

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

03127555

Name of Company

Xercise Limited

I / We
Timothy John Edward Dolder
11th Floor
66 Chiltern Street
London
W1U 4JT

Colin David Wilson
11th Floor
66 Chiltern Street
London
W1U 4JT

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 05/10/2011 to 04/10/2012

Signed



Date

19/11/12

RSM Tenon Recovery
11th Floor
66 Chiltern Street
London
W1U 4JT

Ref 5015125/TJED/CDW/JDB

WEDNESDAY



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COMPANIES HOUSE

Xercise Limited – In Liquidation

**Joint Liquidators' Second Progress Report
for the year 5 October 2011 to
4 October 2012**

Issued on: 12 November 2012

Xercise Limited ("the Company") – In Liquidation

JOINT LIQUIDATORS' SECOND PROGRESS REPORT AS AT 4 OCTOBER 2012

Timothy John Edward Dolder and Colin David Wilson are the Joint Liquidators of the Company and this is their first progress report to the members of the Company, showing how the liquidation has been conducted. The report covers the period from 5 October 2011 to 4 October 2012.

1. Statutory information

Statutory information relating to the Company is attached at **Appendix I**.

2. Joint Liquidators' receipts and payments account

A summary of the Joint Liquidators' receipts and payments account relating to the Company from commencement to date is attached at **Appendix II(a) and II(b)**.

During the period, the debt due from O-Re Holdings Ltd was distributed in specie to shareholders under the terms of the reconstruction agreement. I have also received a small amount of deposit interest.

The only remaining assets are various loans to third parties and these will either be repaid to the Company and the cash distributed to shareholders, or dealt with by way of distribution in specie.

You will note from **Appendix II(a)** that there is an amount of £95,096 representing interest re tax payment. HMRC contends that this was incorrectly paid to the Company and it was repaid to HMRC on 11 October 2012; the repayment will be shown on the next account.

The payments shown mainly comprise professional fees and should be self-explanatory; further information regarding the Liquidators' fees is shown below. In addition, an amount of approximately £75,000 was due to Xercise Midco Ltd, which is also in Members' Voluntary Liquidation, and that payment was made during the period.

3. Action taken by the Joint Liquidators' since appointment

Since their appointment, the Joint Liquidators have been involved with the reconstruction agreement whereby the various shareholders have received shares in PGL, together with the agreement of shareholder entitlements. There was one creditor claim for professional fees and that has been paid in full. We are also in correspondence with HM Revenue & Customs ("HMRC") regarding final tax clearances.

4. Joint Liquidators' remuneration, disbursements and expenses

Basis of remuneration and disbursements

By written resolution of the shareholders on 5 October 2010, it was resolved that the Joint Liquidators would be remunerated by reference to the time properly spent in dealing with this matter and that their disbursements would be recharged as set out in the Creditors Guide to Liquidators' Fees.

Remuneration and disbursements charged in the period

The Joint Liquidators' time costs were charged (exc VAT) as follows:

	Incurred	Paid
For this period, from 5 October 2011 to 4 October 2012	£9,133 00	£31,639 08
Since appointment on 5 October 2010 to 4 October 2012	£49,870 58	£46,639 08

In accordance with Statement of Insolvency Practice 9, attached at **Appendix III** is a breakdown of these time costs

Disbursements charged and drawn in the period

The Joint Liquidators' disbursements incurred and reimbursed are summarised below Details are in the attached **Appendix III**.

	Incurring	Paid
Category 1 disbursements for this period from 5 October 2011 to 4 October 2012	£434 24	£1,136 60
Category 1 disbursements since appointment on 5 October 2010 to 4 October 2012	£1,708 64	£1 691 00

No Category 2 disbursements have been charged nor will be recovered in this matter

Statement of Members' Rights

If you would like more information about any aspect of the remuneration, disbursements or expenses as Liquidator you are entitled to request this information, and if you are not satisfied by my explanations you are, in certain circumstances, entitled to challenge them

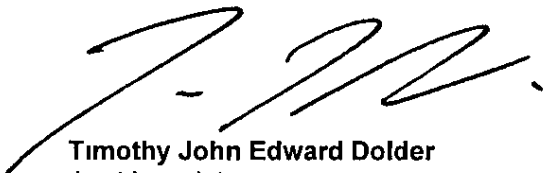
A full statement of your rights is attached to this report as **Appendix IV**

