PwC") regarding the available realisation opportunities. At present, the Liquidators are looking at a number

of sale options - some involving different permutations with land/property developers/retailers - and are also in dialogue with the local authority in regard of realising these assets. Whilst the Liquidators are optimistic that a reasonable realisation can be achieved, they are unable to estimate the likely level of recovery at this time.

Given the remote location of the Glossop property the Liquidators have undertaken various works to secure the site in line with their insurer's requirements. Inspections at the property will be ongoing, as the site continues to be a target for trespassers, until a sale is concluded.

- **Empire House car park, Cardiff**

This land was sold for £163,345 on 22 July 2010 as part of a joint sale with another group company, The Georgian Company Limited, who owned the Empire House property. The net sale proceeds have been passed to the secured creditor, Barclays.

- **Tanfield Lea, County Durham**

The professional valuation of this property stated that, theoretically, these leasehold premises had significant value but a marketing period in excess of 2 years would be required to achieve that potential. Considerable holding costs in excess of £100,000 per annum were also advised. In view of the uncertainty in the property market and also a lack of available funding, the Liquidators disclaimed the Company's interest in the lease in April 2011.

- **East Moors Road, Cardiff**

This land was sold for £200,000 on 24 July 2010. The net sale proceeds have been passed to the secured creditors, Barclays.

- **Ceredig House, 6 Mount Stuart Square, Cardiff**

This property was sold for £230,000 on 24 November 2010. The net sale proceeds enabled the primary chargeholder, HSBC, to be paid in full which further enabled a small distribution to the secondary chargeholder, Barclays.

Assets not specifically pledged

- **Office equipment**

The office equipment was sold for £2,000 as part of the sale of the 6 Mount Stuart Square property. Whilst this is less than that estimated by the directors' statement of affairs, the Liquidators' agents considered this disposal strategy to be the most cost-efficient.

- **Artwork**

The Company owned four Harry Holland paintings which were sold at auction realising £1,780. Despite the directors estimating a value of £10,000 for these assets, art specialists considered that the sale price was fair in consideration for the paintings' content which depicted street views that the artist is not well known for.

- **WRU debentures**

Two debentures from the Welsh Rugby Union ("WRU") were thought to be held by the Company. Further investigations however, have determined that these were transferred to the Evans & Reid Coal Company Limited – in liquidation ("COAL") prior to the Company's liquidation. The debentures are currently being marketed by the liquidators of COAL who are looking to achieve a realisation figure of c. £3,950. This transaction could have been challenged by the Liquidators but given the value of the asset, it was not considered cost-effective to do so since the benefit to the liquidation estate is minimal.

- **Investments in subsidiaries**

Investments relate predominantly to shares in the Company's subsidiaries which do not hold any realisable value as these companies are either subject to insolvency proceedings or have been dissolved. This is supported by the directors' statement of affairs.

- **Intercompany debtors**

As previously mentioned, the other companies in the group are either subject to insolvency proceedings or have been dissolved and, as such, there have been no realisations from intercompany debts

- **Other debtors**

This category referred to prepayments and VAT refunds due to the Company. As previously mentioned in the directors' report, no recoveries were expected from this source

- **Rental income**

£1,410 was received with respect to rental income derived from spaces in the Empire House car park

Rental of an office at 6 Mount Stuart Square realised £695 89 prior to its sale

- **Sundry**

- **Refunds**

Insurance refunds totalling £6,302 66 have been received

- **Grants and subsidies**

Funds totalling £634 86 have been received with respect to wayleaves access

- **Dividends received**

The Company is a shareholder in Abbey Life and a final dividend of £264 67 was received for the year ending 04/04/2010

An unsecured distribution of £64,301 27, relating to an outstanding book debt, was received from the administrators of E & R Polymers Limited. No further realisations are anticipated from this source

Outcome for creditors

It is unlikely that the secured creditors will be paid in full. It follows, therefore, that there will be no distribution to unsecured creditors. A distribution to preferential creditors will be dependent on the level of floating charge realisations. The Liquidators are unable to comment further at this time.

Investigations

The Liquidators have reviewed the affairs of the Company prior to liquidation and also considered the points raised by creditors in discharging their duties under the Company Directors' Disqualification Act 1986. The Liquidators have a statutory obligation to consider the directors' conduct and to submit a return/report to the Insolvency Service. The Liquidators confirm that they have complied with this requirement.

Professional advisors

On this assignment the Liquidators have used the professional advisors listed below

Name	Nature of work	Basis of fee arrangement
Geldards LLP	Legal advice	Time costs
GoIndustry UK Limited	Agents	Fixed fee
Jones Lang LaSalle	Agents	Initial advice fixed Sale % of realisations
Knight Frank LLP	Agents	% of realisations
Rees Wood Terry	Legal advice	Time costs
TLT LLP	Legal advice	Time costs

The Liquidators' choice of advisors was based upon their perception of experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement. The Liquidators have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of the case.

Liquidators' remuneration

Creditors may recall at the first meeting of creditors held on 4 June 2010 that a resolution was passed to enable the Liquidators to draw remuneration by reference to the time properly given by them and their staff in attending to the matters arising in the winding up. To 3 June 2011, the Liquidators have incurred time costs of £188,088.17. This represents 727.45 hours at an average hourly rate of £258.56. These figures include a change in charge out rates effective from 1 May 2011. The Liquidators have drawn fees totalling £58,291.75 to date.

It has been the Liquidators' policy to delegate the routine administration of the liquidation to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Liquidators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the Liquidators themselves. Details of the time costs incurred from 4 June 2010 to 3 June 2011, by work category, are attached at Appendix B.

