



Progress Report

For the period from 1 April 2011 to 31 March 2012

Case name	MSLTA Limited – in Liquidation
Court details	High Court of Justice No 9542 of 2010
Registered Office	c/o KPMG LLP, 4 Lakeside, Festival Park, Stoke on Trent, ST1 5RY
Registered Number	02451768
Winding Up Order date	23 March 2011
Appointment date	1 April 2011
Liquidators	CJ Nutting and RJ Hill [Full details are included in Appendix 3]
Contact details for case administrator	Lee Avery Email lee.avery@kpmg.co.uk
Assets	Asset realisations for this period of £113,969 are detailed in Appendix 1. The assets remaining to be realised and the progress made in the realisation of these assets are shown in Appendix 2.
Dividend prospects	On present information it is expected a dividend may be paid to unsecured creditors. However, the quantum and timing of the dividend depends on the final outcome from the investigations and realisation of the assets detailed in Appendix 2.
Trustees' remuneration	The basis for the Liquidators' remuneration has been fixed with reference to time costs by a creditor's resolution passed on 26 May 2011. An analysis of the amount charged during the period is detailed in Appendix 4.
Trustees' expenses	Expenses totalling £30,972 have been incurred for this period. This includes amounts incurred not yet billed or paid as shown in Appendix 5. The receipts and payments for the period are shown separately in Appendix 1.

Creditors' rights are explained in detail in Appendix 3

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MSLTA Limited
(In Liquidation)
Liquidators' Abstract of Receipts & Payments

Statement of Affairs	From 01/04/2011 To 31/03/2012	From 01/04/2011 To 31/03/2012
ASSET REALISATIONS		
Book debts	5,623 95	5,623 95
Goodwill	1,200 00	1,200 00
Cash at bank	103,513 61	103,513 61
	<u>110,337 56</u>	<u>110,337 56</u>
OTHER REALISATIONS		
Funds held by solicitors	204 25	204 25
Sundry refunds	296 13	296 13
ISA interest gross	89 62	89 62
Tax paid on ISA interest	(17 92)	(17 92)
Non-estate receipt / B&R	3,060 00	3,060 00
	<u>3,632 08</u>	<u>3,632 08</u>
COST OF REALISATIONS		
OR debit balance	1,235 00	1,235 00
Cheque/Payable order fee	11 55	11 55
Secretary of State fee	17,954 47	17,954 47
Petitioner's costs	1,515 00	1,515 00
Specific bond	210 00	210 00
Liquidator's fees	53,119 50	53,119 50
Irrecoverable VAT	510 00	510 00
Securty of premises	189 00	189 00
Agents'/Valuers' fees	1,618 44	1,618 44
Enquiry agents	1,440 00	1,440 00
Legal fees	14,852 00	14,852 00
Travel costs	379 27	379 27
Statutory advertising	151 20	151 20
Rent	6,126 90	6,126 90
Other property expenses	20 00	20 00
Insurance of assets	578 76	578 76
Bank charges	54 00	54 00
	<u>(99,965 09)</u>	<u>(99,965 09)</u>
	<u>14,004.55</u>	<u>14,004.55</u>
REPRESENTED BY		
VAT receivable		770 24
ISA		13,594 55
Office		(360 24)
		<u>14,004.55</u>

Note

Appendix 1

All payments are shown exclusive of VAT

Christopher John Nutting
Liqudator
16 May 2012 11:58



Appendix 2

Asset realisation and progression

1. Assets realised to date

Book Debts

Book debts totalling approximately £12,000 from 49 debtors were disclosed by the directors at the outset of the liquidation. To date I have recovered £5,624. I anticipate that only one more debtor balance of approximately £380 is recoverable.

Other balances are disputed and due to the amount due per debtor it is not commercial to pursue the outstanding debtors any further.

Milestone database / Goodwill

The company had a client database which was held and controlled by a third party and was accessed remotely by employees of the company.

