

2673204

Smith &
Williamson

Inclarity Limited (in compulsory liquidation)

Joint liquidators' annual progress
report to creditors and members

6 March 2015



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1. Glossary

| Abbreviation | Description |
|-----------------------------------|--|
| the Company | Inclarity Limited |
| the liquidators/joint liquidators | Anthony Cliff Spicer and Henry Anthony Shinnars |
| SIP | Statement of Insolvency Practice (England & Wales) |
| IA86 | Insolvency Act 1986 If preceded by S this denotes a section number |
| IR86 | Insolvency Rules 1986 If preceded by R this denotes a rule number |
| SOA | Statement of Affairs |
| ETR | Estimated to realise |
| HMRC | HM Revenue & Customs |
| QFCH | Qualifying Floating Charge Holder – a secured creditor who has the power to appoint an administrator |
| RPS | Redundancy Payments Service |
| S&WEBC | Smith & Williamson Employee Benefits Consultancy, a division of Smith & Williamson Financial Services Limited |
| S&WFS | Smith & Williamson Financial Services Limited |
| FCA | Financial Conduct Authority |
| Note | The IA86 and IR86 have been subject to a number of significant amendments since their original issue, including a number of substantial and important changes in April 2010. References to IA86 and IR86 in this report are to the legislation as it applies to this case. |

2. Introduction and statutory information

This report provides an update on the progress in the liquidation of Inclarity Limited (the "Company") for the year ended 9 January 2015

By way of reminder, Inclarity Limited went into administration on 22 April 2010 and Simon Thomas and Fred Satow of Moorfields Corporate Recovery LLP ("Moorfields") 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 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, who had left Smith & Williamson, 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.

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

3. Receipts and payments account

A cumulative receipts and payments account for the period of the winding up, including a copy of my receipts and payments account for the year ended 9 January 2015 is attached as Appendix II which I trust is self-explanatory.

4. Realisation of assets

As stated above the Company went into administration on 22 April 2010 and Simon Thomas and Fred Satow of Moorfields were appointed joint administrators of the Company.

A sale of the Company's business and assets were completed within the administration and creditors have been provided with full details of the various sales via Moorfields previous correspondence, in particular their Statement of Insolvency Practice 16 (SIP 16) report of 27 April 2010, proposals of 10 June 2010 and final report of 22 November 2010.

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 were received initially, as detailed below an additional £1,000 was identified within the period and transferred to the joint liquidators in the liquidation estate.

4.1. Petitioning deposit

In order to finalise the liquidation, the joint liquidators (within the period) requested that the account held with the Insolvency Service be placed on non-interest bearing.

Upon receipt of this request, the Insolvency Service identified additional funds relating to the liquidation within their suspense account. After considerable correspondence these funds were identified to be the petitioning deposit of £1,000, and subsequently these funds plus interest due on the additional funds held were transferred within the period.

As these funds should have been released to the Company's Insolvency Service account at the commencement of the liquidation, the funds, the additional interest; and additional Insolvency Service fees and charges, should have all been accounted for through the course of the liquidation to date. As this has not occurred, the appropriate adjustments have been made within the period to correct the position. As a result of this, the receipts and payments account for the period shows a number of transactions that did not occur in the reporting period

These additional funds (and interest) have resulted in the tax returns for the liquidation needing to be adjusted, which has resulted in final tax clearance not being received within the period.

4.2. Further asset recovery

Further asset recoveries in respect of the Company were specifically linked to the joint liquidator's investigations. These investigations have now been carried out and it has been concluded that no further actions / recoveries are pursuable and, as such, no further asset recoveries are achievable.

5. Investigations

As you may be aware, in a compulsory liquidation the duty to investigate the Company's affairs is the responsibility of the Official Receiver. There is no requirement on the liquidator to submit a report or return on the directors' conduct to the Department of Business Innovation and Skills, however where matters are brought to the liquidator's attention these are reported as appropriate to the Official Receiver for further consideration.

I would confirm that we made an initial assessment as to whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate and that may need reporting to the Official Receiver. After an analysis of certain elements that required investigating, we have concluded that my investigations have not revealed any issues requiring further report to the creditors.

