

**Liquidator's Progress Report****S.192**Pursuant to Sections 92A, 104A and 192 of the  
Insolvency Act 1986

To the Registrar of Companies

Company Number

02906739

Name of Company

(a) Insert full name of  
company

(a) HILSTONE CORPORATION LIMITED

Limited

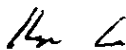
(b) Insert full name(s) and  
address(es)

I/We (b)

Stephen Paul Grant of Wilkins Kennedy LLP, Bridge House, London Bridge, London SE1 9QR  
and Anthony Malcolm Cork of Wilkins Kennedy LLP, Bridge House, London Bridge, London  
SE1 9QRthe Joint Liquidators of the Company attach a copy of our Progress Report under section 192 of  
the Insolvency Act 1986

The Progress Report covers the period from 15 December 2012 to 14 December 2012

Signed



Date 12/3/13

Presenter's name,  
address and reference (if  
any)Stephen Paul Grant  
Wilkins Kennedy LLP  
Bridge House  
London Bridge  
London  
SE1 9QR

FRIDAY THURSDAY

\*A2444UZK\*  
A42 14/03/2013 #213  
COMPANIES HOUSE  
A23 15/02/2013 #9  
COMPANIES HOUSE

**Hilstone Corporation Limited  
In Liquidation**

**Annual Progress Report to the Members and Creditors  
Pursuant to Section 104A of the Insolvency Act 1986**

**13 February 2013**

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## **1. INTRODUCTION**

The purpose of this report is to detail my acts and dealings as Joint Liquidator and it should be read in conjunction with my previous correspondence to creditors

## **2. BACKGROUND**

The members' and creditors' meetings were held on 15 December 2011, when my partner Anthony Malcolm Cork and I, both of Wilkins Kennedy LLP, Bridge House, London Bridge, London SE1 9QR, were appointed Joint Liquidators of the Company

The Company's registration number is 02906739 and its current registered office is Bridge House, London Bridge, London SE1 9QR. The Company's former registered office and trading address was 5th Floor, 1 Great Cumberland Place, London W1H 7AL

The Company provided general property advice

The reasons given by the Directors for the Company's failure were summarised as follows

- 1) The effect of the global economic crisis on the Company's clients, resulting in decreased turnover
- 2) The loss of the funds invested in Hilstone Land Limited, which adversely affected cash flow

## **3. RECEIPTS AND PAYMENTS ACCOUNT**

A summary of the Joint Liquidators' receipts and payments from the date of liquidation on 15 December 2011 to 14 December 2012, which schedules the asset realisations along with the costs incurred in realising such assets is attached at Appendix 1. As at 14 December 2012 a total of £202.20 was held in the liquidation account. This account is interest bearing and I can confirm that it has been reconciled to the bank statements.

## **4. ASSET REALISATIONS**

### **Rent Deposit**

The Statement of Affairs showed that the Company had a Rent Deposit held by the landlord, Colliers & Madge Limited, which had a book value of £977. The Directors are also shareholders and Directors of Colliers & Madge Ltd and were therefore using the offices without a formal contract in place. The Directors advised that the rent deposit should have been written off in previous accounts and is therefore estimated to be unrealisable.

### **Cash at Bank**

The Statement of Affairs showed that the Company had Cash at Bank with a book value of £1,011.

The Joint Liquidators' wrote to the Company's bank, Barclays Bank Plc, and requested that the balance of the Company's account be transferred into the liquidation account with immediate effect. A cheque for £993.64 was received from Barclays Bank Plc in respect of the Company's credit balance. The £17.36 difference between the Statement of Affairs estimate and the actual realisation was in respect of final bank charges due on the account.

### **Corporation Tax Refund**

The Statement of Affairs showed that a corporation tax refund with a book value of £102,240 was due to the Company. The Directors were uncertain of the estimated to realise amount and to date nothing has been received into the liquidation account.

The Directors believed that the corporation tax refund was due to them under the Options Over Futures ("OOF") arrangements of which they were a part of.