Following a visit to the company's site at Leicester a member of KPMG's Forensic Technology team discovered that the servers had been accessed – either remotely or on site. To stop unauthorised access and protect the goodwill, access to the company's servers on site via the network and remotely was restricted.

As the locks could not be changed at that time I arranged for the presence of a security guard on site to restrict physical access to the building and the third party agreed to restrict all remote access to the database.

The third party maintaining the database advised that the method in which the data was stored was unconventional and it would take their team significant time to access the information. From discussions with the third party it was clear that it would take my staff similar, if not longer time to do the same.

The client base of the company consisted of circa 650 clients. From the outset of my appointment my staff and I received a significant level of contact from former clients of the company pursuing their records to enable them to complete year end accounts and facilitate the production of tax returns.

A significant amount of time was incurred dealing with the high volume of calls and post received and to assist in the return of the records I undertook an exercise to retrieve the physical records held at the company's premises. As this is not one of my specific duties as liquidator, where possible, I passed on the costs incurred in retrieving and returning the records to the former clients. £3,060 was received in this respect.

Not all former client records were held physically and it was believed that further records were held electronically in the database. Having taken account of the potential cost of dealing with the former client queries and attempts to access the database held by the third party I agreed to accept £1,000 + VAT from PAYE People Limited, a company under common control with MSLTA Limited. Doing so has released me and my staff from dealing with a large proportion of further former client queries.



Cash at Bank

Cash at bank of approximately £104,000 was reported in the directors' questionnaire to the Official Receiver. On my initial enquiries with the bank it was shown that the account was subject to a floating charge that secured intercompany cross guarantees between MSLTA Limited and two associated companies.

I made further enquiries into the account, the floating charge, cross guarantees and the solvency of the company at the time of creation. Due to the timing of the creation of the floating charge I challenged its validity under Section 245 of the Insolvency Act 1986.

The bank conceded that the charge was created within the prescribed time ending with the onset of insolvency and that due to the company's apparent insolvency at the time of creation the charge was invalid to the extent of existing indebtedness. As a result of this action £103,514 was received into the liquidation estate.

Funds held by solicitors

I was contacted by a firm of solicitors that had acted for the company prior to liquidation advising that a balance was held that was due to the company. The sum of £204 was received in this respect.

Sundry refunds

The company had the use of a Royal Mail franking machine which was withdrawn shortly after my appointment. A refund of £296 was made on the associated account.

2. Other matters

Leased premises

The company had entered into five leases in respect of premises for use by the company. I sought advice on the value of the lease and following legal advice each lease was disclaimed.

One premises was held for a period post my appointment to allow me to deal with the computer servers and physical former client records and the landlord claimed rent for the periods of occupation totalling £6,217. This amount was paid in accordance with current case law.

Voidable transactions

Following an analysis of the bank statements of the company I have identified a number of transactions with associated companies to the sum of approximately £240,000 that were entered into post presentation of the winding up petition that I believe fall under the provisions of Section 127 of the Insolvency Act 1986.

These transactions are automatically void under the legislation unless entered into with permission of Court or if Court permission is subsequently obtained. I have arranged to meet with the directors and their representatives in respect of these transactions to establish whether permission of Court to allow the transactions has been granted.



In the absence of Court permission I will look to retrieve the amounts paid for the benefit of the liquidation estate

Potential claims against directors

My investigations into the company's affairs have identified grounds for potential claims against the directors of the company. Correspondence with HM Revenue & Customs showed that during the period between the presentation of the petition and the making of the winding up order, while payments of circa £240,000 were made to associated companies, there was a failure to maintain payments of PAYE, National Insurance, Corporation Tax or VAT

On the information available it appears that the directors' actions in this period constitute a breach of their fiduciary and statutory duties in relation to the company. I am currently making further enquiries of the directors to establish whether there are grounds and merits to action against them for misfeasance under Section 212 of the Insolvency Act 1986



