

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

02817155

Name of Company

Blue Flag Limited

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

the liquidator~~s~~ of the company attach a copy of my/~~our~~ Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 23/08/2012 to 22/08/2013

Signed



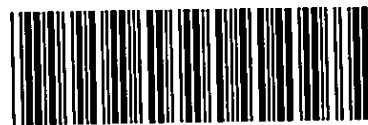
Date

21/10/13

MPH Recovery
City Mills
Peel Street
Morley
Leeds
LS27 8QL

Ref 0125/MH/PJ

SATURDAY



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A16

02/11/2013

#140

COMPANIES HOUSE



City Mills
Peel Street
Morley, Leeds
LS27 8QL

BLUE FLAG LIMITED – IN LIQUIDATION
Company Number: 02817155
Registered Office: City Mills, Peel Street, Morley, Leeds, West Yorkshire, LS27 8QL

Joint Liquidator's Third Progress Report
Pursuant to Section 104A of the Insolvency Act 1986 and Rule 4.49 of the Insolvency Rules 1986

Report Dated: 21 October 2013



COMPANIES HOUSE



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TO ALL KNOWN CREDITORS AND MEMBERS

21 October 2013

Dear Sirs

Blue Flag Limited – In Liquidation (“The Company”)

Liquidator’s Annual Progress Report to Creditors and Members

Registered Office: c/o MPH Recovery, City Mills, Peel Street, Morley, Leeds, LS27 8QL

Company Number: 02817155

I present the annual and third progress report, detailing the conduct of the liquidation for the period from 23 August 2012 to 22 August 2013, pursuant to Section 104A of the Insolvency Act 1986. This should be read in conjunction with all previous reports.

Introduction

In accordance with the provisions of Section 98 of the Insolvency Act, 1986, statutory meetings of shareholders and creditors were duly held on 18 August 2011. 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 the meeting of shareholders, 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.

Receipts and Payments

A summary of receipts and payments for the period of this report is attached at Appendix I. This shows a balance in hand of £21,361.60. 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. The funds are held in an interest bearing current account at Svenska Handelsbanken AB.

Assets Specifically Pledged

The Directors stated that there were no assets specifically pledged. No such assets have been brought to the Joint Liquidators’ attention.

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. Following an inspection by my agents it was ascertained that the stock was made up of surplus items from completed contracts and many items were deemed unsalable. Accordingly the stock was abandoned due to the cost involved in attempting to move and sell individual items.

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. As noted in my previous report, the former director is assisting in continuing to pursue the remaining debtors and I have instructed Candor Law LLP to pursue legal action where necessary. The estimated value of future realisations in this regard is currently uncertain.

The director’s Estimated Statement of Affairs also indicated that cash at bank with a book value of £788 would realise £788. However after closing charges and interest there have been no realisations from this source.

Gross bank interest of £57.03 has been received to date.

I have also received a VAT refund of £1,750.00.

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.

Prescribed Part

Section 176A(9) of the Insolvency Act 1986, as amended, regarding the prescribed part does not apply in this matter as there are no creditors with the benefit of security created after the prescribed date of 15 September 2003.

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 (RPO)	1	345,413	1	374,241
Directors Loan Account	1	80,064	0	0
HM Revenue & Customs	3	737,215	1	665,465
TOTAL		1,384,323		1,130,690

Total non-preferential claims received to date are £1,130,690

Remuneration

MPH Recovery's fees for assisting the director in convening the meeting of creditors under section 98 of the Insolvency Act 1986 were fixed at £5,000 plus VAT and disbursements plus VAT I have drawn the sum of £5,000 plus VAT to date

MPH Recovery's fees for preparing the Statement of Affairs and preparing a report to be presented to the meetings of members and creditors held pursuant to section 98 of the Insolvency Act 1986, were fixed at £5,000 plus VAT and disbursements plus VAT I have drawn the sum of £5,000 plus VAT to date

At the first meeting of creditors, 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 and 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

It was agreed that the Joint Liquidator would deal with investigatory matters in respect of the Company and its officers. As noted in my previous report, the Joint Liquidator has advised me that he had undertaken a total of 40 10 hours work, totalling £5,640 at an average hourly rate of £140 65. A schedule of his time cost in this respect is attached at Appendix IV

A summary of my time costs for the period 23 August 2010 to 22 August 2013 is attached at Appendix II

A total of 84 82 hours have been spent on this assignment, for the above period, totalling £25,284 90, at an average hourly rate of £298 10. No remuneration has been drawn in this regard to date

Included in the above is a total of 10 25 hours which have been spent on this assignment for the period 23 August 2012 to 22 August 2013, totalling £3,850 75 at an average hourly rate of £375 68

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,
- Preparation and circularisation of annual reports to creditors,
- Investigations into and realisation of the Company's book debts,
- Taxation and VAT issues

