

**Brecks (Holdings) Limited**  
**(In Compulsory Liquidation)**

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**Joint Liquidators' Final Report to Creditors**

**28 October 2015**

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COMPANIES HOUSE

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## **1 Introduction and Background**

- 1 1 I, Diane Hill of CLB Coopers, was appointed as Joint Liquidator of Brecks (Holdings) Limited ("the Company") on 29 July 2010, along with my partner Mark Getliffe by the Secretary of State. A Winding Up Order was made against the Company by Doncaster County Court (reference number 33 of 2009) on 23 July 2010 following the presentation of a petition for the compulsory winding up of the Company on 30 September 2009 by Otter Consultancy Limited – formerly in Compulsory Liquidation and now dissolved.
- 1 2 The Company's former name was Brecks Heating Services Limited before it was changed to its current name on 13 April 1999. Prior to its liquidation, the Company traded at North Drive, Rotherham, South Yorkshire, S60 1QF.
- 1 3 The Statement of Affairs of the Company dated 15 September 2010 provided by the Official Receiver stated that there were estimated assets of £50,000 and anticipated liabilities of £635,000 ("OR's Statement of Affairs").
- 1 4 The registered office of the Company was changed to c/o CLB Coopers, 5th Floor, Ship Canal House, 98 King Street, Manchester, M2 4WU for the purpose of the liquidation and its registered number is 01301904.
- 1 5 The liquidation of the Company commenced prior to 6 April 2010 and was administered under Insolvency Rules which do not require the Joint Liquidators to prepare an annual progress report to creditors on each anniversary. Therefore, this is a first and final report which provides a summary of the outcome of the liquidation of the Company which has now been completed.

## **2 Progress of the Liquidation**

- 2 1 We have provided the Joint Liquidators' Receipts and Payments account for the period ended 28 October 2015 with a comparison to the OR's Statement of Affairs values at **Appendix A**.

### **Cash at Bank**

- 2 2 According to the OR's Statement of Affairs, the Company's Cash at Bank was estimated to be £30,000
- 2 3 The Company's bank account with National Westminster Bank Plc ("the Bank") was frozen on 30 July 2010 following notification of the liquidation by the Official Receiver of the Company on 28 July 2010. At that time, the Company's bank balance was £69.45. However the Bank received several deposits from the Company's trade debtors after the date it was frozen and in total we recovered £17,084.52 from the Bank on 1 October 2010.

### **Debtors**

- 2 4 According to the OR's Statement of Affairs, the Company's total book debts were estimated to be valued at £20,000. The Company's books and records were destroyed in a fire at its trading premises prior to liquidation.
- 2 5 In order to investigate whether the Company had collectable debts due to it, we arranged to interview its former Accountant and held a meeting with him on 7 September 2010, at which he was required to deliver up any Company's books and records in his possession. Based on the Company's records, we were able to identify the Company's customers and carry out a further investigation to determine whether there were outstanding debts due.
- 2 6 We requested statements of account for the 12 months trading period prior to liquidation from each of the customers. We also retrieved statements from the Bank to analyse payments received from customers in the 12 months prior to liquidation. Following this exercise, we were satisfied that all invoices raised by the Company had been paid prior to liquidation and that there were no outstanding trade debts to collect.

## **Connected Party Debt**

- 2 7 During the course of our investigation of the Company's books and records, we were able to establish that the Company had traded with Fellowbrook Limited ("Fellowbrook"), a company connected by way of a common director, Mr Craig Cooper. Fellowbrook was wound up by a Court Order on 12 August 2009. Based on the information extracted from the Company's records, the balance outstanding to the Company on the intercompany loan and trading account at the date of the Fellowbrook's liquidation was £214,082. We contacted Fellowbrook's liquidator on 31 August 2010 and lodged a formal claim in the liquidation of Fellowbrook. After extensive correspondence with the liquidator, the claim was admitted for dividend purposes on 21 September 2011.
- 2 8 We received a first dividend from liquidator of Fellowbrook of £12,097.66 on 16 November 2011, being a return of 5.65 pence in the pound on account of the admitted claim.
- 2 9 Funds available for a further distribution to the creditors of Fellowbrook, including the Company, were dependent on the liquidator of Fellowbrook completing his complex investigation and being successful in a legal action to recover debts due to Fellowbrook from its directors. The liquidator of Fellowbrook provided regular updates on progress when requested to do so, but at all times the outcome of his continued investigation and litigation remained uncertain.
- 2 10 HM Revenue & Customs ("HMRC") was by far the largest creditor of Fellowbrook and agreed to continue to support the liquidator of Fellowbrook in pursuit of claims against its directors. Total creditor claims in the Fellowbrook liquidation were estimated at £5 million.
- 2 11 The Fellowbrook liquidation continued for a number of years whilst the liquidator concluded his investigation and took action for the recovery of the outstanding debts. In May 2015, the liquidator quantified the total amount of his claims and made an offer to creditors to compromise their claims.
- 2 12 In May 2015, the remaining creditors of Fellowbrook, including the Company, were asked to consider accepting a further dividend of 4 pence in the pound in final settlement of their claims.

