

Liquidator's Progress Report  
Pursuant to section 92A, 104A and 192 of  
the Insolvency Act 1986

# S.192

To the Registrar of Companies

Company Number

00744679

Name of Company

(a) Insert full name of  
company

(a) Surridge Dawson Limited

(b) Insert full name(s)  
and address(es)

I / We, (b) Robert Hunter Kelly

Charles Graham John King

Ernst & Young LLP

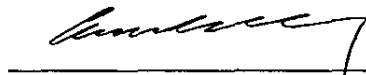
1 Bridgewater Place, Water  
Lane, Leeds, LS11 5QR

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 6 August 2013

to 5 August 2014

Signed

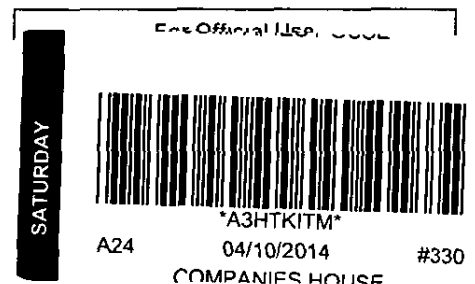


Date

3 October 2014

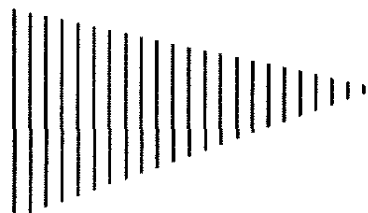
Presenter's name,  
address and reference  
(if any)

Chris Scott  
Ernst & Young LLP  
1 Bridgewater Place  
Water Lane  
Leeds  
LS11 5QR



**Surridge Dawson Limited**  
**(in Creditors Voluntary Liquidation)**  
S 104A Report for the year ended 5 August 2014  
3 October 2014

Ernst & Young LLP



## Abbreviations

The following abbreviations are used in this report:

"The Company"	Surridge Dawson Limited
"Joint Liquidators" or "Liquidators"	R H Kelly and C G J King
"Barclays"	Barclays Bank Plc
"BoS"	Bank of Scotland plc

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## 1. Introduction

### Information about the company and the liquidators

Registered office address of the company	c/o Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Registered number	00744679
Full names of the liquidators	Robert Hunter Kelly and Charles Graham John King
Liquidators' address(es)	Ernst & Young LLP 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR
Date of appointment of the joint liquidators	6 August 2010
Details of any changes of liquidator	None

R H Kelly and I were appointed Joint Liquidators of the Company on 6 August 2010 following the end of the Administration. Our appointment was made by the creditors pursuant to Paragraph 83 of Schedule B1 to the Insolvency Act 1986 and Rule 2.117 of the Insolvency Rules 1986, in accordance with the Joint Administrators' Proposals dated 17 September 2009.

This report should be read in conjunction with the Joint Administrators' Proposals, dated 17 September 2009, the Joint Administrators' reports to creditors dated 24 February 2010 and 29 July 2010 and the Joint Liquidators' reports to creditors dated 4 October 2011, 3 October 2012 and 3 October 2013.

This report on the progress of the Liquidation is in accordance with Section 104A of the Insolvency Act 1986.

## **2. Summary of progress in the Liquidation**

### **2.1 Asset Realisations**

#### **2.1.1 Customer deposits**

As previously advised, at the time of our appointment as Joint Administrators, the Company held deposits provided by c. 1,000 customers in a separately designated bank account. During the Administration, we attempted to return deposits to all customers who had cleared their debts owed to the Company.

We have completed our investigative work regarding the residual funds of c. £0.6m and have requested our legal advisors to submit an application to the Court for directions, requesting that these funds be used for the benefit of the general body of creditors.

Our legal advisors expect the application to be heard by the Court during the week commencing 6 October 2014.

#### **2.1.2 Interest**

Interest received since our last report totals £31,750.49.