5. Distributions made and anticipated

- > Creditors
Although the Company's tax position has not yet been finalised, it is not expected that there will be any further liabilities
- > Members
The investment in PGL was distributed to members under the reconstruction agreement dated 25 October 2010 Cash distributions totalling £5,166,814 and €732,468 have also been made In October 2011, the debt due from O-Re Holdings Ltd was distributed in specie in accordance with the reconstruction agreement
Subject to HMRC confirming the final tax position of the Company, there will be further distributions of either cash or loans and I will write to members once I am in a position to make those distributions

6. Conclusion of the liquidation

As mentioned above, there are various loan queries to be resolved and I am also awaiting tax clearances from HMRC Once those issues have been resolved, the Joint Liquidators will take steps to distribute the available funds and close the liquidation



Timothy John Edward Dolder
Joint Liquidator

Licensed in the United Kingdom to act as an insolvency practitioner by the Insolvency Practitioners Association

Appendix I

Statutory Information

Company Name	Xercise Limited
Previous Name	n/a
Company Number	3127555
Date of Incorporation	17 November 1995
Trading Address	n/a
Current Registered Office	11th Floor, 66 Chiltern Street, London, W1U 6JT
Former Registered Office	3 rd Floor, Watson House, 54 Baker Street, London W1U 7BU
Principal Trading Activity	Investment company

Appointment details

Joint Liquidators' name and address	Timothy John Edward Dolder and Colin David Wilson, both of RSM Tenon Recovery, 11th Floor, 66 Chiltern Street, London, W1U 4JT
Commencement of liquidation	5 October 2010
Date of appointment	5 October 2010
Appointment made by	Members

The Joint Liquidators act jointly and severally

Appendix II(a)

XERCISE LIMITED - IN MEMBERS' VOLUNTARY LIQUIDATION

SUMMARY OF JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS FROM 5 OCTOBER 2010 (DATE OF APPOINTMENT) TO 4 OCTOBER 2012

STERLING ACCOUNT

	Note	Estimated to Realise Directors' Declaration of Solvency	Receipts/ Payments between 05 10 10 and 04 10 11	Receipts/ Payments between 05 10 11 and 04 10 12	Total Receipts/ Payments to date
RECEIPTS		£	£	£	£
Investment in PGL		180,890,811	180,890,811	-	180,890,811
Other debtors	1	3,355,457	-	3,355,457	3,355,457
Cash on deposit		4,543,305	5,425,934	-	5,425,934
Loans to third parties		1,630,517	-	-	-
Transfer from euro account	2	-	-	37,203	37,203
Interest re tax repayment	3	-	95,096	-	95,096
Bank interest (gross)		-	3,516	268	3,784
		<u>190,420,090</u>	<u>186,415,356</u>	<u>3,392,929</u>	<u>189,808,285</u>
PAYMENTS					
Loan from Xercise Midco Ltd		75,000	-	75,000	75,000
Loan from Suncap Parma Topco	1	-	-	-	-
Other creditors	4	17,625	17,625	-	17,625
Legal fees	4	-	39,458	-	39,458
Liquidators' fees (on account)	4	-	17,625	38,122	55,747
Liquidators' expenses	4	-	-	57	57
Liquidators' bond		-	-	1,080	1,080
Statutory advertising	4	-	651	-	651
Corporation tax		-	-	1,062	1,062
		<u>92,626</u>	<u>75,360</u>	<u>115,321</u>	<u>190,680</u>
Distributions forecast/paid to shareholders					
Distribution of shares in PGL		180,890,811	180,890,811	-	180,890,811
Distribution of O-Re debt		3,355,457	-	3,355,457	3,355,457
Loan to third parties		1,630,517	-	-	-
Cash distribution		4,450,679	5,166,814	-	5,166,814
		<u>190,420,090</u>	<u>186,132,985</u>	<u>3,470,778</u>	<u>189,603,762</u>
Balance in hand	5	<u>-</u>	<u>282,372</u>	<u>(77,849)</u>	<u>204,523</u>
		<u>190,420,090</u>	<u>186,415,357</u>	<u>3,392,929</u>	<u>189,808,285</u>

