

LIQ03

Notice of progress report in voluntary winding up



Companies House

WEDNESDAY



A32 *A8AULGPV* 31/07/2019 #133
COMPANIES HOUSE

1 Company details

Company number 0 0 6 3 1 2 0 9
Company name in full Davy McKee (Sheffield) Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Guy Robert Thomas
Surname Hollander

3 Liquidator's address

Building name/number Tower Bridge House
Street St Katharine's Way
Post town London
County/Region
Postcode E 1 W 1 D D
Country

4 Liquidator's name ①

Full forename(s) Neil John
Surname Mather

① Other liquidator
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number Tower Bridge House
Street St Katharine's Way
Post town London
County/Region
Postcode E 1 W 1 D D
Country

② Other liquidator
Use this section to tell us about
another liquidator.

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6 Period of progress report

From date	^d 2	^d 8	^m 0	^m 5	^y 2	^y 0	^y 1	^y 8
To date	^d 2	^d 7	^m 0	^m 5	^y 2	^y 0	^y 1	^y 9

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d 2	^d 6	^m 0	^m 7	^y 2	^y 0	^y 1	^y 9
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**Davy McKee (Sheffield) Limited
In Liquidation**

Liquidators' progress report covering the period from
28 May 2018 to 27 May 2019

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Davy McKee (Sheffield) Limited - In Liquidation

Progress Report to Creditors & Members

1. Introduction

- 1.1. This report is prepared pursuant to Rules 18.3 and 18.7 of the Insolvency (England and Wales) Rules 2016, the purpose of which is to provide creditors with details of the progress of the Liquidation during the 12 months to 27 May 2019.
- 1.2. I was appointed Joint Liquidator of the Company together with Michael John Wellard at a meeting of creditors held on 28 May 2014. Mr Wellard retired as a partner of the firm and was replaced as Joint Liquidator by Roderick John Weston on 29 April 2014. Roderick Weston subsequently retired from the firm and was replaced by Neil John Mather, also of Mazars LLP, by Court Order dated 5 September 2016.
- 1.3. Both myself and Neil John Mather are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales.
- 1.4. Statutory information regarding the Company and the Liquidation appointment is attached at Appendix A.

2. Liquidators' Receipts and Payments

- 2.1. A summary of receipts and payments covering the period from 28 May 2018 to 27 May 2019 is attached at Appendix B. The receipts and payments account also covers the cumulative period from the date of appointment to 27 May 2019.
- 2.2. In addition, the amounts included in the directors' statement of affairs for both book values and estimated to realise has been included so that comparisons can be made with actual receipts.
- 2.3. It should be noted that all funds have been transferred to the liquidation account for TH Group Services Limited – in liquidation ("THGS") in order to facilitate the distribution to creditors. Further information is included in section 5.

3. Assets

3.1. Premises at Prince of Wales Street, Sheffield

- 3.1.1. The Liquidators were contacted by Walker Morris in July 2018 in relation to a small piece of land registered to the Company of which we were unaware.

3.1.2. Following investigations into the land, it was ascertained that this was a piece of access land with negligible value. It was agreed with Walker Morris that their client would pay £5,000 for the piece of land along with a further £500 to cover our costs.

3.1.3. This amount was received in full during the period and the land was transferred.

3.2. Other assets

3.2.1. The only other realisation during the period was bank interest of £2 which was received prior to the transfer of funds to THGS.

3.2.2. The Company's only other assets are still the intercompany receivables from other TH Global Group companies ("the Group"), all of which are now in liquidation. However, please see Section 5 below for the further explanation around asset recoveries.

4. Liabilities

4.1. Secured and Preferential creditors

4.1.1. The company had no secured or preferential creditors.

4.2. Unsecured Creditors

4.2.1. The Company's liabilities, as disclosed in the directors' statement of affairs, are referenced in the receipts and payments account.

