

**Smith & Williamson**

2673204

Inclarity Limited (in Liquidation)

Progress Report of the Joint Liquidators to  
Members and Creditors of the above Company  
pursuant to Rule 4.49B of the Insolvency Rules  
1986

16 October 2012

FRIDAY



\*Q1JUDY5T\*  
QIQ 19/10/2012 #7  
COMPANIES HOUSE

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## 1. Introduction

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Inclarity Limited ("the Company") went into administration on 22 April 2010 and Simon Thomas and Fred Satow of Moorfields Corporate Recovery LLP were appointed joint administrators of the Company

The Company was subsequently wound up by way of a court order on 28 January 2011, on a petition presented on 22 October 2010 by the joint administrators of the Company. The Official Receiver subsequently decided not to convene a meeting of creditors and made an application to the Secretary of State on for the appointment of Steven Edward Butt and myself, both of Smith & Williamson Limited, 25 Moorgate, London EC2R 6AY as the joint liquidators, which was confirmed on 19 May 2011.

On 10 January 2012 Steven Edward Butt was removed as joint liquidator by an order made by Registrar Baister sitting in the Companies Court, Chancery Division in the High Court of Justice pursuant to an application for a block transfer of insolvency appointments. Henry Anthony Shinnars of Smith & Williamson Limited, 25 Moorgate, London, EC2R 6AY replaced Steven Edward Butt as joint liquidator.

This is the report being issued to members and creditors of the Company to account for the dealings of Steven Edward Butt as joint liquidator up to the date of his replacement by the court order stated above on 10 January 2012 pursuant to Rule 4.49B of the Insolvency Rules 1986.

Please note that due to this court order the reporting timeframes for the joint liquidators to report on the progress of the winding up has been amended as such this report supersedes of previous report of 16 July 2012. Future reports will be generated in line with this new annual requirement and as such our next report will be due after 10 January 2013.

I enclose the relevant statutory information in respect of the Company as Appendix A.

Please note that following an internal change to Smith & Williamson's legal structure a new limited liability partnership "Smith & Williamson LLP" has been established. The business which was undertaken by Smith & Williamson Limited is now being conducted through the limited liability partnership with effect from 1 May 2012. Other services provided by entities within the Smith & Williamson Group have remained unaffected by these changes.

## 2. Receipts and payments account

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I understand that all creditors of the Company will have received a copy of the Official Receiver's report following the winding up of the Company from which you will note that the only asset that the Official Receiver was aware of at that stage was the cash in the administrators' account totalling £4,796.

These funds were recovered by the Official Receiver and have been used to defray the Official Receiver's costs. The net funds totalling £414,34 have been passed across to the joint liquidators in the liquidation estate.

A summarised account of our receipts and payments for the period ending 10 January 2012 is attached as Appendix B, which I trust is self explanatory.

### 3. Progress of liquidation

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A meeting of creditors has not yet been called as previously advised in our letter to creditors dated 27 June 2011. At this stage, no assets have been realised and therefore no meeting of creditors is required to be held. However, creditors are advised that they may request a meeting of creditors to be summoned, pursuant to Rule 4.57 of the Insolvency Rules 1986.

#### 3.1 Actions since appointment

Since being appointed as joint liquidators we have spent considerable time and effort sourcing the Company records to ascertain possible routes to recovery of assets for the benefit of creditors.

Our investigation into the Company's financial affairs and the actions undertaken by the former joint administrators are still on going.

#### 3.2 Future work and asset recovery routes

The above matter is currently on going, but the recovery of these sums is uncertain.

Under the provisions of Section 176A of the Insolvency Act 1986 we must report on the amount of funds available for distribution to unsecured creditors in respect of the prescribed part.

### 4. The prescribed part

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Pursuant to the Insolvency Act (1986) (Prescribed Part) Order 2003, the Prescribed Part of the Company's net property to be made available for the satisfaction of unsecured debts is calculated as follows:

- 50% of the first £10,000 of net property, and
- 20% of that part of the net property which exceeds £10,000 in value, provided that the Prescribed Part cannot exceed £600,000
- Where the net property is less than the prescribed minimum (fixed at £10,000) and the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits, the office-holder is excused from his obligation to set aside the prescribed part.