Appendix 3

Statutory Information

Appointment		
For period		1 April 2011 to 31 March 2012
Company name		MSLTA Limited
Nature of business		Accountancy and taxation services to the Licensed Trade
Court details		The Winding Up Order was made on 23 March 2011 following the presentation of a petition on 22 November 2010 in High Court of Justice number 9542 of 2010 application by a creditor.
Date of appointment		1 April 2011
Office holder details		Christopher John Nutting was appointed on 1 April 2011 and is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association Richard John Hill was appointed on 1 April 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales
Registered number		02451768
Present office	registered	4 Lakeside, Festival Park, Stoke on Trent, ST1 5RY
Basis of remuneration		Time costs
Fee resolution date		26 May 2011

Statement of creditors' right to request further information and to challenge the Trustees' remuneration

As a creditor you have the right to request further information and to challenge the Liquidators' remuneration.

Full details of the time scale and procedure if you wish to do so can be viewed on the following website

<http://www.insolvency-practitioners.org.uk/uploads/Liq.pdf>

Alternatively, if any creditor requires a copy to be sent to them by post they should contact me and a copy will be forwarded to you

Appendix 4

Liquidators' remuneration

MSLTA Limited in Liquidation
High Court of Justice No 9542 of 2010

Reporting period from 1 April 2011 to 31 March 2012

	Partner/ Director	Management	Administrators/ Support	Total Hours	Total Cost	Average Rate
Current Charge out rates	£320 - £385	£240 - £295	£75 - £170			
Administration & planning						
Bankrupt/Director/Member						
General correspondence	0 80	5 50	9 80	16 10	£3,524 50	£218 91
Reports to OR on conduct			2 60	2 60	£442 00	£170 00
Cashiering						
General (Cashiering)			27 30	27 30	£3,129 00	£114 62
Reconciliations (& IPS accounting reviews)		1 60	3 40	5 00	£797 00	£159 40
General						
Books and records		30 60	119 40	150 00	£23,086 00	£153 91
Fees and WIP	0 40	3 40	7 34	11 14	£2,068 30	£185 66
Other office holders		0 10		0 10	£24 00	£240 00
Statutory and compliance						
Appointment and related formalities		1 00	6 10	7 10	£918 00	£129 30
Bonding and bordereau			0 20	0 20	£24 00	£120 00
Checklist & reviews		4 20	4 80	9 00	£1,917 00	£213 00
Pre-appointment checks		2 00		2 00	£480 00	£240 00
Statutory advertising		0 20	1 00	1 20	£168 00	£140 00
Strategy documents	18 50	3 20	4 90	26 60	£7,642 00	£287 29
Tax						
Initial reviews - CT and VAT		3 50	0 80	4 30	£976 00	£226 98
Post appointment corporation tax		3 25		3 25	£780 00	£240 00
Post appointment VAT	0 30	2 20	2 80	5 30	£1,080 00	£203 77
Creditors						
Creditors and claims						
Agreement of unsecured claims			1 30	1 30	£120 00	£92 31
General correspondence		18 60	84 00	102 60	£14,500 50	£141 33
Legal claims		1 00		1 00	£295 00	£295 00
Notification of appointment			3 00	3 00	£360 00	£120 00
Pre-appointment VAT / PAYE / CT		0 10	0 20	0 30	£58 00	£193 33
Secured creditors		0 20		0 20	£48 00	£240 00
Statutory reports			9 70	9 70	£833 00	£85 88
Employees						
Agreeing employee claims		0 30	1 60	1 90	£360 50	£189 74
Correspondence		2 00	13 25	15 25	£2,392 75	£156 90
Pensions reviews		0 10	2 00	2 10	£339 00	£161 43
Investigation						
Investigations						
Correspondence re investigations		3 40	34 60	38 00	£6,766 50	£178 07
Mail redirection			0 50	0 50	£85 00	£170 00
Preferences / transactions at under	2 60		3 20	5 80	£1,376 00	£237 24
Review of pre-appt transactions		2 80		2 80	£672 00	£240 00
Realisation of assets						
Asset Realisation						
Cash and investments	0 40	0 80	11 80	13 00	£2,301 50	£177 04
Debtors	0 20	0 30	4 45	4 95	£857 50	£173 23
Freehold property		0 50	0 80	1 30	£202 50	£155 77
Goodwill		1 50	10 60	12 10	£2,217 00	£183 22
Health & safety		0 60	3 80	4 40	£790 00	£179 55
Leasehold property	0 60	4 90	15 20	20 70	£3,863 50	£186 64
Office equipment, fixtures & fittings			2 30	2 30	£391 00	£170 00
Open cover insurance			3 30	3 30	£496 00	£150 30
Other assets	0 40	0 80		1 20	£353 00	£294 17
Rent			1 10	1 10	£187 00	£170 00
Sale of business	0 70	1 00	3 20	4 90	£1,053 00	£214 90
Vehicles		0 20	3 90	4 10	£671 00	£163 66
Total hours/cost	24 9	99 9	404 2	529 0	£88,645 05	£167 57