4.2.2. A distribution model has been created to estimate the flow of dividends through the Group's intragroup debt matrix. This shows that there will be sufficient funds to pay a dividend to unsecured creditors but at this stage the quantum is unknown.

4.2.3. An advert for creditors' claims was placed in The London Gazette on 20 November 2018. No further claims were received as a result.

5. Proposed Distribution to Creditors

5.1. The process of calculating the distributions within the Group is complex given the significant number and quantum of the intercompany claims, as assets available for distribution within one company depend on the value of its claims against other companies, and vice versa. In these circumstances, the Liquidators have created a distribution model to calculate the distribution receivable by each Group company over the 16 companies for which we act as Liquidators. Given the intergroup creditor and debtor balances there is a significant degree of circularity across the Group and the model shows that around 14,000 separate rounds of distributions would be required in order for all monies across the Group to be distributed. The Liquidators have checked the robustness of the model by calculating the distributions across the 16 companies up to 30 iterations. The subsequent distribution model created agreed to this manual

calculation. Clearly, it has not been practicable to undertake further manual calculations given the eventual number of distributions required.

- 5.2. The directors and the Liquidators sought advice from legal counsel as to the suitability and robustness of the distribution model and whether the distribution approach was appropriate. Furthermore, given the complexity, whether it was necessary to seek direction of the court.
- 5.3. Counsel's advice was received in July 2018. Counsel advised that an application to court was not necessary and that the model produced (to calculate distributions to creditors of the UK Group companies on a consolidated basis) appeared to represent the most cost-effective manner in which to distribute the remaining assets and was therefore in the interests of the creditors, as a whole, of each company. Counsel advised that "...the case for implementing the Model appears to be compelling given the remaining assets of the companies would otherwise be exhausted in carrying out a conventional distribution process."
- 5.4. As set out in Schedule 4 of The Insolvency Act 1986, the liquidators have the "Power to make any compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging themselves to have any claim (present or future, certain or contingent, ascertained or sounding only in damages) against the company, or whereby the company may be rendered liable."
- 5.5. On the basis of the above, we concluded with the directors and their legal adviser that it was appropriate to consolidate the estates across all 16 companies after 14,000 distributions to produce a summary of the estimated funds available to creditors across these estates. This exercise will need to be undertaken again once we have adjudicated all claims across the 16 companies.
- 5.6. Based on the advice and the results of the modelling exercise, we concluded that the most efficient way to make the distribution was through TH Group Services Limited – in liquidation ("THGS") that had held the majority of the cash across the Group. Accordingly, THGS will be paying distributions to all third party, unsecured creditors across the 16 estates.
- 5.7. Following the expiry of the advert for creditors' claims, it is understood that this company has no third party, unsecured creditors to which to pay a dividend. Therefore there will be no final distribution (i.e. after the 14,000 iterations) to the unsecured creditors as they are all Group companies.

6. Prescribed Part

- 6.1. In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.



- 6.2. As there is no floating charge, the Prescribed Part does not apply in this instance.

7. Investigations

- 7.1. In accordance with the Company Directors Disqualification Act 1986, the Joint Liquidators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Liquidation. The Joint Liquidators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 19 November 2014.
- 7.2. An initial investigation into the Company's affairs has also been undertaken by the Liquidators in accordance with Statement of Insolvency Practice 2. The purpose of these investigations is to establish whether there are any potential asset recoveries or conduct which requires further investigation.
- 7.3. Following this initial review no further assets or actions were identified which would lead to a recovery for creditors, therefore no additional time in respect of investigations has been incurred in this period.
- 7.4. Should creditors have any information which they consider may assist the Liquidators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Liquidators, please provide details in writing to this office. This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the Company's affairs.