The Company's net property is the amount of its property available for the satisfaction of the claims of the holders of debentures secured by, or holders of, any floating charges created by the Company after 15 September 2003

As stated in joint administrators previous reports, the assets of Company are subject to fixed and floating charges by virtue of the debenture granted to Barclays Bank Plc on 31 August 2000 which was subsequently assigned to Danston Holdings Limited ("Danston") dated 30 March 2010 and a second fixed and floating charge was granted in favour of Aktiva Invest International N V ("Aktiva") on 29 March 2008

As the Danston debenture was created prior to 15 September 2003, the floating charge realisations are not subject to a Prescribed Part to the extent that they are required to settle the amounts owing to Danston. However, Danston have been repaid in full and the residual realisations are subject to the second fixed and floating charge in favour of Aktiva

As the Aktiva debenture was created after 15 September 2003, the residual floating charges realisations are subject to a Prescribed Part

## 5. Outcome for creditors and dividend prospects

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### 5.1. Secured creditors

As stated in the joint administrator's final report Danston have been repaid in full in respect of their fixed and floating charge claim against the Company

As detailed in the joint administrator's final report Aktiva the second fixed and floating chargeholder, was paid £55,694 under its fixed charge

The nature and the quantum of the chargeholders outstanding claims are part of the joint liquidators on going investigations

### 5.2. Preferential creditors

A sale of the Company's business and assets as a going concern was completed by the former joint administrators. As such no preferential creditor claims have been received

### 5.3. Unsecured creditors

The Statement of Affairs provided to the former joint administrator listed unsecured creditors of £3,274,890.54

Since our appointment we have not been made aware of additional unsecured creditors' claims in respect of tax liabilities of £161,925.00. To date, we have received 104 creditors' claims totalling £3,440,470.75. None of these claims were adjudicated and agreed due to the absence of funds to enable me to declare a dividend to this class of creditor

## 6. Statutory obligations

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We have complied with the various statutory obligations required under the relevant provisions of the insolvency legislation

## 7. Professional advisers

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During the winding up, the joint liquidators have not instructed any third party professional advisers in respect of the finalisation of the Company's affairs

## 8. Investigations and directors' conduct report

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The Official Receiver is responsible for investigating and reporting on the directors' conduct

## 9. Joint liquidators' disbursements

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In accordance with SIP 9 disbursements may be either category 1 disbursements or category 2 disbursements

Category 1 disbursements do not require approval by the creditors. Disbursements that may be charged under category 1 generally comprise specific external supplies of incidental services that are specifically identifiable to the winding up and are payable to independent third parties. These include postage, case advertising, invoiced travel and external printing, room hire and document storage. Properly reimbursed expenses incurred by personnel in connection with the winding up will also fall under category 1.

During period of the winding up the sum of £39.00 has been charged to category 1 disbursements. To date, I have not been paid against these costs.

Category 2 disbursements require approval by the creditors. Disbursements that fall under category 2 generally comprise elements of shared or allocated costs. These include the provision of internal services such as photocopying, printing, room hire and document storage. It is not my firm's policy to seek recovery of such category 2 disbursements.

## 10. Joint liquidators' remuneration

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A meeting of creditors has not yet been called as previously advised in our letter to creditors dated 27 June 2011. At this stage, no significant assets have been realised and I do not intend, at this

stage, to summon a meeting of the Company's creditors for the purpose of determining whether a Liquidation Committee should be established and the basis of the joint liquidator's remuneration agreed

However, creditors are advised that they may request a meeting of creditors to be summoned, pursuant to Section 141(2) of the Insolvency Act 1986 and Rule 4.57 of the Insolvency Rules 1986 if a request is made by at least ten per cent in value of the creditors or contributories

During the period of the winding up to 10 January 2012 a total of 40.95 hours to a value of £9,594.25 was spent dealing with the liquidation, representing an average hourly charge out rate of £234.29. In accordance with Statement of Insolvency Practice 9 ("SIP9"), we attach a breakdown of our time costs for the period ending 10 January 2012 as Appendix C

A cumulative analysis of the time spent during the winding up to date is attached as Appendix D. During the period of the winding up the liquidator and his staff spent a total of 76.85 hours dealing with the liquidation at a cost of £19,285.00 representing an average hourly charge out rate of £250.94. To date I have not drawn any remuneration against these costs

Details of the current charge out rates for the joint liquidators' and their staff are attached as Appendix E and F

I would advise that pursuant to Rule 4.49E of the Insolvency Rules 1986, secured creditors or unsecured creditors (with concurrence of at least 5% in value of total claims) or an unsecured creditor with permission of the Court, may, within 21 days of receipt of this progress report, ask the joint liquidators for further information about the remuneration or expenses set out in this progress report

Pursuant to Rule 4.131 of the Insolvency Rules 1986, any secured creditor, or unsecured creditor (with the support of at least 10% in value of the creditors) or with the permission of the court, may within 8 weeks of the receipt of this progress report apply to the court on the grounds that the remuneration charged by the joint liquidators, or basis fixed for the joint liquidators' remuneration, or the expenses incurred by the joint liquidators, is or are considered to be excessive or inappropriate