### **3. Creditors**

#### **3.1 Secured creditors**

##### **3.1.1 Barclays and BoS**

Both Barclays and BoS were repaid in full during the Administration

##### **3.1.2 Secured standstill publishers**

As previously advised, all standstill creditors were repaid in full during the Administration and have released their prior ranking security over the assets of the Company

#### **3.2 Preferential creditors**

All preferential creditors were paid in full during the Administration

#### **3.3 Non- preferential creditors**

No further claims from non-preferential creditors have been received since our last report

Subject to the directions of the Court regarding the residual deposit monies, we intended to make a final distribution to creditors following notification of the outcome and the completion of any further work as required by the Court

We currently estimate the final dividend will be in the range of 2-4p in the pound

#### **3.4 The Prescribed Part**

As all secured creditors holding a floating charge have now been paid in full, the Prescribed Part will have no effect on distributions to the unsecured creditors and is therefore not required to be separately accounted for

#### **4. Receipts and payments account**

I enclose a receipts and payments account for the Company for the period from 6 August 2013 to 5 August 2014 at Appendix A

Receipts during the period since our last report total £107,253 and include

- ▶ Reimbursement of deposit refund payments made during the Administration from the Company's current account of £66,394. These payments were identified during our investigation into the customer deposits and should have been paid from the separately designated trust account,
- ▶ £7,879 of funds held in a foreign bank account relating to the Dawson Books business, which was sold by the Company prior to Administration. The receipts represent funds held in the account prior to the sale of the business,
- ▶ Bank interest of £31,798, and
- ▶ Book debts of £1,130

Payments during the period since our last report total £38,320 and principally include

- ▶ Reimbursement of payments made from the customer deposit account in respect of customer deductions, which were paid to maintain customer goodwill and improve debtor collections (£20,266). These payments should have been made from the Company's bank account rather than the trust account,
- ▶ Corporation tax for the year to 5 August 2013 of £16,122, and
- ▶ Storage charges of £1,781



## 5. Joint Liquidators' remuneration and disbursements

The Joint Liquidators' remuneration was fixed by the Liquidation committee at its first meeting held on 20 October 2010. Remuneration is fixed by reference to the time properly given by the Liquidators and their staff in attending to matters arising in the Liquidation.

Time costs of £638,523 have been incurred since our appointment as Joint Liquidators.

Work during the period from 6 August 2013 to 5 August 2014 principally relates to the following areas:

- ▶ Investigation into the treatment of customer deposits,
- ▶ Statutory reporting and administrative matters, and
- ▶ Dealing with statutory taxation requirements

### Joint liquidators' statement of expenses incurred

Expenses incurred to date totalling £6,043 are summarised below:

Type of expense	Incurred (£)	Paid (£)	Outstanding (£)
Travel	532	-	532
Printing and postage	5,511	-	5,511
Total	6,043	-	6,043

Our current charge out rates are set out in Appendix C. No Liquidators' fees or disbursements have been drawn to date. A summary of our time costs is attached at Appendix B in accordance with Statement of Insolvency Practice No. 9 and the Liquidation charging policy for remuneration is attached at Appendix C.

### Creditors' rights to further information regarding remuneration and expenses

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if members consider the costs to be excessive. Further information is provided in Appendix D.

Yours faithfully

For the Company



C G J King  
Joint Liquidator

The Institute of Chartered Accountants of Scotland in the UK authorises R H Kelly to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and The Institute of Chartered Accountants of England and Wales in the UK authorises C G J King to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986.

We may collect, use, transfer, store or otherwise process (collectively "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

## Appendix A Joint Liquidators' abstract of receipts and payments from 6 August 2010 to 5 August 2014

	From 06/08/2010 To 05/08/2013 (£)	From 06/08/2013 To 05/08/2014 (£)	From 06/08/2010 To 05/08/2014 (£)
<b>INCOME</b>			
Administrators Surplus	22,606,360	-	22,606,360
Deferred Consideration	4,158,498	-	4,158,498
Corporation Tax Refund	3,753,982	-	3,753,982
Bank Interest Received	199,190	31,798	230,988
Sundry Income	14,016	74,325	88,341
Book Debts	57,953	1,130	59,083
Receipt potentially subject to repayment	48,610	-	48,610
Unpresented creditor refunds to be repaid	11,242	-	11,242
Unpresented cheques issued by administration	4,973	-	4,973
Fixtures and Fittings	4,317	-	4,317
Rates Refunds	3,646	-	3,646
	<u>30,862,787</u>	<u>107,253</u>	<u>30,970,039</u>
<b>EXPENDITURE</b>			
Unsecured creditors	25,668,183	-	25,668,183
Administrators Fees	725,728	-	725,728
Legal Fees	227,476	-	227,476
Administrators Costs - Insurance	67,926	-	67,926
Corporation Tax - Administrators Liabilities	66,756	4	66,760
Administrators Costs - other	38,345	20,266	58,611
Corporation Tax	39,065	16,122	55,187
Agents' Fees	42,871	-	42,871
Administrators Disbursements	12,710	-	12,710
Rates	8,328	-	8,328
Storage Charges	3,016	1,781	4,797
Secured Creditor	4,000	-	4,000
ISA Cheque/Banking Fees	1,404	80	1,484
Repairs and Renewals	1,388	-	1,388
Bank Charges	983	67	1,050
Public Notices	228	-	228
Preferential creditors - employees	115	-	115
	<u>26,908,522</u>	<u>38,320</u>	<u>26,946,842</u>
<b>Balance in hand</b>	<u>3,954,265</u>	<u>68,932</u>	<u>4,023,197</u>