8. Liquidators' Remuneration

- 8.1. A resolution was passed by the creditors at a meeting held on 28 May 2014, enabling the Joint Liquidators to draw remuneration by reference to the time properly spent by the Liquidators and their staff in dealing with the matters arising during the Liquidation.
- 8.2. **However, it should be noted that following the approval of a fixed fee in the liquidation of THGS on 1 October 2018, all billing across the Group will be done under this fixed fee and no further work will be charged on a time costs basis across all the Group companies. As at 27 May 2019, the amount of £39,403 has been billed against the fixed fee.**
- 8.3. Attached at Appendix C1 is a summary of the Liquidators' time costs for the period to 30 September 2018. These costs total £2,171, which represents 9.6 hours at an average hourly rate of £226. Further details of the work carried out during this period is attached at Appendix C2 in the narrative summary.
- 8.4. Total time costs incurred in the Liquidation to 30 September 2018 amount to £14,055. This represents 68.4 hours at an average hourly rate of £205. Attached at Appendix C3 are details of the Liquidators' cumulative time costs since appointment.

- 8.5. An amount of £7,721 was drawn against the Liquidators' time costs in respect of the Liquidation with the balance of costs being written off. As the company does not hold any funds to pay the liquidators' costs, these were advanced by TH Group Services Limited under a funding agreement dated 9 November 2017.
- 8.6. Details of the future work anticipated to be carried out by the Joint Liquidators across the Group companies which will impact on all companies is as follows:
- Realisation of remaining assets.
 - Adjudication of third party claims and payment of unsecured dividend to creditors.
 - Reporting and statutory compliance functions.
 - Tax compliance, including seeking final tax clearance prior to closure.
- 8.7. Routine administration of the liquidation has been dealt with by junior staff wherever possible in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the Joint 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 Joint Liquidators.
- 8.8. Charge out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of the case. The rates are appropriate to the skills and experience of the team member and the work that they perform. All staff that work on the case, including cashiers, support and any secretarial staff charge their time directly to the assignment. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.
- 8.9. The charge out rates of the team members employed on the assignment for the period to 30 September 2018 are as follows:

	Partner	Director	Manager	Administrator	Cashier
Range (£)	500-550	400-450	220-425	80-105	90-180

9. Liquidators' Disbursements

- 9.1. Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds.
- 9.2. There have been no disbursements incurred or paid during the current reporting period.
- 9.3. There are no disbursements outstanding as part of the liquidation.

10. Matters outstanding

- 10.1. There is one remaining legacy issue in the Group which is preventing the distribution process commencing as it relates to an asset realisation. It is anticipated that the Liquidators will be able to advance matters by the end of the calendar year.

11. Creditors' Rights

11.1. Further information

- 11.1.1. I would advise you that pursuant to Rule 18.9 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the court, may, within 21 days of receipt of this progress report, ask the Liquidators for further information about the remuneration and expenses set out in this progress report.

11.2. Apply to Court

- 11.2.1. Additionally, pursuant to Rule 18.34 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the court may, within 8 weeks of the receipt of this progress report, apply to the court on one or more of the following grounds:

- a. That the remuneration charged by the Liquidators; or
- b. That the basis fixed for the Liquidators' remuneration; or
- c. That the expenses incurred by the Liquidators;

is or are in all of the circumstances, excessive or inappropriate.

11.3. Further guidance

- 11.3.1. Creditors can find additional information on their rights relating to Liquidators' fees in a copy of the publication "A creditors guide to Liquidators' Fees" which is available to download from:
www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Oct_2015.pdf or alternatively will be provided free of charge upon written request to this office.
- 11.3.2. For further general information regarding a creditor's role throughout an insolvency process, creditors are reminded that they can also visit <http://www.creditorinsolvencyguide.co.uk>.



A handwritten signature in black ink, appearing to read "G R T Hollander", written over a horizontal line.