Further time costs will be incurred in finalising my administration of the liquidation, the quantum of which is unknown at present

Disbursements

A summary of MPH Recovery's disbursements, Category 1 and Category 2, both pre and post appointment, for the period to 22 August 2013 is detailed below -

Disbursement	Amount (£)	
	Pre	Post
Statutory Advertising	0 00	266 49
Specific Bond	0 00	330 00
Room Hire	175 00	0 00
Creditor Circulars	288 00	864 00
	463.00	1,460.49

My disbursements remain unpaid

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

Full details of MPH Recovery's fees, charge out rates and disbursement policies for the year 2013/2014 are attached at Appendix III "Fees and Disbursements in Liquidations" Scale rates may increase from time to time over the period of administration on each insolvency case

In accordance with Rule 4.49E of the Insolvency Rules 1986, as amended, Creditors and members have the right to request that the Liquidator provides further information about his remuneration and expenses incurred during the period of the administration of the liquidation. The request must be made in writing within 21 days of receipt of this report, and can be made by, a secured creditor, an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors or with permission of the court. Furthermore in accordance with Rule 4.131 of the Insolvency Rules 1986 as amended, creditors have the right to challenge the Liquidator's remuneration and expenses by application to the court within 8 weeks of receiving this report

Other Professionals / Agents 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
- Candor Law LLP have been instructed to assist in the collection of outstanding book debts. Their fees are based upon a percentage of realisations

I consider the above 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 result in charges which are cost effective for the work undertaken

Complexity of 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 Holder's Effectiveness

Realisations of £33,800.43 have been achieved to date. Further realisations are ongoing

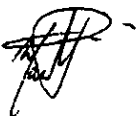
Estimated Return to Creditors

On present information, there may be a dividend available to preferential and non preferential creditors, dependant on debtor collections. The estimated value of the prescribed part is nil

Company Directors Disqualification Act 1986

The Joint Liquidators have a duty to investigate generally 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 & Skills. I confirm that we have discharged our duties in these respects

Yours faithfully



M P Halligan
Joint Liquidator

Blue Flag Limited
(In Liquidation)

JOINT LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 23/08/2012 To 22/08/2013 £	From 23/08/2010 To 22/08/2013 £
RECEIPTS			
Stock	3,250 00	0 00	0 00
Book Debts	105,290 00	0 00	31,993.40
VAT Refund		1,750 00	1,750 00
Cash at Bank	788 00	0 00	0 00
Bank Interest Gross		21 61	57.03
		<u>1,771 61</u>	<u>33,800 43</u>
PAYMENTS			
Statement of Affairs fee		0 00	5,000 00
S98 Fee		0 00	5,000 00
Agents/Valuers Fees		0 00	500 00
Statutory Advertising		0 00	75 60
Vat Receivable		0 00	1,863 23
		<u>0 00</u>	<u>12,438 83</u>
BALANCE - 22 August 2013			<u><u>21,361.60</u></u>

Martin Halligan
Joint Liquidator

Time Entry - SIP9 Time & Cost Summary

0125 - Blue Flag Limited
Project Code POST
From 23/08/2010 To 22/08/2013

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	4.20	0.90	11.22	6.10	22.42	6,402.90	285.58
Creditors	0.00	4.05	19.00	10.00	33.05	8,822.50	266.94
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Meeting Reports & Reviews	6.00	4.25	2.20	0.00	12.45	4,536.50	364.38
Pre Appointment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	2.60	1.85	7.30	0.50	12.05	3,661.00	320.41
Taxation	0.50	3.25	1.10	0.00	4.85	1,662.00	342.88
Total Hours	13.30	14.10	40.82	16.60	64.82	25,264.90	298.10

APPENDIX III

FEES AND DISBURSEMENTS IN LIQUIDATIONS (2013-2014)

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.



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SIP 9 - Time & Cost Summary
 Period 23/07/10 22/07/12

Time Summary

Classification of work function	Hours					Time Cost (£)	Average hourly rate (£)
	Partner	Manager	Other Senior Professionals	Assistants	Total Hours		
Administration & planning	0 60	0 70	5 50	4 70	11 50	1 488 50	129 43
Investigations	2 00	0 00	8 00	0 00	8 00	1 680 00	210 00
Realisations of assets	0 50	0 00	0 00	0 00	0 50	160 00	320 00
Trading	0 30	0 00	0 00	0 00	0 30	0 00	0 00
Creditors	0 30	6 50	0 00	13 20	19 70	2 250 50	114 24
Case specific matters	0 30	0 20	0 00	0 20	0 40	61 00	152 50
Pre SIP9 Time Recording	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	3 10	7 40	11 50	18 10	40 10	5 840 00	146 85
Total Time Cost (£)	992 00	1 978 50	1 945 50	724 00			