

03335610

In the matter of

**Watford Leisure Limited In Liquidation
(‘the Company’)**

Joint Liquidators’ progress report

21 October 2015 to 20 October 2016

**Graham Bushby and Adrian Allen
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 creditors and members of the Company with information relating to the progress of the liquidation in the period from 21 October 2015 to 20 October 2016. 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 Rule 4.49B of the Insolvency Rules 1986 (as amended). The purpose of the report is to provide creditors and members with information relating to the progress of the Winding Up in the period from 21 October 2015 to 20 October 2016. It has not been prepared for use in respect of any purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to significant change.

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

Neither the Joint 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 Joint Liquidators' appointment

Graham Bushby and Adrian Allen of RSM Restructuring Advisory LLP, 25 Farringdon Street, London EC4A 4AB were appointed Joint Liquidators of Watford Leisure Limited on 21 October 2013 by the Secretary of State.

3 Receipts and payments summary

Attached as Appendix B is a summary of the Joint Liquidators' receipts and payments account for the period from 21 October 2015 to 20 October 2016.

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'.

4 Creditors' claims

According to the Statement of Affairs prepared by the Official Receiver, unsecured creditors' claims totalled £62,276.80 as at the date of the Liquidators' appointment. Creditor claims submitted in the liquidation estate to date total £135,492.56. The Liquidators are also aware that HM Revenue & Customs may have a claim in the order of £339,821.19; however, no formal claim has been received to date.

Formal adjudication of claims for dividend purposes has not been conducted to date.

4.1 Dividend prospects for creditors

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix A, including any amount under the prescribed part. Please note that these are indicative only and should not be used as the sole or principal basis for any bad debt provision or other purposes. They may be subject to revision, additional costs and further realisations and are therefore unknown at this stage.

4.2 Prescribed part

The 'Prescribed Part' is a statutory amount of the Company's assets subject to a floating charge to be set aside for the benefit of the Company's non-preferential creditors.

There are no creditors secured by charges over the assets and undertakings of the Company. There is therefore no requirement to estimate the amount of the prescribed part of the assets under Section 176A of the Insolvency Act 1986 (as amended).

5 Conduct of the winding-up in the previous twelve months

The Liquidators are continuing to review the documentation relating to the circumstances surrounding the transfer of funds from the Company to an Employee Benefit Trust ("EBT") Clarke Willmott LLP ("CW"), solicitors, have been instructed to provide advice in respect of the EBT scheme and consider the Liquidators' position in relation to the same. The Liquidators have also been in correspondence with HM Revenue & Customs regarding their potential claim in the liquidation in respect of the EBT. Further information in respect of the Liquidators' investigations into the EBT will be provided in due course.

5.1 Loans

As previously advised, the Liquidators were aware that circa £530,000 was loaned to WFC shortly prior to the winding up. Following further investigation and given that the recipients of the funds were either the Company director, who is bankrupt, or the parent company, WFC, which is in liquidation, no further action is being taken in respect of these loans by the Liquidators.

5.2 EBT Scheme

As detailed above, CW have been instructed to provide advice in relation to the EBT scheme. Further information will be provided to creditors in due course.

5.3 Assets remaining to be realised

As mentioned above, investigations into the EBT scheme remain on-going and further information will be provided to creditors in due course.

5.4 Administration and planning

Administration and planning matters have included but are not limited to meeting statutory and internal reporting requirements, handling receipts and payments, investigations into the EBT scheme and general correspondence.

6 Joint Liquidators' remuneration, disbursements and expenses

6.1 Basis of remuneration

The basis of the Joint Liquidators' remuneration was approved by a postal vote of creditors on 12 December 2013, when the following resolution was passed:

"The Liquidators shall be authorised to draw their remuneration based upon their time costs by reference to the time properly given by the Liquidators and their staff, in attending to matters arising in the liquidation at RSM Restructuring Advisory LLP standard hourly rates, at the rates prevailing at the time the work is done."