6. Creditors

6.1. Secured creditors

As stated in the joint administrators' previous reports, the assets of the 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 Danston's debenture was created prior to 15 September 2003, the floating charge realisations are not subject to a Prescribed Part (see Section 6.3) to the extent that they are required to settle the amounts owing to Danston. However, Danston have been repaid in full their debt of £917,778 within the administration, and as a result, the residual realisations are subject to the second fixed and floating charge in favour of Aktiva. Aktiva subsequently received £55,694 under its fixed charge

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

6.2. 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 claims have been received.

6.3. Prescribed part

As stated above, we are required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors

Based on the funds transferred from the Official Receiver, and the statutory costs relating to the liquidation, we calculate the value of the Company's net floating charge property to be Nil

Accordingly, on present information there will not be any Prescribed Part fund available for a distribution to unsecured creditors.

6.4. Unsecured creditors

The directors' Statement of Affairs provided to the former administrators listed unsecured creditors of £3,274,890.54.

Since our appointment we have been made aware of additional unsecured creditors' claims, the most significant being a claim of £161,925 in respect of the Company's tax liabilities.

In total we have received 104 creditor claims totalling £3,440,470.75. None of these claims have been adjudicated or agreed due to the absence of funds to enable me to declare a dividend to this class of creditor.

Therefore in accordance with Rule 4.186 of Insolvency Act 1986, we confirm that no dividend to unsecured creditors will be made in this case.

7. Liquidators' remuneration

A meeting of creditors has not yet been called as previously advised in our letter to creditors dated 27 June 2011. To date, no significant assets have been realised it is questionable if further recoveries will be achieved to enable a return to creditors. As such the joint liquidators cannot justify incurring costs, 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

Due to the reasons detailed above no resolution has been sought from creditors within 18 months of their appointment in respect of the joint liquidators remuneration. Therefore in accordance with Rule 4.127A of the Insolvency Rules 1986 the joint liquidators' remuneration will be set in accordance with Schedule 6 of the Insolvency Rules 1986

Information regarding the fees of liquidators, 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

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

The liquidators' time costs are

| Period | Total hours hrs | Total costs £ | Average hourly rate £/hr | Fees drawn £ |
|----------------------------------|-----------------------|---------------------|--------------------------------|--------------------|
| 19 May 2011 – 10 January 2012 | 40 95 | 10,034 25 | 245 04 | - |
| 10 January 2012 – 9 January 2013 | 37 50 | 9,629 75 | 256 79 | - |
| 10 January 2013 – 9 January 2014 | 10 75 | 2,391 25 | 222 44 | - |
| 10 January 2014 – 9 January 2015 | 18 60 | 5,208 50 | 280 03 | - |
| Total | 107.80 | 27,263.75 | 252.91 | - |

Attached as Appendix III, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the time costs by reference to time properly spent by the liquidators and their staff in attending to matters arising in the liquidation. Details of work carried out in the period are also included in the appendix.

Also attached as Appendix IV, is a cumulative time analysis for the period from 19 May 2011 to 9 January 2015 which provides details of the liquidators' time costs since appointment. To date I have not drawn any remuneration against these costs, and as stated above due to the statutory costs of the liquidation I envisage I envisage we will not be in a position to draw any remuneration in respect of this case.

Details of our charge out rates and policies in relation to the use of staff are provided at Appendix V.

8. Liquidation expenses

In respect of the significant areas of expenditure within a winding up, we make the following statements.

8.1. Subcontractors

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

8.2. Professional advisers

We have not used any professional advisers in this case within the liquidation.

8.3. Liquidators' disbursements

In accordance with SIP9, disbursements may be either category 1 or category 2 disbursements.

8.3.1 Category 1 disbursements

Category 1 disbursements do not require approval by 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. Properly reimbursed expenses incurred by personnel in connection with the winding up will also fall under category 1.

We have paid and/or incurred the following disbursements in the current period.

| Description | Incurred in current period £ | Paid in current period £ | Total costs outstanding at period end £ |
|-----------------------|------------------------------------|--------------------------------|--|
| Storage Costs | - | - | - |
| Statutory advertising | - | - | - |
| Online reporting | 50.00 | 50.00 | - |
| Liquidators' bonds | - | - | 20.00 |
| Company searches | - | - | 29.00 |
| Total | 50.00 | 50.00 | 49.00 |

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid

8.3.2. Category 2 disbursements

Category 2 disbursements require approval by 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.