G R T Hollander
Joint Liquidator

Dated 26 July 2019

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy

**Davy McKee (Sheffield) Limited
In Liquidation**

Identification Details

Details relating to the Company

Company name	Davy McKee (Sheffield) Limited
Previous names	n/a
Trading name	Davy McKee (Sheffield) Limited
Company number	00631209
Registered office	Tower Bridge House, St Katharine's Way, London, E1W 1DD
Trading address	Surrey House, 36-44 High Street, Redhill, RH1 1RH

Details relating to the Liquidators

Date of appointment	28 May 2014
Liquidators	G R T Hollander and N J Mather of Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD IP No(s) 009233 and 008747
Previous Liquidators	M J Wellard and R J Weston, both formerly of Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD IP No(s) 009670 and 008730
Liquidators' address	Mazars LLP Tower Bridge House, St Katharine's Way, London, E1W 1DD
Liquidators' contact telephone number	020 7063 4000

Davy McKee (Sheffield) Limited
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs			From 28/05/2014 To 27/05/2018	From 28/05/2018 To 27/05/2019	From 28/05/2014 To 27/05/2019
Book value	Estimated to realise				
		ASSET REALISATIONS			
2,806,452	Uncertain	Debt due from Kvaerner Engineering & Construction UK Ltd - In liquidation	-	-	-
9,127	Uncertain	Debt due from Kvaerner Metals Ltd - In liquidation	-	-	-
169,016	Uncertain	Debt due from TH Global Ltd	-	-	-
15,568,426	Uncertain	Debt due from Trafalgar House Finance Ltd - In liquidation	-	-	-
		Funding for Costs from TH Group Services Limited	9,354	-	9,354
		Bank interest	-	2	2
		Interest in premises at Prince of Wales Road, Sheffield	-	5,500	5,500
			<u>9,354</u>	<u>5,502</u>	<u>14,856</u>
		COST OF REALISATIONS			
		Liquidators' Fees and disbursements	7,721	-	7,721
		Bond	40	-	40
		Courier	14	-	14
		Storage	24	-	24
		VAT Irrecoverable	1,559	-	1,559
		Transfer of funds to THGS liquidation account	-	5,502	5,502
			<u>(9,358)</u>	<u>(5,502)</u>	<u>(14,860)</u>
		UNSECURED CREDITORS			
(130,538)	(130,538)	Debt owing to Kvaerner Engineering & Construction UK Ltd - In liquidation	-	-	-
(1)	(1)	Chester Street Insurance Holdings Ltd	-	-	-
(1)	(1)	Financial Services Compensation Scheme	-	-	-
(68)	(68)	Weightmans LLP	-	-	-
(48,454)	(48,454)	Employer liability claims	-	-	-
	(7,721)	Amount owed to TH Group Services Limited - in liquidation under funding agreement	-	-	-
			<u>NIL</u>	<u>NIL</u>	<u>NIL</u>
		DISTRIBUTIONS			
(43,000,000)	(43,000,000)	Ordinary Shareholders	-	-	-
			<u>NIL</u>	<u>NIL</u>	<u>NIL</u>
<u>(43,179,062)</u>	<u>(43,186,783)</u>		<u><u>NIL</u></u>	<u><u>NIL</u></u>	<u><u>NIL</u></u>

APPENDIX C1

Davy Mckee (Sheffield) Limited

Analysis of Liquidators' time costs for the period 28/05/2017 to 30/09/2018

Classification of Work Function	Hours					Total Hours	Time Cost	Av hourly Rate
	Partner	Director	Manager	Administrator	Support			
2 Admin & Planning			0.10	1.00	0.00	1.10	£ 125.00	£ 113.64
3 Taxation			0.20		0.00	0.20	52.00	260.00
5 Realisation of Assets		0.50	0.80		0.00	1.30	450.00	346.15
8 Creditors			0.60	0.50	0.00	1.10	202.00	183.64
9 Reporting		0.30	1.10	1.50	0.00	2.90	575.00	198.28
10 Distributions		0.30			0.00	0.30	150.00	500.00
11 Cashiering			0.70	1.10	0.00	1.80	392.00	217.78
12 Statutory & Compliance			0.90		0.00	0.90	225.00	250.00
Total Hours		1.10	4.40	4.10	0.00	9.60		
Total Time Costs (£)		550.00	1,112.00	509.00	0.00		2,171.00	
Av Hourly Rate	0.00	500.00	252.73	124.15	0.00			226.15

