



# Grant Thornton

1312366

Our Ref AWA/RDP/IDM/MRM/A00931/7

To the creditors and members

#### Recovery and Reorganisation

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THURSDAY



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09/07/2015

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COMPANIES HOUSE

7 July 2015

Dear Sirs

## **Anglemoss Limited - In Liquidation (the Company)**

### **Manchester District Registry**

#### **No 2051 of 2014**

#### **1 Introduction**

1.1 Following my appointment as joint liquidator of the above company with Kevin J Hellard on 15 May 2014, in accordance with rule 4.49B of the Insolvency Rules 1986 I now report on the progress of the liquidation for the year ended 14 May 2015 and attach

- Appendix A, an account of our receipts and payments for the year ended 14 May 2015
- Appendix B, a statement of the remuneration charged by the joint liquidators in the period 15 May 2014 to 14 May 2015 and a statement of expenses incurred in the period
- Appendix C, an analysis of time costs as required by Statement of Insolvency Practice 9
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator (rule 4.49E)
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive (rule 4.131)

1.2 Kevin J Hellard and I are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners

#### **2 Statutory information**

2.1 The Company's statutory details are as follows

Registered number

01312366

Registered office

30 Finsbury Square, London, EC2P 2YU

#### Chartered Accountants

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### **3 Progress report**

#### **Recent history of the Company**

- 3 1 The Company's principal activity since its incorporation in 1977 was managing and operating Finborough School, an independent school based in Stowmarket, Suffolk.
- 3 2 In September 2010, Derek Slade a former headmaster of Finborough School during the 1970s and 1980s, was convicted of a number of crimes relating to assaults on pupils during his time as headmaster. Shortly after Mr Slade's conviction, the Company began receiving letters of claim from former pupils of the school in respect of damages in relation to the acts of Mr Slade. By January 2011, 23 such letters had been received by the Company.
- 3 3 The Company's directors believed that insurance was in place for the period the claims related to, but despite discussions with various insurers over a number of months, could not evidence continuity of insurance throughout the entire period of the claims. As a result, the Company faced a significant liability to the claimants.

#### **Transfer of the Company's business and assets**

- 3 4 In August 2010, just prior to Mr Slade's conviction, the Company's 100% shareholding in a subsidiary, Finborough Hall Services Limited (FHSL) which owned a valuable freehold property, was transferred to one of the Company's directors for no consideration.
- 3 5 In January 2011 the directors engaged solicitors to put in place a restructuring of the Company's business and assets. In summary, ownership of the physical school building and the trading school business would be split and transferred into two separate corporate entities, Forchild Limited (FCL) and Finborough School Limited (FSL) respectively. The directors of FCL and FSL were also directors/former directors of the Company and were relatives of each other.
- 3 6 The Company ceased to trade on 31 August 2011, and on/around 1 September 2011 transferred various chattel assets to FSL which also took over the running of the school business from that date. No consideration appears to have been received by the Company in respect of either the physical assets or the trading business that FSL acquired.
- 3 7 The Finborough School property was transferred to a connected company, DHJ Holding Company Limited (DHJ) in January 2011 and shortly thereafter transferred to FCL, as part of a scheme under section 110 of the Insolvency Act 1986. The transfer of the property to DHJ appears to have been carried out at an undervalue to the property's true value.
- 3 8 By October 2011, Prudential Assurance accepted it had provided public liability insurance for certain, but not all, of the periods to which the damages claims related. By this point, the Company had no way to generate any further income and had insufficient insurance to cover the claims that had been made against it, a risk the directors were aware of for some months prior to entering into the transactions above.
- 3 9 Solicitors acting for the various claimants presented a winding up petition against the Company on 14 January 2014, and a winding up Order was made on 3 March 2014.

#### **Claims for the benefit of the Company's creditors**

- 3 10 Using their statutory powers the liquidators have obtained and reviewed the files of various professional advisers engaged by the Company in relation to the transactions detailed above, the handling of the claims made against it and advice received in respect of these matters, as well as the books and records of the Company
- 3 11 The Company's statutory accounts for the year ended 31 August 2011, when it ceased to trade, showed it to have net assets of £400,127. This figure did not include any provision for the amounts claimed by the former pupils nor was it ring-fenced for the creditors as a whole
- 3 12 In circumstances where the Company was aware of significant liabilities which it could not itself meet, and where it had been unsuccessful in evidencing insurance cover sufficient to meet the claims, it was inappropriate to enter in the transactions detailed above. The liquidators have identified further transactions entered into by the Company which they believe should be challenged on the same basis
- 3 13 I engaged Verisona Law solicitors and junior Counsel to assist in considering the matters detailed above and to advise on and prepare claims against the relevant parties to seek a recovery for creditors
- 3 14 In June 2015, my solicitors issued letters of claim to FCL, FSL, and the former officeholders of the Company in relation to the transactions noted above, and sought their proposals for repayment of the sums claimed.
- 3 15 I will consider the responses to these letters when received and determine the appropriate next steps in conjunction with my legal advisers

