

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

To the Registrar of Companies

Company Number

03127555

Name of Company

(a) Insert full name  
of company

(a) Xercise Limited

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

We (b)

Richard Brewer  
RSM Restructuring Advisory LLP  
25 Farringdon Street  
London EC4A 4AB

and Mark Wilson

RSM Restructuring Advisory LLP  
25 Farringdon Street  
London EC4A 4ABthe liquidator(s) of the company attach a copy of my/our Progress Report  
under section 192 of the Insolvency Act 1986The Progress Report covers the period from 5 October 2014  
to 4 October 2015

Signed

Date 16 NOVEMBER 2015Presenter's name,  
address and  
reference  
(if any)RSM Restructuring Advisory LLP, 25 Farringdon Street, London EC4A  
4AB

Ref RPB/AH/RTE/KAW/DJP/5015125

WEDNESDAY



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18/11/2015

#91

COMPANIES HOUSE

**IN THE MATTER OF**  
**XERCISE LIMITED IN MEMBERS' VOLUNTARY LIQUIDATION**

**JOINT LIQUIDATORS' PROGRESS REPORT**

**16 NOVEMBER 2015**

**RICHARD BREWER AND MARK WILSON**  
**JOINT LIQUIDATORS**

**RSM RESTRUCTURING ADVISORY LLP**  
**25 FARRINGDON STREET**  
**LONDON EC4A 4AB**

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## **1. PURPOSE OF REPORT**

This report has been prepared in accordance with insolvency legislation to provide members and the Registrar of Companies with information relating to the progress of the liquidation in the period from 5 October 2014 to 4 October 2015. This report should be read in conjunction with any previous reports that have been issued, copies of which are available on request.

This report has been prepared solely to comply with the statutory requirements of Section 92A of the Insolvency Act 1986 and Rule 4.49C of the Insolvency Rules 1986 (as amended). It has not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the company.

RSM Restructuring Advisory LLP was previously named Baker Tilly Restructuring and Recovery LLP until 26 October 2015.

Neither the Liquidators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

## **2. PROGRESS OF THE LIQUIDATION IN THE PREVIOUS TWELVE MONTHS**

### **2.1. Payments to creditors**

There have been no payments made to Creditors in the period. All creditors have been paid in full.

### **2.2. Realisation of Assets**

During the period £47.69 has been received in respect of bank interest. There have been no other asset realisations in the period.

### **2.3. Case Specific Matters**

There are various tax issues that affect the shareholder entities, including a claim for restitutionary interest. If this claim were to be successful, the repayment would be for the benefit of the individual shareholder entities rather than the Liquidation. Although this would have no impact on the Liquidation, the transaction would need to be processed through the Liquidation. During the period, discussions have been on-going as to whether a Deed of Assignment can be completed so that the Liquidation can be concluded.

### **2.4. Change in Joint Liquidator**

As a result of Frank Wessely leaving Baker Tilly Business Services Limited, by Court Order dated 7 May 2014 he was removed as Joint Liquidator and Richard Brewer of Baker Tilly Restructuring and Recovery LLP was appointed in his place. A Notice to this effect was advertised in the London Gazette on 3 June 2014, and in accordance with the terms of the Order, Frank Wessely was released from office with effect from 24 June 2014. The costs of the application were met by RSM Recovery Advisory LLP.

As a result of Andrew Hosking leaving Baker Tilly Business Services Limited, by Court Order dated 3 October 2014 he was removed as Joint Liquidator and Mark Wilson of Baker Tilly Restructuring and Recovery LLP was appointed in his place. A Notice to this effect was advertised in the London Gazette on 28 October 2014, and in accordance with the terms of the Order, Andrew Hosking will be released from office with effect from 18 November 2014. The costs of the application were met by RSM Recovery Advisory LLP.

### **2.5. Administration and Planning**

The following list includes tasks undertaken by the Joint Liquidators since their appointment:

- Appointment notification and correspondence to Directors and shareholders
- Filing of appointment documentation and the Declaration of Solvency at Companies House
- Statutory advertisement of appointment and notice to creditors to claim in the Liquidation
- Undertaking case reviews to establish that all matters have been dealt with in accordance with statute, professional best practice and case specific requirements

- Preparation of the annual progress reports
- Cashiering duties
- Liaising with the shareholders in relation to the restitutionary interest claim and distributions

### **3. DISTRIBUTIONS TO SHAREHOLDERS**

Details of the cash distributions that have been made to shareholders and the distributions made 'in specie' are shown in Appendix H

### **4. MATTERS PREVENTING CLOSURE**

Once the restitutionary interest issue has been resolved we can seek tax clearance to close the Liquidation and distribute the surplus funds to the shareholders

### **5. RECEIPTS AND PAYMENTS SUMMARY**

We attach as Appendix B a summary of our receipts and payments for the period from 5 October 2014 to 4 October 2015