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP ("PwC"), or any successor firm, reserves the right to change the rates and grade structure in accordance with their policy. Full details of the charge out rates charged to this case are included at Appendix B. Specialist departments within PwC, such as tax, VAT, property and pensions, sometimes charge a small number of hours should the Liquidators require their expert advice. These departmental rates vary, however, the figures given provide an indication of the maximum rate per hour.

In addition, the Liquidators have drawn a statement of affairs fee of £6,500, in accordance with a resolution also passed at the initial meeting of creditors.

Liquidators' disbursements

Disbursements are categorised as follows:

Category 1

These disbursements are reimbursed at cost. The Liquidators' have incurred disbursements of £540.87 during the period 4 June 2010 to 3 June 2011.

Category 2

The Liquidators' current category 2 disbursements policy, as approved by the creditors, is as follows:

- 1 Photocopying for circulars or any other bulk copying is charged at 4p per sheet,
- 2 Mileage – this is reimbursed at a maximum of 64p per mile (up to 2,000cc) and 81p per mile (over 2,000cc).

The Liquidators have incurred £80.96 and £53.87 in regard of photocopying and mileage during the period, respectively.

No disbursements have been drawn as yet.

Additional information

If any creditor requires further explanations on any aspect of the Liquidators' progress report, then please telephone or write to Rachel Wiltshire. Any request for further information regarding the

Liquidators' remuneration or disbursements, however, should be made in writing (rule 4 49(e) IR86)

In addition, should any creditor consider the Liquidators' remuneration and disbursements to be excessive or inappropriate, they have the right to challenge the amounts in accordance with rule 4 131 IR86

Appendix A

Evans & Reid Investment Company Limited – in creditors' voluntary liquidation Summary of financial information from 4 June 2010 to 3 June 2011

	Total for the period from 4 June 2010 to 3 June 2011 £	Estimated outcome £	Directors' statement of affairs £
Receipts			
Artwork	1,780 00	1,780 00	10,000
Distributions received	64,565 94	64,565 94	-
Freehold property	798,345 00	798,345 00	1,440,000
Grants and subsidies	634 86	634 86	-
Interest received gross	94 29	94 29	-
Leasehold property	-	100,000 00	-
Office equipment	7,500 00	7,500 00	2,000
Refunds	6,302 66	6,302 66	-
Rental income	2,105 89	2,105 89	-
	<u>881,328 64</u>	<u>981,328 64</u>	<u>1,452,000</u>
Payments			
Accountants' fees	6,500 00	6,500 00	-
Agents' fees	16,992 08	18,492 08	-
Bank charges	92 00	92 00	-
Cleaning and site clearance costs	1,040 29	1,040 29	-
Distribution to charge holder	744,477 75	809,532 26	2,749,531
DTI cheque fees	35 75	35 75	-
Insurance	7,577 60	7,577 60	-
IT costs	20 00	20 00	-
Legal disbursements	502 50	502 50	-
Legal fees	14,448 00	20,000 00	-
Mail re-direction	51 97	51 97	-
Office holder's fees	58,291 75	103,291 75	-
Professional fees	265 00	265 00	-
Rent	317 36	317 36	-
Repairs and maintenance	3,037 75	3,037 75	-
Security	114 00	114 00	-
Statutory advertising	220 86	294 48	-
Storage costs	228 40	288 40	-
Tax deducted on interest	18 86	18 86	-
Utilities	964 76	964 76	-
VAT recoverable	8,891 83	8,891 83	-
	<u>864,088 51</u>	<u>981,328 64</u>	
Available to secured creditors		<u>809,532 26</u>	<u>1,452,000</u>
Less amount paid to secured creditors		(809,328 26)	(1,452,000)
Available to preferential creditors		-	-
Less amount paid to preferential creditors (100 p/£)		-	-
Available to floating charge holders		-	-
Less amount paid to floating charge holders		-	-
Net funds	<u>17,240 13</u>		
Available to unsecured creditors		-	-
Unsecured creditors (estimate)			
Dividend for unsecured creditors (estimate)			

Appendix B

Evans & Reid Investment Company Limited – in creditors' voluntary liquidation Analysis of time costs for the period 4 June 2010 to 3 June 2011

Work type	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Support staff	Total hours	Time costs	Average hourly rate
									£	£
1 Strategy & planning	-	3 00	0 95	127 60	2 80	6 00	-	140 35	38,838 95	276 73
2 Trading	-	-	-	-	4 30	-	-	4 30	906 00	210 70
3 Assets	1 00	21 00	-	241 10	6 45	47 05	-	316 60	85,388 82	269 71
4 Investigations	-	-	-	10 00	17 70	-	-	27 70	5,758 50	207 89
5 Creditor claims/distributions	0 50	7 75	-	14 90	9 70	-	6 30	39 15	9,887 21	252 55
6 Accounting and treasury	-	-	0 35	29 25	12 35	-	2 55	64 10	13,449 95	209 83
7 Statutory and compliance	-	-	0 30	19 70	22 15	19 60	-	52 65	11,546 90	219 31
8 Tax/VAT/Pensions	-	1 00	11 00	33 95	12 20	10 50	-	73 25	20,344 60	277 74
9 Employees	-	-	-	-	9 35	15 10	-	9 35	1,967 25	210 40
Total for period to 3 June 2011	4 50	32 75	12 60	476 50	97 00	98 25	8 85			
								727 45	188,088.17	

Charge out rates per hour from 1 May 2011

- insolvency	520	436	383	299	168-226	142	76
- specialist	830	660	570	470	260	165	-