#### **Plots of residual land**

- 3 16 The Company remains the registered owner of some residual small plots of land located close to the Finborough School property. In conjunction my agents, I am considering my options for disposing of the Company's interest in these. Prior to the liquidation, a number of the Company's creditors obtained charging Orders against certain of this land in respect of their claims. I therefore do not anticipate significant realisations will be made from this source

#### **4 Creditors**

- 4 1 There are no secured or preferential creditors in this matter.
- 4 2 To date I have received unsecured claims totalling £1,069,963 from 36 creditors
- 4 3 Any distribution to creditors will be dependent upon realisations made from the claims noted above

#### **5 Joint liquidators' remuneration and expenses**

- 5 1 In accordance with Rule 4 127 of the Insolvency Rules 1986, I would request the creditors to approve the basis of the joint liquidators' remuneration which I would ask to be on the basis of time costs. As the Company currently has no assets, the recovery of the joint liquidators' fees are dependent on successfully recovering monies from any claims or assets identified.

Subject to the responses received to the letters of claim, it may in due course be necessary to enter litigation in order to make a recovery for the benefit of creditors

- 5.2 Therefore I also propose to seek an uplift of 25% on our standard time costs, to reflect the risk that the joint liquidators' costs may not be recoverable.
- 5.3 I attach a Formal Notice of Obtaining a Resolution by Correspondence pursuant to Rule 4.63A of the Insolvency Rules 1986. The resolution for which I am seeking your approval is shown on the notice which I would ask you to complete and return by 12 noon on 11 August 2015. Please also complete and return the enclosed proof of debt form to entitle you to vote.
- 5.4 You will note from the SIP 9 table attached at Appendix C that our time costs to 14 May 2015 total £128,833 and from the receipts and payments account attached at Appendix A, that we have not drawn any fees. This is also reflected in the schedule of costs charged in the period but not drawn at Appendix B.
- 5.5 In accordance with Rule 4.63A(7) of the Insolvency Rules 1986 creditors whose debts amount to at least 10% of the total debts of the company may, within 5 business days from the giving of this notice may request a meeting to consider the resolution.
- 5.6 Time is charged in units of 6 minutes. Background information regarding the fees of liquidators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively I will supply this information by post on request.
- 5.7 The hourly charge out rates used in calculating time costs for the current and prior period are as follows:

	£
Partners up to	615
Directors up to	515
Managers up to	470
Other senior professional up to	305
Administrators up to	230
Assistants and support staff up to	175

## 6 Other expenses

- 6.1 As noted above, I have engaged both Verisona Law and junior Counsel on a conditional fee basis with a 65% success fee payable in the event that the claims against the various respondents result in a recovery being made.

Should you have any queries regarding this report, please contact Russ Parkin on 0113 200 2555

Yours faithfully  
for and on behalf of Anglemoss Limited

A handwritten signature in black ink, appearing to read 'A. Wade', with a stylized, cursive script.

Amanda Wade  
Joint Liquidator

Enc

**A Abstract of the joint liquidators' receipts and payments**

	From 15/05/2014 To 14/05/2015 (£)
<b>ASSET REALISATIONS</b>	
Balance on former solicitor's client account	55 74
	<u>55.74</u>
<b>COST OF REALISATIONS</b>	
Official Receiver debit balance	1,070 00
Insolvency Service bank fees	88 00
	<u>1,158 00</u>
	<u><u>-1,102.26</u></u>
<b>REPRESENTED BY</b>	
Insolvency Services Account	-1,102 26
	<u><u>-1,102.26</u></u>

**B Remuneration charged and expenses incurred by the joint liquidators in the period**

	Charged/incurred in period 15/05/2014 to 14/05/2015	Cumulative charged/incurred to 14/05/2015	Of which paid to 14/05/2015
	£	£	£
Joint liquidators' fees	128,833 10	128,833 10	0 00
Time costs			
Joint liquidators' Expenses			
Couriers	142 53	142 53	0 00
Travel	206 49	206 49	0 00
Liability Insurance	2,120 00	2,120 00	0 00
Land Registry Searches	242 00	242 00	0 00
Statutory Advertising	101 52	101 52	0 00
Statutory Bond	20 00	20 00	0 00
Legal Fees	33,974 50	33,974 50	0 00
Legal disbursements	75 65	75 65	0 00
Counsel fees	3,375 00	3,375 00	0 00