To date the joint liquidators have not incurred any such costs.

8.4. BIS and Secretary of State charges

All monies received by the liquidators must be paid into the Insolvency Service's Account. This account is held with the Bank of England and is under the control of the Secretary of State. This account attracts charges which are deducted at source and apply in all cases.

The current and most recent charges are listed below. Details of previous charges can be found on the Insolvency Services website.

| Fee type | Current fee £ | Previous fee (pre 1 October 2012) £ |
|------------------------|------------------|---|
| Banking Fee | 22.00 | 18.00 |
| BACS Payment | 0.15 | 0.15 |
| Cheque Fee | 1.1 | 1.00 |
| CHAPS Payment | 10.30 | 10.00 |
| Unclaimed Dividend Fee | 25.75 | 25.00 |

Secretary of State fees.

| Realisations | Current fees applied (post 6 April 2010) | Fees applicable 6 April 2009 to 5 April 2010 | Fees applicable 6 April 2008 to 5 April 2009 |
|--|---|---|---|
| Up to £2,000 | | 0% | 0% |
| Up to £2,500 | 0% | | |
| £2,500.01 to £4,200 | 100% | | |
| £4,200.01 to £5,700 | 75% | | |
| £5,700.01 to £401,700 | 15% | | |
| Charge on further realisations up to £80,000 maximum fees | 1% | 17% | |
| Charge on further realisations up to £100,000 maximum fees | | | 17% |

Details of the various fees and charges levied in this case are contained within the liquidators' receipts and payment account at Appendix II.

8.5. Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during the period covered by this report are shown in the receipts and payments summary at Appendix II.

8.6. Policies regarding use of third parties and disbursement recovery

Appendix V provides details of our policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements.

9. Outstanding matters

The remaining actions to be concluded in the liquidation are as follows.

- Obtaining final tax clearance,
- Resolving petitioning creditors deposit;
- Closure of the liquidation, including preparing and issuing draft final report, calling and holding final meetings, and preparing and issuing final report

10. Creditors' rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the liquidators provide further information about their remuneration or expenses which have been itemised in this report

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the liquidators, as set out in this report, are excessive.

These rights apply only to matters which have not been disclosed in previous reports

Further information regarding creditors' rights is available on application to the liquidators

11. Next report

We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation unless we have concluded matters prior to this, in which case we will write to all creditors with our draft final progress report ahead of convening the final meetings of creditors and members



Anthony Cliff Spicer and Henry Anthony Shinnars
Joint Liquidators
Date: 6 March 2015