Information regarding the fees of administrators, called "A Creditor's Guide to Liquidators' Fees", can be downloaded from the following website

[http://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Liquidators\\_Fees.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees.pdf)

Should you prefer this document to be sent to you in hard copy, please contact this office and we will forward a copy to you

## 11. Conclusion

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Our investigations in to the affairs of the Company are on going and will report to the creditors again either when we have some matters of note to report or when our next periodic report is due

Should you have any queries in connection with this report please do not hesitate to contact us

Yours faithfully



**Anthony Spicer**  
Joint Liquidator



## Appendix A. Statutory information

|  |  |
|--|--|
| <b>Company Name</b>                                  | Inclarity Limited  |
| <b>Previous Company Name.</b>                        | Inclarity Plc (until 22 March 2007)  |
| <b>Court Reference:</b>                              | 6077 of 2010 in the High Court of Justice,<br>Chancery Division, Companies Court   |
| <b>Office Holders:</b>                               | Anthony Cliff Spicer and Henry Anthony Shinnars<br>Steven Edward Butt (replaced 10 January 2012)   |
| <b>Registered Number:</b>                            | 02673204   |
| <b>Date of Incorporation:</b>                        | 19 December 1991   |
| <b>Registered Office:</b>                            | 25 Moorgate, London, EC2R 6AY  |
| <b>Previous Registered Office:</b>                   | 88 Wood Street, London, EC2V 7RS (until 18/10/11)<br>8 Fulton Road, Wembley, Middlesex, HA9 0NU (until 27/04/10)<br>Inclarity House, 607 High Road, London, N12 0DZ (until 10/03/07) |
| <b>Trading Address.</b>                              | 607 High Road, Finchley, London, N12 0DZ   |
| <b>Director.</b>                                     | Andrej Rucigaj (appointed on 25/02/08)<br>Anc Management Limited (appointed on 19/03/10)   |
| <b>Former Directors.</b>                             | Ahal Besorai (15/05/98 – 19/03/10)   |
| <b>Company Secretary:</b>                            | Sephelino Chileshe Lukashi (appointed 12/02/10)  |
| <b>Former Company Secretary</b>                      | Ian Geoffrey Evans (22/06/07 – 12/02/10)   |
| <b>Authorised share capital</b>                      | £10,498,153  |
| <b>Allotted, issued and fully paid share capital</b> | 1,479,696 Common shares of £1 each<br>9,018,457 Preferred A Shares of £1 each  |
| <b>Charge holders:</b>                               | Danston Holding (fixed and floating charge)<br>Aktiva Ventures B V (fixed and floating charge)   |

**INCLARITY LIMITED  
SHARE REGISTER**

Total issued  
as at 15 Sept 09  
£1 Shares

**SHAREHOLDER  
ORDINARY £1 SHARES**

|   |         |       |
|---|---------|-------|
| East Reef Holdings Ltd (Jersey)   | 526,792 | 5.02% |
| Headlong Holdings Inc   | 263,395 | 2.51% |
| Mr Jean Luc Alexandre   | 5,643   | 0.05% |
| Mr Matteo Mazzocchi   | 3,200   | 0.03% |
| Shine SA  | 113,795 | 1.08% |
| Rosehill Corporation  | 9,655   | 0.09% |
| Lisa T Rosenbaum, TTEE of the Fisher Family 1995 Trust L/T/ ^ With Ronald D Fisher as Donor | 90,962  | 0.87% |
| Kor Hedva and Abraham   | 10,344  | 0.10% |
| Schandlers Reg. Treuunternehmen   | 38,095  | 0.36% |
| Trident Nominees Ltd  | 27,586  | 0.26% |
| Ron Beller  | 52,000  | 0.50% |
| Julian Costley  | 11,800  | 0.11% |
| Adrian Hughes   | 154,490 | 1.47% |
| Enzo Viscito  | 92,694  | 0.88% |
| Ian Evans   | 46,347  | 0.44% |
| Dave Millett  | 30,898  | 0.29% |
| Linor Vancina   | 0       | 0.00% |
| Aktiva Invest International NV  | 2,000   | 0.02% |
| Ben Andrada   | 0       | 0.00% |
| Kenny Kamal   | 0       | 0.00% |

|                            |                  |               |
|----------------------------|------------------|---------------|
| <b>TOTAL COMMON SHARES</b> | <b>1,479,696</b> | <b>14.09%</b> |
|----------------------------|------------------|---------------|