HM Revenue & Customs (HMRC) have argued that the OOF arrangements were insufficient in delivering the tax result which the Company maintained. PricewaterhouseCoopers ("PWC") are working with HMRC to identify a test case to refer to the First-tier Tax Tribunal (the "Tribunal") for a decision. The plan was that, once the test case had been identified, only one appeal against HMRC's decision would be made to the Tribunal and the other cases would be stayed pending the outcome of that appeal.

A test case was identified, but the client in question asked PWC to make a further approach to HMRC with a view to negotiating a possible settlement. A settlement has now been negotiated between PWC and HMRC and all participants in the OOF planning have been asked to consider whether they would be prepared to settle on the agreed terms.

I am awaiting confirmation from PWC as to which clients have agreed to settle and which have decided to continue with the litigation.

#### **GFA Deposit**

The Statement of Affairs showed that the Company had a deposit with a book value of £5,037.50 held by PwC in respect of the above action to obtain the corporation tax refund. The deposit is held against PwC's fees in dealing with the matter should the action be unsuccessful and an order for costs not obtained. The realisable value is therefore uncertain.

As mentioned above, I am still awaiting information from PwC as to which clients have decided to negotiate a settlement and which have decided to continue with the litigation. Therefore, at this time it is uncertain how much, if any, of the GFA deposit will be realised.

#### **VAT Refund**

The Statement of Affairs estimated that the Company would be due £2,155 in respect of a VAT refund for the period 1 October 2011 to 31 December 2011. This has not yet been realised.

The Directors confirmed that the VAT return for the above period and a claim of £2,305.11 had been submitted electronically to HMRC on 18 October 2011 via HMRC's online portal.

HMRC's VAT office has confirmed that the return in relation to the above period and claim for £2,305.11 has not been received. A new claim form is being sent out in order for me to reclaim this amount.

This amount will be set-off against HMRC's unsecured claim of £1,360,562.70 in respect of tax, national insurance and outstanding VAT.

#### **Investment – Hilstone Land Limited**

The Statement of Affairs showed that the Company had an investment in Hilstone Land Limited with a book value of £3,750,000. However, the books and records also showed a liability due to the same company of an equal amount. The liability will be offset against the asset and the investment is not therefore realisable.

### **5 EXPENDITURE**

#### **Statement of Affairs Fee**

In accordance with the resolution passed at the first meeting of creditors held on 15 December 2011, it was agreed that the sum of £10,000 plus VAT and disbursements would be paid to this firm in connection with the expenses incurred in convening the meeting of creditors and the preparation of the Statement of Affairs.

£10,000 plus VAT was paid by the Company in full and final settlement of these costs prior to the meeting of creditors being held.

## **Joint Liquidators' Remuneration**

The Joint Liquidators' remuneration was to be drawn on a time cost basis as agreed at the original meeting of creditors held on 15 December 2011. A schedule of the Joint Liquidators' time costs to date is attached at Appendix 2 and an explanation of the firm's current charging policy is attached at Appendix 3.

A "Creditors Guide to Insolvency Practitioners' Fees" is available at the following internet link [www.insolvency-practitioners.org.uk/uploads/Liq.pdf](http://www.insolvency-practitioners.org.uk/uploads/Liq.pdf). If you do not have access to the internet, a hard copy of this document is available on request.

In accordance with Rule 4.49E of the Insolvency Rules 2010 the Joint Liquidators will provide further information about their remuneration or expenses if, within 21 days of receipt of this report, a secured creditor or unsecured creditors whose debts amount to at least 5% of the total debts of the company (or have permission of the Court) so request in writing.

In accordance with Rule 4.131 of the Insolvency Rules 2010 any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the Court, no later than 8 weeks after receipt of this report, for one or more of the following orders:

- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount,
- (c) an order changing the basis of remuneration,
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
- (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify.