FINGARR T. O'CONNELL
SIGNED UNDER POWER OF ATTORNEY

I Statutory Information

| | |
|---|--|
| Company Name: | Inclarity Limited |
| Previous Company Name: | Inclarity Plc (until 22 March 2007) |
| Court Reference: | 6077 of 2010 in the High Court of Justice, Chancery Division, Companies Court |
| Office Holders: | Anthony Cliff Spicer and Henry Anthony Shinnars Steven Edward Butt (replaced 10 January 2012) |
| Registered Number: | 02673204 |
| Date of Incorporation: | 19 December 1991 |
| Registered Office: | 25 Moorgate, London, EC2R 6AY |
| Previous Registered Office: | 88 Wood Street, London, EC2V 7RS (until 18/10/11) 8 Fulton Road, Wembley, Middlesex, HA9 0NU (until 27/04/10) Inclarity House, 607 High Road, London, N12 0DZ (until 10/03/07) |
| Trading Address: | 607 High Road, Finchley, London, N12 0DZ |
| Director: | Andrej Rucigaj (appointed on 25/02/08) Aric Management Limited (appointed on 19/03/10) |
| Former Directors: | Ahal Besorai (15/05/98 – 19/03/10) |
| Company Secretary: | Sephelino Chileshe Lukashi (appointed 12/02/10) |
| Former Company Secretary: | Ian Geoffrey Evans (22/06/07 – 12/02/10) |
| Authorised share capital: | £10,498,153 |
| Allotted, issued and fully paid share capital: | 1,479,696 Common shares of £1 each 9,018,457 Preferred A Shares of £1 each |
| Charge holders: | Danston Holding (fixed and floating charge) 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 (Joccy) | 526 792 | 5.02% |
| Headlong Holdings Inc | 263 393 | 2.51% |
| Mr Jean Luc Alexandre | 5 643 | 0.05% |
| Mr Matteo Mazzocchi | 3 200 | 0.03% |
| Shine SA | 113 793 | 1.08% |
| Rosehill Corporation | 9 655 | 0.09% |
| Lisa I Rosenbaum, LIT F of the Fisher Family 1993 Trust L/L/V With Ronald D Fisher as Donor | 90 962 | 0.87% |
| Kor Hedya and Abraham | 10 344 | 0.10% |
| Schindlers Reg Treuhandnehmen | 38 093 | 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 | 46 317 | 0.44% |
| Dave Millett | 30 898 | 0.29% |
| Unior Venezia | 0 | 0.00% |
| Aktiva Invest International NV | 2 060 | 0.02% |
| Ben Andrada | 0 | 0.00% |
| Kenny Kamal | 0 | 0.00% |

| | | |
|----------------------------|------------------|---------------|
| TOTAL COMMON SHARES | 1 479,696 | 14.09% |
|----------------------------|------------------|---------------|

PREFERRED 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 | 5.05% |
| Rustdale Group | 160 168 | 1.53% |
| Headlong Holdings Inc | 275 763 | 2.63% |
| Mr Jean Luc Alexandre | 460 | 0.00% |
| Mr Jean Luc Alexandre | 1 057 | 0.02% |
| Schindlers Reg Treuhandnehmen | 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% |

| | | |
|---------------------------------|------------------|---------------|
| TOTAL PREFERRED A SHARES | 9 018,457 | 85.91% |
|---------------------------------|------------------|---------------|

| | | |
|---------------------|-------------------|----------------|
| TOTAL SHARES | 10,498,153 | 100.00% |
|---------------------|-------------------|----------------|

II Receipts and payments account

| Statement of Affairs £ | | From 10/01/2014 To 09/01/2015 £ | From 19/05/2011 To 09/01/2015 £ |
|------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
| 4,796 00 | ASSET REALISATIONS | | |
| | Cash in Administration Account | NIL | NIL |
| | DTI Interest Gross | 17 23 | 21 19 |
| | O R Credit Balance (Net) | 1,000 00 | 1,414 34 |
| | | 1,017 23 | 1,435 53 |
| | COST OF REALISATIONS | | |
| | DTI Banking Fees | 88 00 | 310 00 |
| | DTI Cheque Fees | 1 10 | 1 10 |
| | Sec of State Fees | 10 34 | 12 72 |
| | Corporation Tax | 3 44 | 4 24 |
| | Online Reporting | 50 00 | 50 00 |
| | | (152 88) | (378 06) |
| (466,305 53) | FLOATING CHARGE CREDITORS | | |
| | Floating Charge Creditor - AKTIVA | NIL | NIL |
| | | NIL | NIL |
| (3,274,891 00) | UNSECURED CREDITORS | | |
| | Trade & Expense Creditors | NIL | NIL |
| | | NIL | NIL |
| (9,018,457 00) | DISTRIBUTIONS | | |
| (1,479,696 00) | Preference Shareholders | NIL | NIL |
| | Ordinary Shareholders | NIL | NIL |
| | | NIL | NIL |
| (14,234,553 53) | | 864 35 | 1,057 47 |
| | REPRESENTED BY | | |
| | VAT Receivable | | 10 00 |
| | ISA NIB 13 8 14 | | 1,047 47 |
| | | | 1,057 47 |

II.1 Notes and further information required by SIP 7

- No payments have been made to us from outside the estate
- Details of significant expenses paid are provided in the body of our report
- Details of payments made to sub-contractors are shown in the body of our report
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the liquidation is provided in our report
- The Insolvency Service Account was made Non-Interest Bearing on 13 August 2014
- As detailed in the report, the interest reported in the year takes in to account journals actioned to account for the additional DTI account funds (previously unaccounted for) and therefore unaccounted for interest.
- There are no foreign currency holdings.

- All amounts in the receipts and payments account are shown exclusive of VAT. VAT is expected to be payable / recoverable on all transactions in the estate subject to VAT. In the event of any variations to this, such amounts would be disclosed as irrecoverable VAT.

III Time analysis for the period (10 January 2014 – 9 January 2015)

| Classification of work function | Hours | | | | | Total hours | Time cost | Average hourly rate |
|---|-------------|--------------------|----------------------------|-------------------------------------|----------------------------|--------------|------------------|---------------------|
| | Partner | Associate Director | Manager/ Assistant Manager | Senior Administrator/ Administrator | Assistants & support staff | | | |
| Administration & planning | | | | | | | | |
| Case planning, administrative set up, Appointment notification | 0.20 | 0.00 | 18.30 | 0.10 | 0.00 | 18.60 | £5,208.50 | £280.03 |
| Maintenance of records, statutory reporting | | | | | | | | |
| Investigations | | | | | | | | |
| SIP2 review, CDDA reports, Investigating antecedent transactions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | £0.00 | |
| Realisation of Assets | | | | | | | | |
| Identifying, securing, insuring assets, Retention of title, Debt collection, Property, business and asset sales | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | £0.00 | |
| Creditors | | | | | | | | |
| Communication with creditors, Creditors' claims (including employees and other preferential creditors) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | £0.00 | |
| AHL/Compliance | | | | | | | | |
| | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | £0.00 | |
| Totals | 0.20 | 0.00 | 18.30 | 0.10 | 0.00 | 18.60 | £5,208.50 | £280.03 |

IV.1 Explanation of major work activities undertaken

A description of work undertaken in the liquidation during the period is as follows.

Administration and Planning

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters. This work includes the following

- Dealing with routine correspondence
- Maintaining physical case files and electronics case details on IPS (case management software)
- Case reviews (including 6 month reviews)
- Case bordereau and reviews
- Case planning and administration
- Preparing reports to creditors.
- Maintaining and managing the liquidators' cash book and bank accounts
- Resolving issues relating to additional DTI account.
- Ensuring statutory lodgements and tax lodgements obligations are met
- Submitting VAT returns and Corporation Tax returns (when due).

IV Cumulative time analysis (19 May 2011 – 9 January 2015)

| Classification of work function | Hours | | | | | Total hours | Time cost | Average hourly rate |
|---|-------------|--------------------|----------------------------|-------------------------------------|----------------------------|---------------|-------------------|---------------------|
| | Partner | Associate Director | Manager/ Assistant Manager | Senior Administrator/ Administrator | Assistants & support staff | | | |
| Administration & planning | | | | | | | | |
| Case planning administrative set up Appointment notification | 1.20 | 9.85 | 67.90 | 3.05 | 2.15 | 84.15 | £22,259.00 | £264.52 |
| Maintenance of records statutory reporting | | | | | | | | |
| Investigations | | | | | | | | |
| SIP2 review CDDA reports Investigating antecedent transactions | 0.00 | 3.70 | 6.55 | 0.00 | 0.00 | 10.25 | £2,928.75 | £285.73 |
| Realisation of Assets | | | | | | | | |
| 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 |
| Creditors | | | | | | | | |
| Communication with creditors Creditors' claims (including employees and other preferential creditors) | 0.00 | 2.05 | 2.10 | 1.00 | 7.50 | 12.65 | £1,831.50 | £144.78 |
| AML/Compliance | | | | | | | | |
| | 0.00 | 0.00 | 0.05 | 0.00 | 0.00 | 0.05 | £10.00 | £200.00 |
| Totals | 1.20 | 16.30 | 76.60 | 4.05 | 9.65 | 107.80 | £27,263.75 | £252.91 |
| Pre appointment | 0.00 | 4.30 | 0.15 | 0.00 | 0.00 | 4.45 | £1,475.75 | £331.63 |

V.1 Notes

The contents of the analysis of the work undertaken within the liquidation should be considered in addition to the information provided in the analysis of the work undertaken in the period; the content of this report; and our previous reports in respect of the liquidation.

Administration and Planning

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters. This work includes the following.

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising.
- Protection of company's assets and records (including electronic).
- Dealing with routine correspondence
- Maintaining physical case files and electronics case details on IPS (case management software).
- Case reviews (including 6 month reviews)
- Case bordereau and reviews
- Case planning and administration
- Preparing reports to creditors
- Maintaining and managing the joint liquidators' cash book and bank accounts
- Resolving issues relating to additional DTI account.
- Ensuring statutory lodgements and tax lodgements obligations are met.
- Submitting VAT returns and Corporation Tax returns (when due)

- Dealing KYC and internal Smith & Williamson LLP compliance requirements.

Investigations

As stated above, in a compulsory liquidation the duty to investigate the Company's affairs is the responsibility of the Official Receiver. There is no requirement on the liquidator to submit a report or return on the directors' conduct to the Department of Business Innovation and Skills, however where matters are brought to the liquidator's attention these are reported as appropriate to the Official Receiver for further consideration. This work includes the following:

- Investigating the reasons for the failure of the Company (including enquiries with the company's directors and possible interviews of key stakeholders)
- Review and investigation of stakeholders' complaints and responses into the failing of the business and actions of company's directors.
- Review and storage of books and records.
- Review of work undertaken by former administrators
- Discussions and correspondence with relevant personnel and agents

Realisation of assets

This section is in relation to the realisation of the Company's assets, which is explained in detail through the contents of our report. The work generally includes the following.

- Miscellaneous asset realisation (i.e. cash at bank), outlined in the contents of the report
- Dealing with certain VAT and tax matters relating to the sales process. This includes sourcing certain records (which were not available at the time of the sale)

Creditors

Work under this section includes correspondence and other contact with the creditors of the Company. The work includes the following:

- Dealing with creditor correspondence via email and telephone
- Dealing with petitioning creditors queries via email and telephone.
- Maintaining creditors' information on IPS.

V Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson's policy in relation to.
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Disbursement recovery
- Smith & Williamson's current charge out rates

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 and a partner or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work
- The complexity and nature of the assignment
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, 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 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 our policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the liquidators' remuneration was established.

An overview of the rates altered within the period, are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2014.

| Smith & Williamson LLP Restructuring & Recovery Services Charge out rates | London office £/hr | | Regional offices £/hr | |
|--|-----------------------------------|------------------------|--------------------------------------|------------------------|
| | From 1/7/13 | From 1/7/14 | From 1/7/13 | From 1/7/14 |
| Partner | 480 | 480 | 350 | 350 |
| Associate Director | 370 | 370 | 295-325 | 295-325 |
| Managers | 235-310 | 235-310 | 190-285 | 190-290 |
| Other professional staff | 150-235 | 150-235 | 110-170 | 120-175 |
| Support & secretarial staff | 85 | 85 | 28-75 | 60-135 |

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashing function is centralised and London rates apply.

www.smith.williamson.co.uk

Principal offices: London, Belfast, Birmingham, Bristol, Dublin, Glasgow, Guildford, Manchester, Salisbury, and Southampton

Smith & Williamson LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International. Registered in England at 25 Moorgate, London EC2R 6AY No OC369871

Nexia Smith & Williamson Audit Limited is registered to carry on audit work and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities. A member of Nexia International



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THIS POWER OF ATTORNEY made the 12th day of OCTOBER 2014
by HENRY ANTHONY SHINNERS (hereinafter called "the Principal") of Smith &
Williamson LLP, 25 Moorgate, London EC2R 6AY

WITNESSETH as follows. -

(1) Appointment of Attorneys

By this Power of Attorney the Principal hereby appoints NICHOLAS JAMES ELLIOTT, FINBARR THOMAS O'CONNELL, GREGORY ANDREW PALFREY and ANTHONY CLIFF SPICER (together the "Attorneys" and each an "Attorney") jointly or severally to be the lawful attorneys of the Principal in his name and on his behalf and as his act and deed or otherwise.