**PREFERENCE A SHARES**

|                                 |           |        |
|---------------------------------|-----------|--------|
| Aktiva Invest International NV  | 222,640   | 2.12%  |
| Aktiva Invest International NV  | 5,690,897 | 54.21% |
| Aktiva Invest International NV  | 2,000,000 | 19.05% |
| Rustdale Group                  | 533,522   | 5.08%  |
| Rustdale Group                  | 160,168   | 1.55%  |
| Headlong Holdings Inc           | 275,765   | 2.63%  |
| Mr Jean Luc Alexandre           | 460       | 0.00%  |
| Mr Jean Luc Alexandre           | 2,057     | 0.02%  |
| Schandlers Reg. Treuunternehmen | 7,346     | 0.07%  |
| Dave Millett                    | 17,874    | 0.17%  |
| Adrian Hughes                   | 26,676    | 0.25%  |
| Enzo Viscito                    | 8,892     | 0.08%  |
| Mr Okorn                        | 72,160    | 0.69%  |

|                                 |                  |               |
|---------------------------------|------------------|---------------|
| <b>TOTAL PREFERRED A SHARES</b> | <b>9,018,457</b> | <b>85.91%</b> |
|---------------------------------|------------------|---------------|

|                     |                   |                |
|---------------------|-------------------|----------------|
| <b>TOTAL SHARES</b> | <b>10,498,153</b> | <b>100.00%</b> |
|---------------------|-------------------|----------------|

## Appendix B. Receipts and payments account to 10 January 2012

| Statement<br>of Affairs<br>£ |                                   | From 19/05/2011<br>To 10/01/2012<br>£ | From 19/05/2011<br>To 16/10/2012<br>£ |
|------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
|                              | ASSET REALISATIONS                |                                       |                                       |
| 4,796 00                     | Cash in Administration Account    | NIL                                   | NIL                                   |
|                              | DTI Interest Gross                | NIL                                   | 2 59                                  |
|                              | OR Credit Balance (Net)           | 414 34                                | 414 34                                |
|                              |                                   | 414 34                                | 416 93                                |
|                              | COST OF REALISATIONS              |                                       |                                       |
|                              | DTI Banking Fees                  | 54 00                                 | 112 00                                |
|                              | Sec of State Fees                 | NIL                                   | 1 56                                  |
|                              | Corporation Tax                   | NIL                                   | 0 52                                  |
|                              |                                   | (54 00)                               | (114 08)                              |
|                              | FLOATING CHARGE CREDITORS         |                                       |                                       |
| (466,305 53)                 | Floating Charge Creditor - AKTIVA | NIL                                   | NIL                                   |
|                              |                                   | NIL                                   | NIL                                   |
|                              | UNSECURED CREDITORS               |                                       |                                       |
| (3,274,891 00)               | Trade & Expense Creditors         | NIL                                   | NIL                                   |
|                              |                                   | NIL                                   | NIL                                   |
|                              | DISTRIBUTIONS                     |                                       |                                       |
| (9,018,457 00)               | Preference Shareholders           | NIL                                   | NIL                                   |
| (1,479,696 00)               | Ordinary Shareholders             | NIL                                   | NIL                                   |
|                              |                                   | NIL                                   | NIL                                   |
| <u>(14,234,553 53)</u>       |                                   | <u>360 34</u>                         | <u>302 85</u>                         |
|                              | REPRESENTED BY                    |                                       |                                       |
|                              | ISA Interest Bearing              |                                       | 302 85                                |
|                              |                                   |                                       | <u>302 85</u>                         |

## Appendix C. Breakdown of time costs (SIP9) to 10 January 2012

| Classification of work function   | Partner | Associate<br>Director | Hours<br>Manager/<br>Assistant<br>Manager | Senior<br>Administrator/<br>Administrator | Assistants &<br>support staff | Total<br>hours | Time cost | Average<br>hourly rate |
|---|---------|-----------------------|---|---|-------------------------------|----------------|-----------|------------------------|
| <b>Administration &amp; planning</b>  |         |                       |   |   |                               |                |           |                        |
| Case planning administrative set up Appointment notification  | 1 00    | 7 45                  | 15 15                                     | 0 00                                      | 2 90                          | 26 50          | £6 366 00 | £240 23                |
| Maintenance of records statutory reporting  |         |                       |   |   |                               |                |           |                        |
| <b>Investigations</b>   |         |                       |   |   |                               |                |           |                        |
| SIP2 review CDDA reports Investigating antecedent transactions  | 0 00    | 3 70                  | 1 55                                      | 0 00                                      | 0 00                          | 5 25           | £1 603 75 | £305 48                |
| <b>Realisation of Assets</b>  |         |                       |   |   |                               |                |           |                        |
| Identifying securing insuring assets Retention of title Debt collection Property business and asset sales | 0 00    | 0 70                  | 0 00                                      | 0 00                                      | 0 00                          | 0 70           | £234 50   | £335 00                |
| <b>Creditors</b>  |         |                       |   |   |                               |                |           |                        |
| Communication with creditors Creditors claims (including employees and other preferential creditors)      | 0 00    | 2 00                  | 1 75                                      | 0 00                                      | 4 75                          | 8 50           | £1 390 00 | £163 53                |
| <b>Corporate Tax</b>  |         |                       |   |   |                               |                |           |                        |
|   | 0 00    | 0 00                  | 0 00                                      | 0 00                                      | 0 00                          | 0 00           | £0 00     |                        |
| <b>Totals</b>   | 1 00    | 13 85                 | 18 45                                     | 0 00                                      | 7 65                          | 40 95          | £9 594 25 | £234 29                |