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 21 October 2015 to 20 October 2016

In accordance with insolvency legislation the Joint Liquidators' are required to report remuneration 'charged'. This reflects the time charged to the case and is the maximum that can be taken in fees by the Joint Liquidators. It does not necessarily reflect the amount of remuneration that will ultimately be taken by the Joint Liquidators in remuneration. If there are insufficient realisations to allow the Joint Liquidators remuneration to be recovered in full, any balance will be written off. Details of any write off will be set out in the final report.

6.2.1 Joint Liquidators' remuneration

The Joint Liquidators have incurred time costs of £37,222.80 in respect of work done in the current period (a summary of which is set out in Appendix G). Details of the sums drawn in respect of remuneration for the period covered by this report are set out in the receipts and payments account (Appendix B).

Attached are the following

- Appendix C RSM Restructuring Advisory LLP's Charging, Expenses and Disbursements Policy Statement
- Appendix D Joint Liquidators' Charge Out and Disbursement Rates,
- Appendix E Category 2 Disbursements Table,
- Appendix F Statement of Expenses, and
- Appendix G Joint Liquidators' Time Cost Analysis for the period set out above

6.2.2 Joint Liquidators' disbursements

The basis of the Joint Liquidators' drawing disbursements was approved by a postal vote of creditors on 12 December 2013, when the following resolution was passed

"The Liquidator be authorised to draw 'category 2' disbursements out of the assets as an expense of the Winding Up, at the rates prevailing when the cost is incurred "

Disbursements incurred in the period in accordance with the resolution above are detailed on Appendix F (Statement of Expenses)

6.3 Total remuneration incurred and paid to date since appointment

The Joint Liquidators have incurred time costs of £140,192.50 since the date of their appointment in accordance with the resolution set out above. Of this, a total of £138,880.00 (plus VAT) has been paid and £1,312.50 remains outstanding.

Should you require any further information please do not hesitate to contact me at restructuring.london.sr@rsmuk.com

6.4 Joint Liquidators' 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.

6.5 Remuneration incurred by Legal Advisors

The Liquidators instructed Devonshires Solicitors LLP ("Devonshires") to assist with investigations into loans made by the Company in the period leading up to the date of liquidation and to advise on potential avenues of recovery of these funds. Devonshires have incurred time costs of £4,681 in the period and disbursements of £16.00. To date, Devonshires have incurred time costs totalling £12,544 and disbursements totalling £142.25. Of this, £11,300 has been paid for fees and £126.25 for disbursements. The balance of fees and disbursements remain outstanding as at the date of this report.

As advised above, CW was instructed by the Liquidators to assist with investigations into the EBT scheme. CW has incurred time costs of £9,485 during the period of this report together with disbursements of £246.38, of which £6,500 of fees and £120.19 of disbursements have been paid during the period of this report. Fees of £3,345 and £126.19 of disbursements remain outstanding.

7 Creditors' right to information and ability to challenge remuneration and expenses

In accordance with the provisions of Rules 4.49E and 4.131 of the Insolvency Rules 1986 creditors 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.

Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or 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

A Guide to Liquidators Fees, which provides information for creditors in relation to the remuneration of a Liquidator, can be accessed at <http://rsm-insolvencypoint.com> under 'general information for creditors'

A hard copy can be requested from the Joint Liquidators' office by telephone, email or in writing

Should you have any further queries please do not hesitate to contact Priya Nathwani

W 
Adrian Allen
RSM Restructuring Advisory LLP
Joint Liquidator

Graham Bushby and Adrian Allen are licensed to act as Insolvency Practitioners 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

Statutory, dividend and other information

Company name	Watford Leisure Limited
Company number	03335610
Court & reference	In the High Court of Justice No 3809 of 2013
Date of appointment	21 October 2013
Joint Liquidators	Graham Bushby and Adrian Allen
Functions	The Joint Liquidators' appointment specified that they would have power to act jointly and severally The Joint Liquidators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment
Date of incorporation	19 March 1997
Previous company names	Watford Leisure Plc (from 11/07/2001 to 20/10/2011) Watford Association Football Club (Holdings) Limited (From 14/05/1997) Shelfco (No 1331) Limited (From 19/03/1997)
Trading name	Watford Leisure Limited
Trading address	Vicarage Road Watford Hertfordshire WD18 0ER
Principal activity	Other Business Activities
Registered office	RSM Restructuring Advisory LLP 25 Farringdon Street London EC4A 4AB