Notes

- 1 The debt due from O-Re Holdings Ltd has been transferred to shareholders
- 2 The euro account has been closed and 44,067 euros transferred to the sterling account
- 3 HMRC contends that this amount was paid to the Company in error, it was repaid to HMRC on 11 October 2012
- 4 Xercise Limited is not registered for VAT and all payments are shown gross of VAT
- 5 The balance of funds are held on an interest bearing account at Barclays Bank plc

T J E Dolder
Joint Liquidator
12 November 2012

Appendix II(b)

XERCISE LIMITED - IN MEMBERS' VOLUNTARY LIQUIDATION

SUMMARY OF JOINT LIQUIDATORS' RECEIPTS AND PAYMENTS FROM 5 OCTOBER 2010 (DATE OF APPOINTMENT) TO 4 OCTOBER 2012

EURO ACCOUNT

	Note	Receipts/ Payments between 05 10 10 and 04 10 11	Receipts/ Payments between 05 10 11 and 04 10 12	Total Receipts/ Payments to date
RECEIPTS		€	€	€
Cash on deposit		774,572	-	774,572
Bank interest (gross)		1,963	-	1,963
		<u>776,535</u>	<u>-</u>	<u>776,535</u>
PAYMENTS				
Balance transferred to sterling account	1	-	44,067	44,067
		<u>-</u>	<u>44,067</u>	<u>44,067</u>
Distributions forecast/paid to shareholders				
Cash distribution		732,468	-	732,468
		<u>732,468</u>	<u>44,067</u>	<u>776,535</u>
Balance in hand		<u>44,067</u>	<u>(44,067)</u>	<u>-</u>
		<u>776,535</u>	<u>-</u>	<u>776,535</u>

Notes

1 The funds were transferred to the Joint Liquidators' sterling account in October 2011, the amount credited was £37,202 80

T J E Dolder
Joint Liquidator
12 November 2012

Appendix III

Information relating to the Joint Liquidators' Fees and Expenses

1 Explanation of Joint Liquidators' charging and disbursement recovery policies

1.1 Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge-out rates are

	£
Director and Associated Director	380 to 495
Senior Manager, Manager, Assistant Manager	240 to 350
Other Senior Staff	120 to 240
Assistants and Support Staff	120 to 240
	100 to 240

Secretarial staff are not charged to the cases concerned, being accounted as an overhead of RSM Tenon Recovery.

1.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 expenses are identifiable telephone calls, postage, case advertising, specific bond insurance, company search fees, 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 include elements of shared or allocated costs incurred by RSM Tenon Recovery and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

The current levels of Category 2 disbursements recovered by RSM Tenon Recovery are as follows:

	£
Room hire	60.00
Envelope	4.2p
Paper (photocopies per sheet)	7p
Mileage (per mile)	45p

The costs recharged are based upon the actual cost of the materials used or the costs which would have been incurred if that service had been sourced externally.

2. Description of work carried out

Section 4 of this Appendix outlines the time costs to date in relation to activities undertaken. These can be summarised as follows:

2.1. Administration and planning

This includes the following activities which have been undertaken:

- > Meetings and dialogue with the Company's staff to discuss liquidation issues,
- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members and other interested parties,
- > Setting up case files,
- > Reviewing available information to determine appropriate strategy,
- > Setting up and maintaining bank accounts,
- > Meetings with Company regarding ongoing queries,
- > Correspondence with Company regarding progress of liquidation, and
- > 6 monthly progress review of the case

Staff of different levels were involved in the above activities depending upon the experience required.

2.2. Realisation of assets

Please see the main body of the report for details of the Company's assets.

2.3. Members and distributions

The time spent includes the following matters:

- > Meetings with the Company's staff and lawyers to review and finalise the reconstruction agreement,
- > Recording and maintaining the list of members,
- > Correspondence with members re outstanding issues,
- > Recording claims,
- > Reporting to members,
- > Dealing with member queries, and
- > Reviewing and evaluating member claims

2.4. Tax issues

- > Correspondence with HMRC re tax queries,
- > Correspondence and meetings with Company re tax issues, and
- > Reviewing HMRC letters and discussions re enquiries

3. Time and charge out summary

For the period of this report from 6 October 2011 to 5 October 2012, a total of 28 hours have been spent at an average charge out rate of £326 bringing the total cost to £9,133

The table below shows details of the time costs charged (exc VAT) in the current period