## Appendix D. Breakdown of time costs (SIP9) to date

| Classification of work function   | Partner     | Associate<br>Director | Hours<br>Manager/<br>Assistant<br>Manager | Senior<br>Administrator/<br>Administrator | Assistants &<br>support staff | Total<br>hours | Time cost         | Average<br>hourly rate |
|---|-------------|-----------------------|---|---|-------------------------------|----------------|-------------------|------------------------|
| <b>Administration &amp; planning</b>  |             |                       |   |   |                               |                |                   |                        |
| Case planning administrative set up Appointment notification  | 1.00        | 9.85                  | 39.80                                     | 1.40                                      | 3.85                          | 55.90          | £14,539.75        | £260.10                |
| Maintenance of records statutory reporting  |             |                       |   |   |                               |                |                   |                        |
| <b>Investigations</b>   |             |                       |   |   |                               |                |                   |                        |
| SIP2 review CDDA reports Investigating antecedent transactions  | 0.00        | 3.70                  | 6.55                                      | 0.00                                      | 0.00                          | 10.25          | £2,928.75         | £285.73                |
| <b>Realisation of Assets</b>  |             |                       |   |   |                               |                |                   |                        |
| Identifying securing insuring assets Retention of title Debt collection Property business and asset sales | 0.00        | 0.70                  | 0.00                                      | 0.00                                      | 0.00                          | 0.70           | £234.50           | £335.00                |
| <b>Creditors</b>  |             |                       |   |   |                               |                |                   |                        |
| Communication with creditors Creditors claims (including employees and other preferential creditors)      | 0.00        | 2.00                  | 1.75                                      | 1.00                                      | 5.25                          | 10.00          | £1,582.00         | £158.20                |
| <b>Corporate Tax</b>  |             |                       |   |   |                               |                |                   |                        |
|   | 0.00        | 0.00                  | 0.00                                      | 0.00                                      | 0.00                          | 0.00           | £0.00             |                        |
| <b>Totals</b>   | <b>1.00</b> | <b>16.25</b>          | <b>48.10</b>                              | <b>2.40</b>                               | <b>9.10</b>                   | <b>76.85</b>   | <b>£19,265.00</b> | <b>£250.94</b>         |
| <b>Pre-appointment</b>  | <b>0.00</b> | <b>4.30</b>           | <b>0.35</b>                               | <b>0.00</b>                               | <b>1.50</b>                   | <b>6.15</b>    | <b>£1,620.25</b>  | <b>£263.46</b>         |

## Appendix E. Schedule of Charge Out Rates - Restructuring & Recovery

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**Smith & Williamson LLP  
Restructuring & Recovery**

**Charge out rates listed by staff classification**

|                                     | <b>£</b> |
|-------------------------------------|----------|
| <b>Partner</b>                      | 440-500  |
| <b>Associate Director</b>           | 335-420  |
| <b>Senior Manager</b>               | 275-325  |
| <b>Manager</b>                      | 265-310  |
| <b>Assistant Manager</b>            | 235-250  |
| <b>Administrator</b>                | 140-200  |
| <b>Assistants and support staff</b> | 65-250   |

## Appendix F. Schedule of Charge Out Rates – Corporate Tax

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**Smith & Williamson LLP  
Corporate Tax**

**Charge out rates listed by staff classification**

|                           | £       |
|---------------------------|---------|
| <b>Partner</b>            | 435-520 |
| <b>Associate Director</b> | 340-350 |
| <b>Senior Manager</b>     | 285     |
| <b>Manager</b>            | 235     |
| <b>Assistant Manager</b>  | 180     |
| <b>Senior</b>             | 155     |
| <b>Tax Trainee</b>        | 80-95   |