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.



Appendix 5

Schedule of expenses for the period

1 April 2011 to 31 March 2012

Section	Account	Accrued	Paid	Undisclosed in prior	Total
Cost realisations	of OR debit balance		1,235.00		1,235 00
	Cheque/Payable order fee		11 55		11 55
	Secretary of State fee		17,954.47		17,954 47
	Petitioner's costs		1,515 00		1,515 00
	Specific bond		210.00		210 00
	Liquidator's fees	35,526 55	53,119 50		88,646 05
	Irrecoverable VAT		510.00		510 00
	Security of premises		189 00		189 00
	Agents'/Valuers' fees		1,618.44		1,618 44
	Enquiry agents		1,440 00		1,440 00
	Legal fees	3,229 76	14,852.00		18,081 76
	Travel costs		379 27		379 27
	Statutory advertising		151.20		151 20
	Rent		6,126 90		6,126 90
	Other property expenses		20 00		20 00
	Insurance of assets		578 76		578.76
	Bank charges		54 00		54 00
		38,756.31	99,965.09		138,721.40
TOTAL		38,756.31	99,965.09		138,721.40

In addition to the expenses above the following disbursements are payable to KPMG LLP and employees of KPMG LLP in reimbursement of expenses properly incurred in connection with the liquidation

These disbursements, detailed below, are category 2 disbursements as defined by SIP 9 and require specific approval of creditors



Type and purpose	Total
KPMG LLP – Employee redundancy and preferential claim handling	1,991.51
Travel costs –	184.88
Return mileage on two occasions from Stoke on Trent to Leicester to attend and secure the business premises of the company and collect former client records	
Return mileage from Stoke on Trent to Manchester to collect company books and records from the Official Receiver's office in Manchester	
Total	2,176.39

Creditors' rights

As a creditor you have a right to request further information and to challenge the Liquidators' remuneration and expenses

Creditors are reminded that the basis upon which the Liquidators' remuneration is to be charged has been agreed. The quantum is supported by an analysis of time costs available for review at Appendix 4. Any additional information regarding Liquidators' remuneration and / or other expenses charged for the period is available from the Liquidators upon request by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt or permission of Court in accordance with rule 4.49E IR86. This request must be made within 21 days of receipt of the report.

In addition, creditors are reminded that the quantum can be challenged by any secured creditor or any unsecured creditor(s) with at least 10% in value (including that creditor's claim) of the unsecured debt by making an application to Court in accordance with rule 4.131 IR86 within eight weeks of receipt of this report.

The full text of these rules can be provided upon request or can be viewed on the following website:

<http://www.insolvency-practitioners.org.uk/uploads/Liq.pdf>