#### **VAT Basis**

Receipts and payments are shown net of VAT as the company was not VAT registered, and consequently VAT is not recoverable from HM Revenue and Customs. The irrecoverable VAT is shown in the receipts and payments account as a "cost of realisation"

### **6. COSTS AND JOINT LIQUIDATORS' REMUNERATION**

#### **6.1. Joint Liquidators' Remuneration and Disbursements**

The Joint Liquidators' remuneration was approved on a time cost basis by the shareholders on 5 October 2010. We have incurred time costs of £73,721.25 since the date of our appointment. Of this, a total of £54,937.25 (plus VAT) has been paid and £18,784 remains outstanding.

Approval was also given to the drawing of disbursements, including category 2 disbursements. Details of the current rates are attached at Appendix D.

#### **6.2. Remuneration and Disbursements incurred in the period from 5 October 2014 to 4 October 2015**

We have incurred time costs of £9,905.50 in the current period. An analysis of time incurred in the period is attached at Appendix G. Details of the sums drawn in respect of remuneration in the period covered by this report are shown in the receipts and payments account (Appendix B).

Category 2 disbursements incurred in the period are detailed in Appendix E.

### **7. JOINT LIQUIDATORS' STATEMENT OF EXPENSES**

#### **7.1. Statement of Expenses**

A statement of the expenses incurred during the period, is attached at Appendix F. This includes all expenses incurred by the Joint Liquidators in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The receipts and payments abstract at Appendix B sets out the expenses actually paid in the period together with cumulative figures.

#### **7.2. Detailed cost breakdown**

Attached to this report are three Appendices relating to my costs on this assignment:

- Appendix C: A copy of RSM Restructuring Advisory LLP's charging, expenses and disbursements policy statement
- Appendix D: Joint Liquidators' charge out and disbursement rates, and
- Appendix G: Joint Liquidators' time cost analysis,

### **7.3. Other professional costs**

Pinsent Mason, solicitors, were retained as legal advisors in view of their general experience and expertise in these matters. They reviewed and advised on the S110 reconstruction. Their remuneration was agreed on the basis of their standard hourly charge-out rates, plus VAT and disbursements, and fees of £33,581 have been paid.

PWC, accountants, were retained to prepare certain pre-appointment tax returns. They have submitted invoices totalling £15,000 which have been paid.

## **8. MEMBERS' RIGHT TO INFORMATION AND ABILITY TO CHALLENGE REMUNERATION AND EXPENSES**

In accordance with the provisions of Rules 4.49E and 4.148C of the Insolvency Rules 1986 members have a right to request further information about remuneration or expenses and to challenge such remuneration or expenses.

A request for further information must be made in writing within 21 days of receipt of this report.

Members of the company with at least 10% of the total voting rights of all members having the right to vote at general meetings of the company, or any members with the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the Liquidator are in all the circumstances excessive.

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question.

If you would like a copy of A Shareholders Guide to Liquidator's Fees, please let me know.

Should you have any further queries please do not hesitate to contact Lucy Christian.



**Richard Brewer**  
**Restructuring Advisory Director**  
**RSM Restructuring Advisory LLP**  
**Joint Liquidator**

Richard Brewer is licensed to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association.  
Mark Wilson is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales.  
Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

## Appendix A

### COMPANY INFORMATION

Company Name	Xercise Limited
Joint Liquidators	Richard Brewer and Mark Wilson  Andrew Hosking 17 July 2013 to 18 November 2014  Frank Wessely 17 July 2013 to 24 June 2014  Timothy Dolder and Colin Wilson 5 October 2010 to 17 July 2013
Date of Appointment	5 October 2010
Company Number	03127555
Date of Incorporation	17 November 1995
Trading Name	Not Applicable
Trading Address	Not Applicable
Principal Activity	Investment company
Registered Office	25 Farringdon Street, London EC4A 4 AB  Former registered office 11th Floor, 66 Chiltern Street, London, W1U 6JT

**Receipts and Payments Abstract: Xercise Limited In Members' Voluntary Liquidation**  
**For the Period From: 05/10/2014 To: 04/10/2015**