Dividends	Owed	Paid	Estimated future prospects
Secured creditor (1)	N/A	N/A	N/A
Secured creditor (2)	N/A	N/A	N/A
Preferential creditors	N/A	NIL	NIL
Unsecured creditors	£135,492 56	NIL	Unknown
Estimated net property	Unknown		
Estimated prescribed part available for unsecured creditors	N/A		

Appendix B

Receipts and Payments Abstract: 783103 - Watford Leisure Limited In Liquidation

Bank, Cash and Cash Investment Accounts: From. 21/10/2015 To 20/10/2016

		21/10/2015 to 20/10/2016		Total to 20/10/2016	
		£	£	£	£
SOA Value £					
ASSET REALISATIONS					
0 00	Bank Interest Gross	1,207 71		1,473 09	
0 00	Freehold Land and Property	0 00		583,833 54	
0 00	Shares and Investments	0 00		3,876 23	
			1,207 71		589,182 86
COST OF REALISATIONS					
0 00	Agents / Valuers Fees	0 00		(17,175 00)	
0 00	Appointee Disbursements	(2,197 80)		(97,716 68)	
0 00	Appointee Fees	(45,873 60)		(138,880 00)	
0 00	Bank Charges	0 00		(30 00)	
0 00	Corporation Tax	(241 54)		(294 61)	
0 00	Insurance	0 00		(721 86)	
0 00	ISA Cheque Fees	(0 90)		(2 10)	
0 00	ISA Quarterly Charges	(88 00)		(264 00)	
0 00	Legal Disbursements	(246 44)		(604 44)	
0 00	Legal Fees	(17,800 00)		(40,474 00)	
0 00	Official Receivers Debit Balance	0 00		(1,070 00)	
0 00	Photocopying	0 00		(359 25)	
0 00	Secretary of State Fees	(9 66)		(63,614 75)	
0 00	Storage Costs	(20 00)		(572 60)	
	VAT Irrecoverable	(13,227 57)		(49,662 98)	
			(79,705 51)		(411,442 27)
0 00			(78,497 80)		177,740 59
REPRESENTED BY					
	ISA Account - LQD3938007			177,740 59	
				177,740 59	
				177,740 59	

APPENDIX C

RSM Restructuring Advisory LLP

Charging, expenses and disbursements policy

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 (SI) are attached
- Time billed is subject to Value Added Tax at the applicable rate, where appropriate
- 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 the relevant approving party, but do not require approval of the relevant approving party 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, require the approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 2' disbursements
- A resolution to consider approving category '1' disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP London (SI) will be proposed to the relevant approving party in accordance with the legislative requirements
- 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 approving party
- Expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate, where appropriate

Appendix D

RSM Restructuring Advisory LLP

Joint Liquidators' current charge out and disbursement rates

Hourly charge out rates		
	Rates at commencement £	Current rates £
Partner	485	495
Directors / Associate Directors	300 to 410	385 to 420
Manager	250 to 265	295 to 300
Assistant Managers	200 to 220	240 to 260
Administrators	145 to 180	125 to 240
Support staff	105	160

Category 2 disbursement rates	
Internal room hire	£50-£200 dependent on room
Subsistence	£25 per night (from 3 rd September 2013) £23 per night (up to 2 nd 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

RSM Restructuring Advisory LLP

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 £
Total	NIL	NIL

Appendix F

Statement of expenses incurred by the Joint Liquidators in the period from 21 October 2015 to 20 October 2016

Type and purpose	Incurred in period £
Legal & Professional - Fees	14,526 00
Legal & Professional - Disbursements	246 38
Courier	30 00
Library Services	24 00
Postage	11 66
Storage Costs	20 00
Transcription Fee	165 00
Total	15,023 04

Appendix G

Joint Liquidators' time cost analysis for the period from 21 October 2015 to 20 October 2016

Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Assistants & Support Staff	Total Hours	Total Time Costs (£)	Average Rates
Administration and Planning									
Background information	0 0	0 0	0 0	0 0	0 0	0 2	0 2	10 80	54 00
Case Management	0 8	5 0	0 1	0 0	10 5	3 3	19 7	4,304 50	218 50
Director(s)/debtor/ bankrupt	1 6	1 2	0 0	0 0	0 0	0 4	3 2	1,318 00	411 88
Receipts and Payments	0 0	0 2	0 0	0 0	2 2	0 0	2 4	412 50	171 88
Tax Matters	0 0	0 5	0 0	0 0	0 9	0 0	1 4	332 50	237 50
Total	2 4	6 9	0 1	0 0	13 6	3 9	26.9	6,378 30	237 11
Investigations									
Investigations/CDDA	7 8	17 0	0 0	0 6	70 8	0 0	96 2	21,438 50	222 85
Total	7 8	17 0	0 0	0 6	70.8	0 0	96 2	21,438 50	222 85
Realisation of Assets									
Assets - general/other	0 0	1 2	0 0	0 0	0 3	0 0	1 5	488 00	325 33
Debtors & sales finance	0 0	0 0	0 0	0 0	0 2	0 0	0 2	36 00	180 00
Land and Property	0 0	0 0	0 0	0 0	0 1	0 0	0 1	16 00	160 00
Total	0 0	1 2	0 0	0 0	0 6	0 0	1 8	540 00	300 00
Creditors									
Other Creditor Meetings and Reports	0 4	0 9	0 0	0 0	9 3	0 0	10 6	1,663 50	156 93
Unsecured Creditors	0 1	0 0	0 0	0 0	0 8	0 0	0 9	193 50	215 00
Total	0 5	0 9	0 0	0 0	10 1	0 0	11 5	1,857 00	161 48
Case Specific Matters - Shareholders									
Shareholders / Members	0 1	0 3	0 0	0 0	0 0	0 0	0 4	165 00	412 50
Total	0 1	0 3	0 0	0 0	0 0	0 0	0.4	165 00	412 50
Legal Matters									
Legal Matters	1 5	9 9	0 0	0 0	15 0	1 0	27 4	6,844 00	249 78
Total	1 5	9 9	0 0	0 0	15 0	1 0	27 4	6,844 00	249 78
Total Hours	12 3	36 2	0 1	0 6	110 1	4.9	164 2	37,222 80	226 69
Total Time Cost (£)	6,078 50	13,279 00	26.50	132 00	17,176.50	530 30	37,222 80		
Average Rates	494 19	366 82	265 00	220 00	156 01	108 22	226.69		

NOTES TO APPENDIX G

Joint Liquidators' time cost analysis

a) Administration and planning

This includes dealing with the commencement of the case administration, statutory filing of appointment documents with Companies' House, requesting the submission of the Statement of Affairs and filing it at Companies' House, 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 corporation tax issues such as the monthly VAT returns, 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, obtaining company searches, maintenance and obtaining books and records, general meetings / correspondence, statutory and other advertising, insurance, re-directed mail, statutory receipts and payments accounts, dealing with (including the winding up of) company pension schemes where applicable.

b) Investigations

Where appropriate this will include such matters as investigation of pre-appointment transactions in accordance with the relevant Statement of Insolvency Practice (SIP 2), preparing reports / returns in accordance with the Company Directors' Disqualification Acts and the investigation of any potential antecedent transactions such as transactions at under value and preferences which may result in legal action resulting in a recoverable asset.

c) 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.

d) Trading

Where the Company has continued trading following the Joint Liquidators' appointment our staff will have had to set up accounts with suppliers in order to trade on an ongoing basis. Payments to suppliers and general correspondence with these have been undertaken. Where trading has ceased, accounts will have been closed and final bills paid. Other matters will also have been dealt with in accordance with the usual trading obligations such as dealing with employees and payroll.

e) Creditors

Queries from and correspondence with creditors and employees have been necessary aspects of the case administration process. The preparation of the Joint Liquidators' proposals has been undertaken including the attendant aspects of providing and obtaining the required information, convening the creditors' meeting etc. A brief report on the outcome of the creditors' meeting and the report on the first six months of the administration period have both been prepared.

f) 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.