Davy McKee (Sheffield) Limited - IN LIQUIDATION
**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT LIQUIDATORS'
FOR THE PERIOD 28 MAY 2018 TO 27 MAY 2019**

Introduction <p>The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors.</p> <p>This summary should be read together with the Joint Administrators' Time Costs Analysis at Appendix C1. The costs incurred in relation to each category are set out in the attached Time Cost Analysis.</p>
Work carried out in the current period
<u>Administration and planning</u> <p>The Liquidators have undertaken the following work:</p> <ul style="list-style-type: none"> • Ongoing strategy meetings regarding progression of case. • Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.
<u>Taxation</u> <p>The following activities were undertaken in order to ensure the Company is compliant with tax requirements:</p> <ul style="list-style-type: none"> • Liaising with HMRC regarding post appointment corporation tax returns.
<u>Creditors</u> <ul style="list-style-type: none"> • Reviewing and responding to claim notifications for potential Employer liability claims.
<u>Reporting</u> <p>Reporting requirements during the period as prescribed by statute have included the following:</p> <ul style="list-style-type: none"> • Annual report to members and creditors.
<u>Distributions</u> <p>A distribution is expected to be paid unsecured creditors but the quantum is currently unknown.</p> <p>Work undertaken in respect of distributions include:</p> <ul style="list-style-type: none"> • Generating and updating group distribution model. • Liaising with in-house modelling team for production of new comprehensive model and time to produce. • Meetings with solicitor and former directors on ways to distribute.
<u>Cashiering</u> <p>Cashiering work undertaken includes:</p> <ul style="list-style-type: none"> • Arranging payment of invoice to case.
<u>Statutory and Compliance</u> <p>The work undertaken as required by statute and our internal procedures involves:</p> <ul style="list-style-type: none"> • Case monitoring and statutory compliance, including internal case reviews. <p>The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case and will benefit the ultimate distribution. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.</p>

Davy Mckee (Sheffield) Limited

Analysis of Liquidators' time costs for the period 28/05/2014 to 30/09/2018

Classification of Work Function	Hours				Total Hours	Time Cost	Av hourly Rate
	Partner	Director	Manager	Administrator			
						£	£
2 Admin & Planning	0.90	0.20	0.50	3.70	5.30	1,083.00	204.34
3 Taxation	0.50		0.70	1.70	2.90	510.00	175.86
4 Investigations	0.30		0.50	0.80	1.60	371.00	231.87
5 Realisation of Assets		0.50	0.80	0.60	1.90	546.00	287.37
6 Trading				0.10	0.10	9.50	95.00
8 Creditors	0.90		3.50	6.70	11.10	2,199.00	198.11
9 Reporting	1.60	0.60	4.00	8.50	14.70	2,680.00	182.31
10 Distributions	1.40	0.40	1.10	2.40	5.30	1,526.00	287.92
11 Cashiering			0.80	1.70	2.50	510.00	204.00
12 Statutory & Compliance	3.10	0.70	6.00	12.60	22.40	4,409.50	196.85
Other		0.50		0.10	0.60	210.50	350.83
Total Hours	8.70	2.90	17.90	38.90	68.40		
Total Time Costs (£)	3,264.00	1,268.00	4,202.00	5,320.50		14,054.50	
Av Hourly Rate	375.17	437.24	234.75	136.77			205.48

LIQ03

Notice of progress report in voluntary winding up



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Molly McErlane**

Company name **Mazars LLP**

Address
Tower Bridge House
St Katharine's Way

Post town
London

County/Region

Postcode **E 1 W 1 D D**

Country

DX

Telephone
020 7063 4000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse