

## The Insolvency Act 1986

Liquidator's Progress Report  
Pursuant to Section 192 of  
The Insolvency Act 1986**S.192**

To the Registrar of Companies

For Official Use

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Company Number

02817155

Name of Company

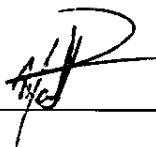
Blue Flag Limited

*/* We  
Martin Halligan  
City Mills  
Peel Street  
Morley  
Leeds  
LS27 8QL

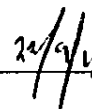
Gareth Rusling  
The P & A Partnership  
93 Queen Street  
Sheffield  
S1 1WF

the liquidator(s) of the company attach a copy of ~~my~~ our progress report  
under section 192 of the Insolvency Act 1986

Signed



Date



MPH Recovery  
City Mills  
Peel Street  
Morley  
Leeds  
LS27 8QL

Ref 0125/MH/PJ

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Insol

FRIDAY



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06/01/2012

#145

COMPANIES HOUSE

Our Ref MH/082  
Your Ref

## **TO ALL KNOWN CREDITORS AND MEMBERS**

22 September 2011

Dear Sirs

**Blue Flag Limited – In Liquidation**  
**Liquidator's Annual Progress Report to Creditors and Members**  
**Company Number: 02817155**

I present the annual and first progress report, detailing the conduct of the liquidation for the period from 23 August 2010 to 22 August 2011, pursuant to Section 92A of the Insolvency Act 1986

### **Introduction**

In accordance with the provisions of Section 98 of the Insolvency Act, 1986, statutory meetings of shareholders and creditors were duly held at City Mills, Peel Street, Morley, Leeds, LS27 8QL on 23 August 2010. Alexandra Joanne Whyte, a director, acted as chairman for the purposes of the meetings.

A report was presented together with a summary of the statement of affairs signed as a statement of truth by the director on 23 August 2010. At a meeting of the shareholders held on 23 August 2010, a resolution was passed for the voluntary winding-up of the company and for the appointment of myself and G D Rusling of the P&A Partnership as Joint Liquidators. At a subsequent meeting of the company's creditors the shareholders' resolution was confirmed. A liquidation committee was not formed, and no creditors attended the meeting in person.

The purpose of this, the first annual report, is to inform members and creditors of the progress of the liquidation, for the period 23 August 2010 to 22 August 2011, pursuant to Section 105 of the Insolvency Act 1986.

### **Receipts And Payments**

A summary of receipts and payments for the period 23 August 2010 to 22 August 2011 is attached at Appendix I. This shows a balance in hand of £20,258.53. The contents therein are self-explanatory. In accordance with the provisions of Statement of Insolvency Practice 7, the receipts and payments are shown net of VAT. A bank account has been opened with Svenska Handelsbanken AB (publ) for the purposes of the liquidation.

### **Assets Specifically Pledged**

The director stated that there were no assets specifically pledged.

### **Assets Not Specifically Pledged**

The director's Estimated Statement of Affairs indicated that stock, with a book value of £50,373, would realise £3,250. These assets remain to be sold.

The director's Estimated Statement of Affairs indicated that book debts, with a book value of £140,387, would realise approximately £105,290 after providing for bad and doubtful debts. Realisations have been £31,993.40 in this respect. The former director is assisting in continuing to pursue the remaining debtors. However, the sales ledger is made up of a large number of relatively small accounts and it may be prudent at this stage to make full provision for any further recoveries.

### **Preferential Creditors**

The director stated that there were preferential creditors in respect of potential employees' claims totalling £48,800. Total preferential creditor claims received to date are £15,090.05.

### **Floating Charge Creditors**

The director stated that there were no floating charge creditors. No claims have been received to date from floating charge creditors.

## **Non - Preferential Creditors**

Non-preferential claims received to date are as follows -

	No.	£ Per 'S of A'	No.	£ Claims
Trade Creditors	36	221,631	12	90,984
Employee Claims	1	345,413	1	201,900
Directors Loan Account	1	80,064	0	0
HM Revenue & Customs	3	737,215	1	62,551
<b>TOTAL</b>		<b>1,384,323</b>		<b>355,435</b>

Total non-preferential claims received to date are £355,435

## **Liquidators' Remuneration**

Attached at Appendix II is an additional assessment of work carried out, in accordance with SIP 9 (E&W)

A summary of MPH Recovery's time costs for the period 23 August 2010 to 22 August 2011 is attached at Appendix III

It was agreed that the Joint Liquidator would deal with investigatory matters in respect of the Company and its officers. A schedule of his time costs associated with work carried out in this respect has not yet been provided by the Joint Liquidator.

A total of 57.90 hours have been spent on this assignment by this firm, for the above period, totalling £15,816.50, at an average hourly rate of £273.17. No Liquidators' fees have been drawn to date.

Scale rates may increase from time to time over the period of administration on each insolvency case.

A creditors' guide to fees can be found on The Association of Business Recovery Professionals website at [www.r3.org.uk/publications](http://www.r3.org.uk/publications) (under the sub heading Fees / "Guide to Liquidation Fees"). Alternatively, it can be supplied upon request, free of charge.

## **Liquidators' Disbursements**

A summary of MPH Recovery's disbursements, Category 1 and Category 2, for the period to 22 August 2011 is attached at Appendix II. The contents therein are self-explanatory. No disbursements have been drawn to date. I have not been made aware of any disbursements incurred by the Joint Liquidator.

## **Dividend Prospects**

Based on the information presently available there will be no distribution to be made to any class of Creditors.

## **Company Directors Disqualification Act 1986**

As Joint Liquidators we have a duty to investigate the affairs of an insolvent company and to consider the conduct of the company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. Investigations into these matters are ongoing.

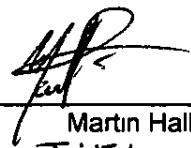
M P Halligan  
Liquidator

**Blue Flag Limited  
(In Liquidation)**

**LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT**

	Statement of affairs £	From 23/08/2010 To 22/08/2011 £	From 23/08/2010 To 22/08/2011 £
<b>RECEIPTS</b>			
Stock	3,250 00	0 00	0 00
Book Debts	105,290 00	31,993 40	31,993 40
Cash at Bank	788 00	0 00	0 00
Bank Interest Gross		15 13	15 13
		<u>32,008 53</u>	<u>32,008 53</u>
<b>PAYMENTS</b>			
Statement of Affairs fee		5,000 00	5,000 00
S98 Fee		5,000 00	5,000 00
Vat Receivable		1,750 00	1,750 00
		<u>11,750 00</u>	<u>11,750 00</u>
<b>BALANCE - 22 August 2011</b>			<u><u>20,258.53</u></u>

Note



Martin Halligan  
Joint Liquidator

## INTRODUCTION

The following information is provided in connection with the Joint Liquidators' remuneration and disbursements in accordance with SIP 9 (E&W).

CASE NAME	Blue Flag Limited
COMPANY NUMBER	02817155
OFFICE HOLDER .	M P Halligan and G D Rusling
FIRM	MPH Recovery, City Mills, Peel Street, Morley, Leeds LS27 8QL and The P & A Partnership, 93 Queen Street, Sheffield, S1 1WF
TELEPHONE	0113 2531445
TYPE OF APPOINTMENT	Creditors Voluntary Liquidation
DATE OF APPOINTMENT	23 August 2010

## OVERVIEW OF THE CASE

This overview is intended to allow the body responsible for the approval of the Office Holders' fees to view the quantum of those fees in the context of the case in question

### Other Professionals Employed

As Joint Liquidators we have employed the following agents

Michael Steel & Co, Valuers & Auctioneers, of Leeds ("M S & Co") have been instructed to deal with all the Company's chattel assets. Their fees are based on time spent valuing the assets

Ward Hadaway Solicitors ("Ward Hadaway") have been instructed to deal with the removal of a winding up petition which was issued by one of the company's creditors.

I consider M S & Co and Ward Hadaway to be firms of repute with the appropriate expertise in their respective fields. My experience of working with these firms indicates that their charge out rates and internal delegation results in charges, which are cost effective for this kind of work

### Complexity of the Case

The majority of work undertaken in this liquidation has been in connection with dealing with creditors' claims and investigating and recovering the Company's book debts

### Exceptional Responsibilities

There have been no exceptional responsibilities in this matter

### The Office Holders' Effectiveness

Realisations to date total £32,008.53. Further realisations are ongoing

### Estimated Return to Creditors

On present information, there will be insufficient funds available to make a dividend payment to non preferential creditors.