- 2 13 After careful consideration of the offer and on the basis that future recoveries by the liquidator of Fellowbrook were not certain, even if wholly recovered, we took the decision to accept a sum in final settlement of the Company's claim. The Company was paid £8,563.29 from the liquidator of Fellowbrook on 8 June 2015.
- 2 14 Total dividends received by the Company from Fellowbrook amounted to £20,665.95 and no further recovery will be made.

#### **Refund of Tax from HM Revenue & Customs ("HMRC")**

- 2 15 We obtained tax refunds from HM Revenue & Customs ("HMRC") in respect of Corporation Tax and a PAYE overpayment by the Company of £11,802.24.

#### **Other Asset Recovery**

- 2 16 We also recovered sundry refunds of £225.45 and received total bank interest of £174.20 during the course of the liquidation.
- 2 17 As the Company was placed into compulsory liquidation by a Winding Up Order, the Joint Liquidators are obliged to hold a bank account with the Insolvency Service. The attached Joint Liquidators' Receipts and Payments account at **Appendix A** has been reconciled with the account held by the Insolvency Service.

### **3 Investigations**

- 3 1 As this is a Compulsory Winding Up case, the investigation into the conduct of the Directors of the Company was undertaken by the Official Receiver's office. The outcome of the investigation is a confidential matter between the Official Receiver and the Director Disqualification Unit of Department of Business, Innovation and Skills. As Joint Liquidators we conducted an investigation of the Company's affairs and conduct of its directors in order to determine whether there were any antecedent transactions that would give rise to potential asset recovery for the benefit of creditors, but were unable to proceed with any reliable case.

### **4 Outcome for Creditors**

#### **Secured and Preferential Creditors**

- 4 1 The Company has no secured or preferential creditors.

### **Petitioning Creditor's Costs**

- 4 2 Under the Insolvency Rules 1986, Petitioning creditor's cost rank ahead of any class of creditor and are paid as an expense of the liquidation. We initially received an invoice of £21,701.53 plus VAT from the petitioning creditor's solicitors for their costs in dealing with the Company's winding up which they claimed was high due to a protracted process, direction for disclosures and exchange of witness statements leading up to the winding up hearing. They argued that this was not a straight forward liquidation and requested that all costs be paid in full as an expense of the liquidation.
- 4 3 The amount requested in respect of the petitioning creditor's costs was clearly beyond the acceptable level indicated in the Insolvency Service guidelines and could not be accepted as an expense of the Company's liquidation without further detailed assessment and advice as to the validity of the entirety of the costs claim.
- 4 4 We engaged JMW Solicitors for advice in respect of the petitioning creditor's costs. Following extended negotiations between the Liquidator of Otter Consultancy Limited (as the petitioning creditor), the petitioning creditor's solicitors and our solicitors and having reviewed the petitioning creditor's detailed assessment and supporting documents, we paid £9,294.64 inclusive of VAT in respect of petitioning costs and £2,563 inclusive of VAT as direct disbursements in full and final settlement of the petitioning creditor's costs on 6 August 2012.

### **Unsecured Creditors**

- 4 5 We received claims totalling £1,597,293 from 7 unsecured creditors including a provisional claim received from Pension Protection Fund ("PPF") of £26,400.
- 4 6 Asset realisations were insufficient to meet all of the costs of the liquidation and there were no surplus funds available to declare a dividend to the unsecured creditors.

### **5 Joint Liquidators' Remuneration and Expenses**

- 5 1 The creditors approved that the basis of the Joint Liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the liquidation on 1 October 2010 at a meeting of creditors held by correspondence on the same date.

5.2 The Joint Liquidators' time costs for the period from the date of appointment on 29 July 2010 to 28 October 2015 are £68,066.95. This represents 382.00 at an average rate of £178.18. Attached as **Appendix B** is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent in managing the liquidation. After discharging certain costs of the liquidation there are insufficient funds remaining to discharge our costs in full and we have drawn £23,202.92 on account of time costs. Further time costs will be incurred in preparation of this report and convening of a final meeting of the creditors.

5.3 The following expenses were incurred and paid by the Joint Liquidators. These were repaid to CLB Coopers as Joint Liquidators' disbursements.