DOS Value £		05/10/2014 to 04/10/2015 £	£	Total to 04/10/2015 £	In Specie Total to 04/10/2015	£
	ASSET REALISATIONS					
0 00	Bank Interest Gross	47 69		4,007 26		
0 00	Bank Interest Net of Tax	0 00		1,962 87		
0 00	Cash at bank - euro account	0 00		774,571 89		
4,543,305 00	Cash on deposit	0 00		5,425,933 64		
180,890,811 00	Investment in PGL	0 00		0 00	180,890,811 00	
1 00	Loan from Suncap Parma Topco	0 00		0 00		
1,630,517 00	Loans to third parties	0 00		0 00	1,870,328 00	
3,355,457 00	Other debtors	0 00		0 00	3,355,457 00	
			47 69			192,323,071 66
	COST OF REALISATIONS					
0 00	Accountancy Fees	0 00		(15,000 00)		
0 00	Bank Charges	0 00		(30 00)		
0 00	Corporation Tax	(12 39)		(1,170 04)		
0 00	Exchange differential	0 00		(6,863 94)		
0 00	Irrecoverable VAT	0 00		(19,370 08)		
0 00	Legal Fees	0 00		(33,581 50)		
0 00	Office Holders Expenses	0 00		(74 24)		
0 00	Office Holders Fees	0 00		(54,937 25)		
0 00	Specific Bond	0 00		(1,080 00)		
0 00	Statutory Advertising	0 00		(554 40)		
			(12 39)			(132,661 45)
	UNSECURED CREDITORS					
0 00	Inland Revenue	0 00		(400 00)		
(75,000 00)	Loan from Xercise Midco Ltd	0 00		(72,474 52)		
(17,625 00)	Other creditors	0 00		(53,934 00)		
			0 00			(126,808 52)
	EQUITY					
0 00	Distribution in specie re loans	0 00			(1,870,328 00)	
0 00	Distribution of O-Re debt	0 00			(3,355,457 00)	
0 00	Distribution of shares in PGL	0 00			(180,890,811 00)	
0 00	Euro Distribution	0 00		(732,468 00)		
0 00	Ordinary Shareholders	0 00		(5,166,814 00)		
			0 00			(192,015,878 00)
190,327,466 00			35 30			47,723 69
	REPRESENTED BY					
	Current Account			47,723 69		47,723 69



## **Appendix C**

### **RSM RESTRUCTURING ADVISORY LLP**

#### **CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT**

##### **Charging policy**

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for RSM Restructuring Advisory LLP London are attached
- Time billed is subject to Value Added Tax at the applicable rate
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it
- RSM Restructuring Advisory LLP's charge out rates are reviewed periodically

##### **Expenses and disbursements policy**

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to members, but do not require members' approval prior to being drawn from the insolvency estate. These are known as 'category 1' disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest in, require the approval of members prior to being drawn from the insolvency estate. These are known as 'category 2' disbursements
- A resolution to consider approving 'category 2' disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP London will be proposed to the relevant parties responsible for approving remuneration
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant parties responsible for approving remuneration
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate

## Appendix D

### RSM RESTRUCTURING ADVISORY LLP – LONDON

#### JOINT LIQUIDATORS' CURRENT CHARGE OUT AND CATEGORY 2 DISBURSEMENT RATES

HOURLY CHARGE OUT RATES		
	Rates at commencement £	Current rates £
Partner/Director	380-440	350-495
Associate Director/Manager/Assistant Manager	240-380	220-420
Administrators/Support staff	100-240	85-150

'CATEGORY 2' DISBURSEMENT RATES	
Subsistence	£25 per night (from 3 <sup>rd</sup> September 2013) £23 per night (up to 2 <sup>nd</sup> September 2013)
Travel (car)	38p per mile (up to and including 31 March 2010) 40p per mile (from 1 April 2010) 42 5p per mile (from 1 April 2011)
"Tracker" searches	£10 per case

## Appendix E

### JOINT LIQUIDATORS' CATEGORY 2 DISBURSEMENTS TABLE

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest		
Recipient, Type and Purpose	Paid	Unpaid
	£	£
None		
<b>Total</b>		

**Appendix F**

**STATEMENT OF EXPENSES INCURRED BY THE JOINT LIQUIDATORS' IN THE PERIOD FROM 5 OCTOBER 2014 TO 4 OCTOBER 2015**

Type and Purpose	Incurred in Period
	£
Advertisements	4 54
Bond	16 50
<b>Total</b>	<b>21 04</b>