Such an application may be made on the grounds that:

- (a) the remuneration charged by the liquidator,
- (b) the basis fixed for the liquidator's remuneration under Rule 4.127, or
- (c) expenses incurred by the liquidator,

is or are, in all the circumstances, excessive or, in the case of an application under subparagraph (b), inappropriate.

You will note that time costs of £8,133.75 have been incurred from the date of my appointment, of which £958.04 has been reimbursed. The balance of £7,175.71 will be written off.

## **Joint Liquidators' Disbursements**

The Joint Liquidators have incurred various costs totalling £130.00 which were incurred as a direct result of the liquidation; these are detailed on the time cost analysis at Appendix 2. As there are insufficient funds in the liquidation account, nothing has been drawn.

## **6. INVESTIGATION**

The Joint Liquidators undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved. In particular, transactions which took place at the time of and immediately prior to the company ceasing to trade were considered.

Within six months of appointment, the Joint Liquidators were required to submit a confidential report to the Secretary of State to include any matters which had come to their attention during the course of this work which may indicate that the conduct of any past or present director would make them unfit to be concerned with the management of the company. I can confirm that my report has been submitted. The contents of this report are, and will remain confidential.

## **7. CREDITORS' CLAIMS & DIVIDEND PROSPECTS**

### **Secured Creditors**

There were no outstanding charges at the time of my appointment

#### *Prescribed Part*

As there are no secured charges there is no need to deal with the prescribed part

### **Preferential Creditors**

Following the abolition of crown preference the only preferential creditors in this matter are the former employees with regard to arrears of wages and holiday pay and the Redundancy Payments Office ("RPO") in respect of any payments made to employees from the National Insurance Fund

As there are no employees, there are no preferential creditors to deal with

### **Unsecured Creditors**

HMRC have put in a claim totalling £1,360,562 70 in respect of tax, national insurance and outstanding VAT. This claim from HMRC was not accounted for on the Statement of Affairs, as the Directors believed that only refunds from HMRC were due to the Company

As mentioned above the loan to the Company of £3,750,000 from Hilstone Land Limited, as per the Statement of Affairs, is unlikely to be repaid as there are insufficient funds in the liquidation account and the outcome of the OOF negotiations are unclear at this time

According to the Statement of Affairs, the Directors had a loan account totalling £859 256. This was in respect of the Directors having invested £430,622 59 and £428,633 21 into the Company. Neither of the Directors have submitted a claim in the liquidation for the above amounts as they did not expect to realise any funds

## **DIVIDEND PROSPECTS**

The Joint Liquidators have not agreed or admitted claims for dividend purposes and it is not intended to do so as there are insufficient funds to enable a distribution to be declared to unsecured creditors

## **8. CONCLUSION**

The liquidation will remain open until HMRC and PWC have negotiated a settlement or the Tribunal has ruled on the OOF scheme. Once this matter has been dealt with the liquidation will be finalised and my files will be closed

The next formal report will be following the next anniversary of the liquidation, or the conclusion of the liquidation, whichever is sooner. However, I would be happy to respond to any specific request for further information submitted in the meantime

When contacting this office about the liquidation, please ask for Sjana Whitby



**Stephen Paul Grant**  
Joint Liquidator

**Hilstone Corporation Limited T/A Hilstone Corporation Limited - In Creditors Voluntary Liquidation  
Joint Liquidators' Abstract of Receipts & Payments**

**From 15 December 2011 To 14 December 2012**

<b>S of A £</b>		<b>As Previously Reported</b>	<b>15/12/11 to 14/12/12</b>	<b>Total £</b>
<b>RECEIPTS</b>				
1,011	Cash at Bank	NIL	993 64	993 64
NIL	Bank Interest Gross	NIL	3 39	3 39
2,155	Vat Refund	NIL	NIL	NIL
NIL	Vat Control Account	NIL	198 73	198 73
<u>3,166</u>		<u>NIL</u>	<u>1,195 76</u>	<u>1,195 76</u>
<b>PAYMENTS</b>				
	Office Holders Fees	NIL	828 04	828 04
	Vat Receivable	NIL	165 60	165 60
		<u>NIL</u>	<u>993 64</u>	<u>993 64</u>
<b>CASH IN HAND</b>		<u>NIL</u>	<u>202 12</u>	<u>202 12</u>