## EXPLANATION OF OFFICE-HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES.

Full details of MPH Recovery's fees, charge out rates and disbursement policies, are attached at Appendix IV "Fees and Disbursements in Liquidations". Scale rates may increase from time to time over the period of administration on each insolvency case

A summary of MPH Recovery's disbursements, Category 1 and Category 2, for the period to 22 August 2011 is summarised below -

	£
Insurance Bordereau	330 00
Circulars/Notification	288 00
Statutory Advertising	266 49
Room Hire	175 00
<b>TOTAL</b>	<u>1,059 49</u>

As indicated in the progress report, a schedule of disbursements incurred by the Joint Liquidator has not yet been provided

## **NARRATIVE DESCRIPTION OF WORK CARRIED OUT**

A summary of the work carried out from the date of our appointment has included

- Preparation of standard documents in accordance with the Insolvency Act 1986 and in accordance with recommended best practice;
- Dealing with all statutory matters associated with my appointment,
- Investigations into the company's dealings and that of its officers,
- Preparation and lodgement of statutory receipts and payments and other administrative matters,
- Circularising Reports and corresponding with creditors to ascertain claims;
- Office holder file reviews,
- Taxation and VAT issues

## **TIME AND CHARGE-OUT SUMMARIES**

A schedule of the MPH Recovery's time spent, post appointment and charge-out rates is attached at Appendix III. Scale rates may increase from time to time over the period of administration on each insolvency case. As indicated in the progress report, a schedule of time costs in respect of work carried out by the Joint Liquidator has not yet been provided

## **RESOLUTIONS**

The resolutions passed at the meeting of creditors, held on 23 August 2010, were -

- The creditors, having considered the explanatory note, "A Creditors' Guide to Liquidators Fees", resolved "That the Joint Liquidators' fees be agreed on a time cost basis and that such remuneration be drawn on account as and when appropriate"
- That the Joint Liquidators be reimbursed for any necessary disbursements incurred during the administration of the winding up, in accordance with the provisions of SIP9 Category 1 and 2 disbursements, and that such disbursements be drawn on account as and when appropriate
- That MPH Recovery's fees for preparing the Statement of Affairs and preparing a report to be presented to the meetings shall be fixed at £5,000 plus VAT and disbursements plus VAT.
- That MPH Recovery's fees for assisting the director in convening the meeting of creditors under section 98 of the Insolvency Act 1986 shall be fixed at £5,000 plus VAT and disbursements plus VAT.

# Time Entry - SIP9 Time & Cost Summary

0125 - Blue Flag Limited  
From 23/08/2010 To 22/08/2011

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	1.70	0.50	8.90	5.10	16.20	4,388.50	271.51
Creditors	0.00	2.30	19.00	9.70	31.00	8,156.00	263.10
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Meeting Reports & Reviews	0.00	1.00	0.00	0.00	1.00	350.00	350.00
Pre Appointment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.60	0.40	7.30	0.30	8.60	2,587.50	300.87
Taxation	0.00	0.00	1.10	0.00	1.10	324.50	285.00
<b>Total Hours</b>	<b>2.30</b>	<b>4.20</b>	<b>36.30</b>	<b>15.10</b>	<b>57.90</b>	<b>15,816.50</b>	<b>273.17</b>
<b>Total Fees Claimed</b>						<b>10,000.00</b>	
<b>Total Disbursements Claimed</b>						<b>6,000.00</b>	



City Mills  
Peel Street  
Morley, Leeds  
LS27 8QL

## APPENDIX IV

### FEES AND DISBURSEMENTS IN LIQUIDATIONS (2011-2012)

#### Fees

The fees of the Liquidator are fixed by reference to time properly spent by the Liquidator and his staff in attending to all matters arising in the liquidation unless otherwise agreed with the creditors. The liquidator and his staff charge time to all insolvency cases in units of 6 minutes. Charge Out Rates are subject to annual review.

#### Charge Out Rates (Per Hour)

Staff Grade	Rate Per Hour
	£
Director	400
Manager	350
Administrator	295
Assistant	180

#### Standard Activity (Examples of Work)

Investigations/ Realisations/Taxation/Reports /Admin/Planning/Creditors/Claims

#### Disbursements

In dealing with the liquidation, the Liquidator will incur specific expenses and disbursements that are recoverable from the assets available in the liquidation in accordance with Rule 4.218 of the Insolvency Rules. These are referred to as Category 1 disbursements (Creditor approval not required). In addition to specific out of pocket expenditure, the Liquidator will also recover shared or allocated costs of an incidental nature directly incurred on the case. These are referred to as Category 2 disbursements (Creditor approval required).

Where no specific provision is made, other expenses and disbursements, Category 1 and 2, are recovered as follows:

Expense Type	Basis of Charge
Internal Room Hire (for each statutory meeting of creditors)	£175 per meeting
Mileage	75p per mile
Search costs	At Cost
Storage of books and records	At Cost
Creditor circulars/notification (incl stationery, printing, postage and telephone charges)	£8 for every creditor and contributory (per circular/notification)

Where funds permit, a charge for storage of boxes for 12 months after closure of the liquidation is made to cover storage costs until such time as destruction of the records is permitted.

Should any creditor require further information in respect of fees or expenses, then please contact the Liquidator, at the above address.



Bradford • Leeds • York

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