Nature of Expenses	Payment to	Amount (£)
Statutory Advertising	Legal and Public Notices Advertising Agency	194.26
Mail Redirection	Royal Mail Group Plc	25.96
Pension Review	Alexander Forbes Trustee Services Limited	300.00
Insolvency Practitioners' Insolvency Bond	AUA Insolvency Risk Services Limited	108.00

5.4 We paid legal fees of £2,300 to JMW Solicitors in respect of their professional fees to provide advice and assistance in agreeing the petitioning creditor's costs.

5.5 The Company incurred Official Receiver's Administration fees of £1,520 which were paid from asset realisations.

5.6 The Insolvency Service charged £18 bank charges for each quarter (increased to £22 each quarter from 1 October 2012), a cheque fee of £1 for each cheque issued and bank online transfer charges of £0.15. Total bank charges to date are £369.55 and have been paid from the Company's assets.

5.7 The Insolvency Service applied the following fees known as Secretary of State Fees, according to the realisations into the Company's account held with them. During the period of liquidation, Secretary of State Fees totalled £10,069.03 and were



discharged from asset realisation The following table sets out the basis of the calculation of these fees

Realisation	Secretary of State fees applied (%)
Charge on the first £2,000	0
Charge on the next £1,700 Realisations £2,000 01 - £3,700	100
Charge on the next £1,500 Realisations £3,700 01 - £5,200	75
Charge on the next £396,000 Realisations £5,200 01 - £401,200	15
Charge on the Balance until total of £80,000 taken in fees Realisations £401,200 01 - £2,178,700	1

- 5 8 Attached as **Appendix C** is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade

## 6 Conclusion

- 6 1 This report together with Final Meeting of Creditors concluded our administration of the liquidation of the Company



**Diane Hill**  
**Joint Liquidator**

## **Appendix A**

### **Receipts and Payments Account from date of appointment to 28 October 2015**

# Appendix A

## Brecks (Holdings) Limited - (In Liquidation) Joint Liquidators' Receipts & Payments

Statement of Affairs £	From 29/07/2010 To 28/10/2015 £
ASSET REALISATIONS	
20,000 00 Cash at Bank	17,084 52
30,000 00 Connected Party Debt	20,660 95
Tax Refund	11,802 24
Bank Interest Gross	3 93
Bank Interest Net of Tax	170 27
Sundry Refunds	225 45
	<u>49,947 36</u>
COST OF REALISATIONS	
Secretary of State Fees	10,069 03
Petitioning Creditor's Costs	11,857 64
Insolvency Practitioners' Bond	108 00
Official Receivers' Administration Fees	1,520 00
Joint Liquidators' Remuneration	23,202 92
Legal Fees	2,300 00
Pension Advise	300 00
Re-direction of Mail	25.96
Statutory Advertising	194 26
Bank Charges	369 55
	<u>(49,947 36)</u>
UNSECURED CREDITORS	
(605,000 00) Trade & Expense Creditors	NIL
(30,000 00) HM Revenue & Customs (TAX)	NIL
	<u>NIL</u>
<u>(585,000 00)</u>	<u>0.00</u>
REPRESENTED BY	
Insolvency Service Account	<u>0.00</u>

## **Appendix B**

**Time Analysis for the period from the date of appointment to 28 October 2015**

**CLB Coopers****TIME & CHARGEOUT SUMMARIES**

Brecks (Holdings) Ltd

To 28/10/2015

**HOURS**

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	6 55	13 15	88 00	1 00	112 30	17,450 00	155 39
Investigations	10 35	14 90	24 35	0 00	49 60	9,546 25	192 46
Realisation of Assets	10 35	11 95	30 40	0 00	52 70	10,329 55	196 01
Creditors	20 50	37 25	87 90	0 00	145 80	27,586 50	189 21
Other case matters	0 60	0 00	8 50	0 00	9 10	1,317 20	144 75
Pre appointment	0 20	0 00	0 00	0 00	0 20	70 00	350 00
VAT / Tax Compliance	0 20	0 35	11 50	0 00	12 30	1,767 45	143 70
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	15,763 75	17,310 70	34,538 60	105 00		68,066 95	
Total Hours	48 75	77 60	250 65	1 00	382 00		
Average Rate	323 36	223 08	137 80	105 00			

## **Appendix C**

### **Additional Information in relation to Joint Liquidators' fees pursuant to Statement of Insolvency Practice No 9 (SIP9)**

## Appendix C

### CLB COOPERS

#### CHARGING AND DISBURSEMENTS POLICY PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

##### Policy

CLB Coopers' policy from 12 May 2014 in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

is set out below

##### Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Manager, Administrator and Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Administrators may be allocated to meet the demands of the case

We operate a time recording system which allows staff working on the case along with the office holders to allocate their time to the case in 6 minute units. Time costs are recorded at the individual's hourly rate in force at that time which is detailed below. The rates shown are exclusive of VAT.