**Xercise Limited**

For the period 05/10/2014 to 04/10/2015

Period	Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs	Average Rates
From Jan 2003	<b>Administration and Planning</b>									
	Background information	00	10	00	00	00	00	10	£ 420 00	420 00
	Case Management	00	42	00	79	13	00	134	£ 3,701 00	276 19
	Director(s)/debtor/bankrupt	00	05	00	07	00	00	12	£ 347 50	289 58
	Pre-appointment matters	01	00	00	00	00	00	01	£ 48 50	485 00
	Receipts and Payments	00	03	00	04	05	00	12	£ 282 00	235 00
	Tax Matters	00	01	00	09	04	00	14	£ 279 50	199 64
	<b>Total</b>	<b>01</b>	<b>61</b>	<b>00</b>	<b>99</b>	<b>22</b>	<b>00</b>	<b>183</b>	<b>£ 5,078 50</b>	<b>277 51</b>
	<b>Creditors</b>									
	Other Creditor Meetings and Reports	00	15	00	42	34	00	91	£ 2,034 00	223 52
	Unsecured Creditors	00	00	00	05	00	00	05	£ 82 50	165 00
	<b>Total</b>	<b>00</b>	<b>15</b>	<b>00</b>	<b>47</b>	<b>34</b>	<b>00</b>	<b>96</b>	<b>£ 2,116 50</b>	<b>220 47</b>
	<b>Case Specific Matters - Shareholders</b>									
	Shareholders / Members	00	21	00	66	00	00	87	£ 2,374 50	272 93
	<b>Total</b>	<b>00</b>	<b>21</b>	<b>00</b>	<b>66</b>	<b>00</b>	<b>00</b>	<b>87</b>	<b>£ 2,374 50</b>	<b>272 93</b>
	<b>Case Specific Matters - Legal Matters</b>									
	Legal Matters	00	08	00	00	00	00	08	£ 336 00	420 00
	<b>Total</b>	<b>00</b>	<b>08</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>00</b>	<b>08</b>	<b>£ 336 00</b>	<b>420 00</b>
	<b>Total Hours (From Jan 2003)</b>	<b>01</b>	<b>105</b>	<b>00</b>	<b>212</b>	<b>56</b>	<b>00</b>	<b>374</b>	<b>£ 9,905 50</b>	<b>264 85</b>
	<b>Total Time Cost (From Jan 2003)</b>	<b>£ 48 50</b>	<b>£ 4,548 00</b>	<b>£ 0 00</b>	<b>£ 4,016 00</b>	<b>£ 1,293 00</b>	<b>£ 0 00</b>	<b>£ 9,905 50</b>		
<b>Total Hours</b>		<b>01</b>	<b>105</b>	<b>00</b>	<b>212</b>	<b>56</b>	<b>00</b>	<b>374</b>	<b>£ 9,905 50</b>	<b>264 85</b>
<b>Total Time Cost</b>		<b>£ 48 50</b>	<b>£ 4,548 00</b>	<b>£ 0 00</b>	<b>£ 4,016 00</b>	<b>£ 1,293 00</b>	<b>£ 0 00</b>	<b>£ 9,905 50</b>		
<b>Average Rates</b>		<b>485 00</b>	<b>433 14</b>	<b>0 00</b>	<b>189 43</b>	<b>230 89</b>	<b>0 00</b>	<b>264 85</b>		

## **NOTES TO APPENDIX G**

### **JOINT LIQUIDATORS' TIME COST ANALYSIS**

#### **a) Administration and Planning**

This includes dealing with the commencement of the case administration, together with day-to-day case administration duties, maintenance of records and ongoing statutory obligations. These include but are not limited to handling receipts and payments, VAT and Income tax issues, pension queries and general correspondence. Other matters which are required to be dealt with as part of the appointment and which will fall under this heading include case planning and strategy, case reviews, bonding, maintenance and obtaining books and records, general meetings / correspondence, statutory and other advertising, insurance, re-directed mail, and statutory reports.

#### **b) Realisation of Assets**

This includes dealing with all aspects of the realisation of assets including identifying, securing and insuring assets, and (where applicable), property, business and asset sales, retention of title claims and debt collection. Other matters dealt with during the case administration which will relate to asset realisation may commonly include effecting disclaimers, dealing with landlords, liaising with agents, undertaking inventories, meetings with purchasers / directors, arranging collection of leased assets, obtaining insurance, pursuing antecedent claims identified as part of the investigation work set out above. Details of the specific asset realisation work undertaken on this case are set out in the main body of the report. Asset realisation is considered to be a key aspect of the case administration.

#### **c) Creditors**

Queries from and correspondence with creditors and employees have been necessary aspects of the case administration process. Reports to creditors are also an important part of ongoing matters relating to this aspect of the case.

#### **d) Case Specific Matters**

Any case specific matters will generally be set out in the body of the report but will commonly include meetings, correspondence and telephone calls relating to specific issues in the case which do not fall into any of the categories set out above and are specific to the case in question. This may include work done in relation to litigation, general advice or other major issues.

## Appendix H

### TABLES OF CASH AND 'IN SPECIE' DISTRIBUTIONS MADE TO SHAREHOLDERS

#### A. Cash Distributions

Date	Amount
17/02/2011	£5,166,814
17/02/2011	€732,468

#### B. Distributions made 'in specie'

Date	Asset	Value (£)	Basis of Valuation	To whom distributed
25 10 2010	Investments	180,890,811	In accordance with S110 Agreement	In accordance with S110 Agreement
25 10 2010	Debtor	3,355,457	Declaration of Solvency	Ordinary Shareholders
31 07 2013	Loan	1,870,328	Declaration of Solvency	Ordinary Shareholders