- (i) to do anything which he can lawfully do as administrator, receiver, administrative receiver, receiver and manager, examiner, liquidator, trustee in bankruptcy or nominee or supervisor in relation to a voluntary arrangement whether sole or joint of any and all bodies corporate, individuals, properties or assets in relation to which it is proposed that he should hold any such office,
- (ii) to express his willingness to act as and accept on his behalf any appointment as administrator, receiver, administrative receiver, receiver and manager, examiner, liquidator, trustee in bankruptcy or nominee or supervisor in relation to a voluntary arrangement whether sole or joint, and
- (iii) generally to execute or sign any deed or document including without limitation any bank mandate or cheque which may be required and to do any other act matter or thing which the Attorney or Attorneys in his or their absolute discretion consider necessary, desirable or expedient for carrying out any of the purposes or acts hereby authorised in the same manner and as fully and effectually in all respects as the Principal could have done if personally present

(2) Construction of Powers

(i) The powers of the Attorneys set out in Clause 1 shall not be restrictively construed but the widest interpretation shall be given thereto and they shall not be in any way limited to or restricted by reference to or inference from any other power or powers set out in such Clause or part thereof. None of the paragraphs of the said Clause or the power or powers therein specified shall be deemed subsidiary or ancillary to the power or powers mentioned in any other paragraph.

(ii) All actions authorised by this Power of Attorney may be taken by any of the Attorneys. Any and all acts done, decisions made and instruments or other documents executed pursuant to this Power of Attorney by any of the Attorneys shall therefore be as valid and effectual as though done by all of the Attorneys.

(3) Ratification

The Principal hereby undertakes to ratify everything which the Attorney or Attorneys shall do or purport to do by virtue of this Power of Attorney and to keep the Attorney or Attorneys indemnified against all losses, liabilities, damages, costs, claims or expenses that the Attorney or Attorneys may suffer as a result.

(4) Validity

The Principal declares that a person who deals with any of the Attorneys in good faith may accept a written statement signed by any such Attorney to the effect that this Power of Attorney has not been revoked as conclusive evidence of that fact

(5) Irrevocability

This Power of Attorney shall be effective immediately and shall be irrevocable for one year from the date hereof.

I shall not be
will be given

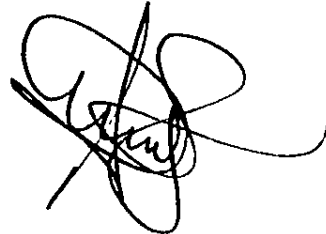
(6) Captions

The captions to the Clauses of this Power of Attorney are inserted for convenience of reference only and shall not affect the construction or interpretation thereof

(7) Governing Law

This Power of Attorney shall in all respects be governed by and construed in accordance with the laws of England.

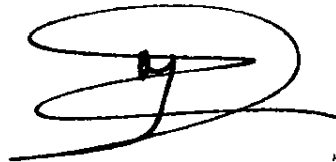
SIGNED and DELIVERED as a Deed)
By HENRY ANTHONY SHINNERS)
in the presence of -)



Signature 
Full names Kirstie Way

Address 25 Moorgate
London
EC2R 6AY

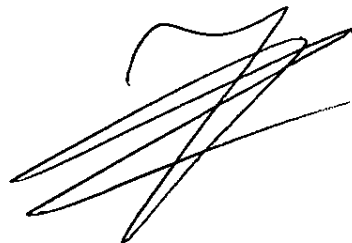
SIGNED and DELIVERED as a Deed)
by NICHOLAS JAMES ELLIOTT)
in the presence of -)



Signature 
Full names Kellie Mahoney

Address 25 Moorgate
London
EC2R 6AY

SIGNED and DELIVERED as a Deed)
By FINBARR THOMAS O'CONNELL)
in the presence of:-)



Signature 
Full names Kirstie Way

Address 25 Moorgate
London
EC2R 6AY

E A Palmer

A. J. O.

EXHIBIT 1 WOODFORD

1.7437102 1.7437102

18-2 THINGS ARE DONE

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Ag-

A handwritten signature in black ink, appearing to be "K." followed by a long horizontal stroke.

Kirstie Way

25 Moorgate
London
EC2R 6AY