## Appendix B Summary of Joint Liquidators' Time-Costs from 6 August 2010 to 5 August 2014

	Partner	Executive Director	Assistant Director	Senior Executive	Executive	Assistants and Support	Total Hours	Total Time cost EY rates
Accounting and administration	-	-	17	13.5	47.0	646.1	708.3	£85,936
Bank and statutory reporting	-	8.0	19.0	28.5	21.5	28.3	105.3	£28,888
Creditors	85.0	169.0	361.5	83.5	265.5	633.4	1,597.9	£407,012
Debtors	4.0	5.0	7.0	2.0	2.0	-	20.0	£8,233
Employee Matters	-	-	0.5	-	-	1.0	1.5	£285
Property	-	-	-	3.0	-	3.0	6.0	£2,310
Immediate tasks	-	-	-	-	11.0	-	11.0	£4,807
Legal issues	-	8.0	11	-	0.5	-	9.6	£30,036
Other assets	-	-	63.4	10.0	-	-	73.4	£16,726
Other matters	10.0	3.0	9.8	5.0	15.0	4.0	46.8	£11,140
Statutory duties	-	-	16.3	1.0	10.5	24.7	52.5	£10,899
VAT and Taxation	0.2	0.5	17.7	20.8	49.9	76.9	166.0	£42,252
	<u>99.2</u>	<u>193.5</u>	<u>498.0</u>	<u>167.3</u>	<u>422.9</u>	<u>1,417.4</u>	<u>2,798.3</u>	<u>£638,523</u>
<b>Total time cost EY rates</b>	<b>£52,980</b>	<b>£93,390</b>	<b>£193,553</b>	<b>£52,420</b>	<b>£96,027</b>	<b>£150,154</b>		<b>£638,523</b>
<b>Average rate per hour at EY Rates</b>	<b>£534</b>	<b>£483</b>	<b>£389</b>	<b>£313</b>	<b>£227</b>	<b>£106</b>		<b>£228</b>

## Appendix C      Statement of Liquidators' charging policy for remuneration pursuant to Statement of Insolvency Practice No. 9

The creditors have determined that the liquidators' remuneration should be fixed on the basis of time properly spent by the liquidators and their staff in attending to matters arising in the liquidation

The liquidators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the liquidators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report. Time is recorded in units of six minutes.

Grade Description	From July 2010	From July 2011	From July 2012	From July 2013	From July 2014
<i>Restructuring</i>					
Partner	520	545	570	600	630
Executive Director	425	520	545	570	600
Assistant Director	370	390	410	430	450
Senior Executive	290	305	320	335	350
Executive	210	220	230	240	250
Business Trainee Level 3	125	175	185	195	205
Business Trainee Level 2	105	135	140	145	150
Business Trainee Level 1	90	125	130	135	140
Accounting and treasury executive	105	110	115	120	125
<i>Specialist</i>					
Tax Partner	840	880	n/a	n/a	1070
Tax Senior Manager	490	470	n/a	n/a	735
Tax Manager	380	400	n/a	n/a	620
Tax Executive	285	315	n/a	n/a	370
Tax Assistant	125-160	140-175	n/a	n/a	200-230

## Appendix D      **Creditor's rights to request further information about remuneration or expenses or to challenge a liquidator's remuneration – Rules 4.49E and 4.131 of the Insolvency Rules 1986 (as amended)**

### 4 49E Creditors' 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)(b) with the permission of the court upon an application made within the period mentioned in paragraph (2)—

(i) any unsecured creditor, or

(ii) 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 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 of the progress report where it is required by Rule 4 108, and

(b) 21 days of receipt 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

(4) Any creditor, who need not be the same as the creditors who asked for the information, may apply to the court within 21 days of—

(a) the giving by the liquidator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks or, as the case may be, 4 weeks provided for in Rule 4 131(1B) or 4 148C(2) by such further period as the court thinks just

(6) This Rule does not apply where the liquidator is the official receiver

#### **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

Creditor's rights to request further information about remuneration or expenses or to challenge a liquidator's remuneration – Rules 4.49E and 4.131 of the Insolvency Rules 1986 (as amended)

(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

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