# Anglemoss Limited - In Liquidation

Appendix C

Analysis of joint liquidators' time costs for the period 15 May 2014 to 14 May 2015

	Hours	Partner £	Av £/hour	Hours	Manager £	Av £/hour	Hours	Executive £	Av £/hour	Hours	Administrator £	Av £/hour	Hours	Total £	Av £/hour
Administration and Planning	7 38	3 809 25	516 16	7 40	2,951 75	398 89	28 01	7,882 25	274 27	18 44	3,082 55	167 17	61 23	17,525 80	286 23
Creditors	0 00	0 00	0 00	1 10	405 00	368 18	12 45	3,579 50	287 51	24 85	4,778 25	192 28	38 40	8,762 75	228 20
Investigations	0 00	0 00	0 00	21 20	6,712 00	316 60	163 45	44,269 00	268 49	2 60	507 00	195 00	177 25	51,488 00	290 48
Legal	54 17	27,997 55	516 85	5 30	1,557 00	293 77	51 80	14,487 00	279 86	0 00	0 00	0 00	111 27	44,051 55	395 90
Realisation of Assets	0 00	0 00	0 00	1 50	581 00	374 00	26 05	6,093 00	243 23	2 20	351 00	159 55	28 75	7,005 00	243 65
Grand Total	61 55	31,806 80	516 76	36 50	12,186 75	333 88	270 76	76,120 75	281 14	48 69	8,718 80	181 30	416 90	128,833 10	306 03

## Administration & Planning

Time spent here includes, case planning, statutory obligations (e.g. statutory returns), maintenance of cash and estate records, case strategy, file reviews, general correspondence, dealing with tax compliance matters

## Creditors

Time spent here includes, correspondence with unsecured creditors

## Investigations

Time spent here includes, investigation into Company's affairs and obtaining and reviewing the files of various professional advisers including solicitors and accountants to assist with this work

## Legal

Time spent here includes correspondence and meetings with solicitors and Counsel and preparing letters of claim on behalf of the Company

## Realisation of Assets

Time spent here includes dealing with the Company's freehold and leasehold property interests, liaising with Solicitors and agents in respect of these and investigating disposal of these assets



**D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator**

Rule 4 49E edited for application to a progress report in a winding-up by the court.

- (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
  - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2), any unsecured creditor makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report, 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 a matter which was previously included in a progress report.
- (2) The period referred to in paragraph (1)(a) is 21 days of receipt of the progress report
- (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 creditor who requested further 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 provided for in Rule 4 131(1B) by such further period as the court thinks just.
- (6) This Rule does not apply where the liquidator is the Official Receiver

**E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive**

**Rule 4 131**

- (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 by a creditor 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 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

## Notice of obtaining a resolution by correspondence

Name of Company  
Anglemoss Limited

Company number  
01312366

Notice is hereby given by Amanda Wade and Kevin Hellard of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU

to the creditors of Anglemoss Limited

that, pursuant to rule 4.63A of the Insolvency Act 1986, below is one resolution for your consideration. Please indicate below whether you are in favour or against the resolution.

This form must be received at Grant Thornton UK LLP, No 1 Whitehall Riverside, Leeds, LS1 4BN by 12 00 hours on 11 August 2015 in order to be counted. It must be accompanied by a proof of debt, unless you have previously submitted a proof of debt in the liquidation. Failure to do so will lead to your vote being disregarded.

Resolution (1) . . . . . I am \*in Favour / Against

- (1) That the remuneration of the joint liquidators, Amanda Wade and Kevin Hellard of Grant Thornton UK LLP, be calculated according to the time properly spent by the joint liquidators and their staff in attending to matters arising in the liquidation on the basis of standard time costs at rates notified to creditors periodically plus a success fee of 25% of standard time costs to reflect the contingent nature of realisations.

### TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of  
creditor \_\_\_\_\_

Signature of  
creditor \_\_\_\_\_

(If signing on behalf of creditor, state capacity e.g. director/solicitor)  
If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

Signed A. Wade  
Amanda Wade - Joint Liquidator

Dated 07/07/2015

**PROOF OF DEBT - GENERAL FORM**

Angle Moss Limited		
Date of Winding-Up Order / Resolution for voluntary winding up 3 March 2014		
1	Name of Creditor (If a company please also give company registration number)	
2	Address of Creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	
4	Details of any documents by reference to which the debt can be substantiated [Note there is no need to attach them now but the liquidator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting]	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Liquidator		Liquidator