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	0 50	11 30	-	2 70	14 50	4,545 00	313 87
Realisation of assets	-	5 60	-	-	5 60	1,900 00	339 29
Members and distribution	-	1 25	0 50	-	1 75	566 25	342 29
Tax issues	-	6 10	-	-	6 10	2,121 50	-
Total hours	0 50	24 25	0 50	2 70	27 95	9,132 75	326 75
Invoiced to date						(5,901 00)	
Balance due £						3,231 75	

The following table shows all fees charged from appointment to the end of the current period

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Hours Other senior professionals	Assistants and support staff	Total	Time cost £	Average Hourly rate £
Administration and Planning	42 40	44 40		5 90	92 70	30,792 00	332 17
Realisation of assets	-	9 80	-	-	9 80	3,307 00	337 45
Members and distribution	19 00	16 65	1 20	-	36 85	12,522 25	339 82
Tax issues	1 50	7 90	-	-	9 40	3,249 50	345 69
Total hours	62 90	78 75	1 20	5 90	148 75	49,870 75	335 27
Invoiced to date						(46,639 00)	
Balance due £						3,231 75	

From appointment to the end of the current period the total time costs incurred are £49,870 75, 148 75 hours spent bringing the average charge out rate to £335 27

Disbursements incurred during the period of this report and cumulatively, and those reimbursed in the period and cumulatively, to end of current period, are detailed below

Disbursements	This period		Previous period		Cumulatively	
	Incurred £	Paid £	Incurred £	Paid £	Incurred £	Paid £
<i>Category 1</i>						
Statutory advertising	-	-	554 40	554 40	554 40	554 40
Land Registry fees	-	-	-	-	-	-
Bond premium	360 00	-	720 00	-	1,080 00	1,080 00
Postage	-	-	-	-	-	-
Data software charge	17 64	-	17 64	-	17 64	-
Courier and travel	56 60	-	-	-	56 60	56 60
Total	434 24	1,136.60	1,274 40	554.40	1,708 64	1,691 00

The above costs exclude VAT

No Category 2 disbursements have been charged to this matter

Appendix IV

MEMBERS' VOLUNTARY LIQUIDATION

FURTHER INFORMATION FOR MEMBERS AND MEMBERS' RIGHTS

(where a company goes into liquidation on a winding up resolution passed on or after 6 April 2010)

Progress reports and requests for further information

The liquidator is required to send annual and final progress reports to members. The reports must include

- > details of the basis fixed for the remuneration of the liquidator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),
- > if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- > if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- > a statement of the expenses incurred by the liquidator during the period of the report, irrespective of whether payment was actually made during that period,
- > a statement of the members' rights to request further information, and their right to challenge the liquidator's remuneration and expenses, as explained below

Members' rights to request further information

Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purposes of a meeting to receive the liquidator's resignation) a member may request the liquidator to provide further information about the remuneration and expenses set out in the report

A request must be in writing, and may be made by member(s) with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or by any member with the permission of the court

The liquidator must provide the requested information within 14 days, unless he considers that

- > the time and cost involved in preparing the information would be excessive, or
- > disclosure would be prejudicial to the conduct of the liquidation or might be expected to lead to violence against any person, or
- > the liquidator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

Any member may apply to the court within 21 days of the liquidator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information, and the court may make such order as it thinks just

Additional requirements

The liquidator must provide certain information about the time spent on the case, free of charge, upon request by any member of the company

The information which must be provided is –

- > the total number of hours spent on the case by the liquidator or staff assigned to the case,
- > for each grade of staff, the average hourly rate at which they are charged out,
- > the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the liquidator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the liquidator, and requests must be made within two years from vacation of office

What if a member is dissatisfied?

It is the members as a body who have authority to approve the liquidator's fees

General meeting

To enable them to carry out this function they may require the liquidator to call a general meeting of the company. In order to do this members with at least ten per cent of the total voting rights of all the members having the right to vote at general meetings of the company must concur with the request, which must be made to the liquidator in writing

Application to Court

If a member believes that the liquidator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court

Application may be made to the court by member(s) with at least 10% of the total voting rights of all of the members having the right to vote at general meetings of the company, or by any member with the permission of the court

Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing

If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid

Unless the court orders otherwise, the costs of the application must be paid by the applicant and not out of the assets of the insolvent company