We have not utilised the services of any subcontractors in this case

##### Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
AUA Insolvency Risk Services Limited (Insolvency Practitioners Insurance)	Scale rate & disbursements
Alexander Forbes Trustee Services Limited (Pension Advice)	Agreed fee
JMW Solicitors (Legal Advice)	Hourly rate & disbursements

##### Disbursements

Category 1 disbursements do not require approval. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as case advertising, invoiced travel and external printing, room hire and document

storage Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case

Category 1 disbursements are charged as follows -

- Company and other Search costs are charged at cost
- Case related travel and accommodation is charged as a reimbursement of the actual cost incurred
- Statutory Advertising is charged as a reimbursement of the actual cost incurred
- All other disbursements are charged at cost
- VAT is added to disbursement charges as necessary

Where we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs such as room hire, document storage or communication facilities provided by us then they must be disclosed and authorised by those responsible for approving the office holders remuneration Such expenditure is referred to as a "category 2 disbursement" The following items of expenditure are recharged on this basis and are believed to be in line with the cost of the external provision

Category 2 disbursements are charged as follows -

- Business mileage for case related travel is charged at standard rates which comply with Inland Revenue limits This rate is currently 45p per mile
- Internal Photocopying - A charge of 10 pence per sheet is charged for reports and circulars issued to creditors, shareholders, employees and general contacts No additional charge is made for individual items of correspondence
- Postage will be charged in accordance with the current Royal Mail Price Guide for first class post dependent upon the size and weight of the item as amended from time to time By way of illustration as at 1 April 2014 these rates are -

	Stamps	Franking
Weight	Price	Price
Letter		
0-100g	62p	49p
Letter Large		
0-100g	93p	74p
101-250g	£1 24	£1 04
251-500g	£1 65	£1 38
501-750g	£2 38	£1 95

- Meeting Room Facilities – Where statutory meetings of shareholders and or creditors are held at one of CLB Coopers offices a charge of £75 is made
- Storage of CLB Coopers files including confidential destruction costs £75 00 for up to 8 files
- Storage Boxes £2 25 per box
- Storage of books and records will be charged at a rate of 25 pence per box per month Collection and delivery of boxes will be charged at £10 per consignment
- Destruction of the books and records will be charged at the rate of £3 95 per box



- VAT is added to disbursement charges as necessary

No Category 2 disbursements were charged in this case

### Charge-out rates

Charge out rates of the partners and staff of CLB Coopers are shown below

Grade of Staff	Rate per hour (£) from 12 May 2014
Partner	350 -395 00
Manager	260 00
Administrator	150 00
Assistants and Support Staff	105 00

Grade of Staff	Rate per hour (£) from (06/06/11- 11/05/14)
Partner	320 -375 00
Manager	230 00
Administrator	136 00
Assistants and Support Staff	95 00

Grade of Staff	Rate per hour (£) from (01/05/2009 – 05/06/2011)
Partner	311 -374 00
Manager	206 00
Administrator	132 00
Assistants and Support Staff	86 00

A copy of the guide to fees is available on request from CLB Coopers or can be downloaded from our website [clbcoopers.co.uk](http://clbcoopers.co.uk) Follow the link to Business Restructuring and Insolvency and click on Creditors' Guides to Fees

### Activities Undertaken

The standard activities – administration and planning, investigations, realisation of assets, trading, creditors and other case matters which make up the classification of work function provide creditors with a summary of the work carried out by the Office Holders and their staff. Full details of the time and charge out summary are set out in the table attached as **Appendix B**. The classification of work with further examples of work carried out is as follows -

Standard Activity	Examples of Work
Administration & Planning	Case strategy
	Case planning
	Administrative set up

Standard Activity	Examples of Work
Administration & Planning (continued)	Appointment notification and formalities
	Maintenance of records
	General accounting
	Statutory reporting & meetings
	Bonding and bordereau
	Fees and WIP
	General cashiering
	Reconciliations
	Periodic reviews
Investigations	CDDA reports
	Questionnaires and checklists
	Antecedent transactions
Realisation of Assets	Identifying, securing, insuring assets
	Retention of Title
	Debt collection
	Property, business and assets sales
	Leasehold property issues
	Stock and WIP issues
	Sale of Goodwill / business
	Health and safety
Trading	Management of operations
	Accounting for trading
	On-going Employee issues
Creditors	Creditor queries
	Creditor correspondence
	Reporting
	Legal claims
	Creditor claims (all categories)
	Employees
	Pre Appointment VAT/PAYE/CT
Other Case Matters	Nonspecific items not included in other categories
VAT & Tax Compliance	Post appointment VAT, PAYE and Tax issues