**HILSTONE CORPORATION LIMITED**  
**SCHEDULE OF JOINT LIQUIDATORS' REMUNERATION AND DISBURSEMENTS**  
**FOR THE PERIOD 15 DECEMBER 2011 TO 14 DECEMBER 2012**

							SUMMARY OF JOINT LIQUIDATORS' DISBURSEMENTS			
	Partner	(Senior) Manager	Supervisor / Senior	Junior / Administrator	Support Staff	Total Hours	Total Value		Incurring	Paid
							£	Category 1 to date	£	£
Admin & Correspondence	1 90	2 00	6 40	9 90		20 20	3,232 00			
Banking	1 20			1 50	1 90	4 60	765 50	IT Administration Fee	110 00	110 00
Creditors				0 90		0 90	90 00	Statutory Bonding	20 00	20 00
Employees										
Investigations	0 80	4 50		14 60		19 90	3,130 00			
Realisation of Assets				0 20		0 20	20 00			
Statutory	0 85			5 70		6 55	896 25			
Total Hours	4 75	6 50	6 40	32 80	1 90	52 35	8,133 75			
Time Costs £	1,881 25	1,950 00	907 00	3,224 50	171 00	8,133 75				
Average Hourly Rate	£396 05	£300 00	£141 72	£98 31	£90 00	£155 37		Category 2 to date	£	£
SUMMARY OF JOINT LIQUIDATORS' TIME COSTS										
								Meeting Room Hire	0 00	0 00

Feb 12/Feb 13	£	Feb 11/Feb 12	£
Partner	400-450	Partner/Director	375-430
Senior Manager/Manager	270-300	Manager	240-270
Supervisor/Senior	195-240	(Senior) Administrator	125-195
Junior/Administrator	65-145	(Junior) Administrator	85-100
Support Staff	75-90	Support Staff	75-90

[Time is recorded in units of 6 minutes]



### **APPENDIX 3**

#### **SCHEDULE OF CURRENT CHARGE OUT RATES AND DISBURSEMENT POLICY**

## Wilkins Kennedy LLP Current Charge Out Rates from 1 February 2012

	£ p/hr
Partner	400-450
Senior Manager/Manager	270-300
Supervisor/Senior	195-240
Junior/Administrator	65-145
Support Staff	75-90

[Time is recorded in units of 6 minutes]

### Explanation of office-holders disbursement recovery policy

Statement of Insolvency Practice 9 ("SIP9") – Remuneration of Insolvency Office Holders, requires that the office holder provide a statement of the office-holder's policy in relation to recharges of disbursements. SIP 9 defines disbursements as either **Category 1** or **Category 2** disbursements -

**Category 1** disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

**Category 2** disbursements will generally comprise costs which, whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs.

### Charging and disbursement recovery policy

**Category 1** disbursements are recoverable without approval, and will be recovered by the office holder as they are incurred.

**Category 2** disbursements do require approval, and should be identified and subject to approval by those responsible for approving remuneration. SIP 9 provides that, the office holder may make a separate charge for expenses in this category, provided that -

- such expenses are of an incidental nature and are directly incurred on the case, and there is a reasonable method of calculation and allocation, it will be persuasive evidence of reasonableness, if the resultant charge to creditors is in line with the cost of external provision, and
- the basis of the proposed charge is disclosed and is authorised by those responsible for approving his remuneration.

Payments to outside parties in which the office holder or his firm or any associate (as defined by section 435 of the Insolvency Act 1986) has an interest should be treated as category 2 disbursements.

The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Photocopying	£0.05 per sheet
Mileage	£0.45 per mile
Meeting Room Hire	£50.00 per meeting

**Category 2** disbursements are recovered by the office holder in accordance with the above guidance.