

Our Ref NSW/HKD/JKI/F00382/7

To the Creditors and Members

Recovery and Reorganisation

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Dear Sirs

Finbow Wines Limited - In Liquidation
In the High Court of Justice No 5500 of 2010

1 Introduction

1 1 Following my appointment as joint liquidator of the above company with David Ingram on 30 March 2011, in accordance with rule 4 49B of the Insolvency Rules 1986 I now report on the progress of the liquidation for the year ended 29 March 2013 and attach

- Appendix A, an account of our receipts and payments for the year ended 29 March 2013 and also for the whole liquidation to that date
- Appendix B, a statement of the remuneration charged by the joint liquidators in the period 30 March 2011 to 29 March 2013 and a statement of expenses incurred in the period
- Appendix C, an analysis of time costs as required by Statement of Insolvency Practice 9
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator (rule 4 49E)
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive (rule 4 131)

1 2 Please note that we are both authorised by the Insolvency Practitioners Association to act as insolvency practitioners

2 Statutory information

2 1 The company's statutory details are as follows

Registered number 03785939

Registered office 30 Finsbury Square, London, EC2P 2YU

3 Ongoing police investigation and restraint

3 1 As I have previously advised, the Company's assets are subject to a Restraint Order (RO) obtained by the police, which effectively freezes the assets of those individuals caught by the RO and piercing the Company's corporate veil so as to also include its assets

- 3 2 In October 2012, the CPS and representatives from the police agreed to meet with my staff to discuss the RO and whether an amendment to the RO could be made. A request was made that the Restraint Order either be discharged or varied against the Company to enable the Company's assets, including claims against third parties, to be returned to the control of the joint liquidators allowing them to be realised for the benefit of the Company's creditors.
- 3 3 The CPS were seeking a further and final disclosure statement against the main defendant and wanted to see if any further information was provided prior to agreeing to remove or vary the RO. I am currently awaiting confirmation from the CPS as to whether any further information was obtained under the disclosure statement and whether they are now in a position to agree to remove or vary the RO.

4 Realisation of assets

- 4 1 As previously advised, on appointment a Company bank account holding the sum of £17,798 was identified. Due to the RO the funds had not previously been transferred into the liquidation estate.
- 4 2 Following the meeting with the CPS and police, they agreed that in accordance with Section 432 of the Proceeds of Crime Act, the joint liquidators were entitled to claim a lien over Company assets in respect of time costs and disbursements which were incurred in identifying and realising assets prior to the date they were made aware of the restraint order, being on 7 July 2011.
- 4 3 Accordingly the joint liquidators claimed a lien over the Company funds held by Natwest and the sum of £17,798 was paid to the joint liquidators as a contribution towards their outstanding time costs and disbursements incurred prior to 7 July 2011.

5 Investigations into the affairs of the Company

- 5 1 Considerable investigations were initially undertaken into the directors and shadow directors and their connections to other companies, the Company bank account and corresponding individuals and properties with a view to tracing Company assets that have been dissipated, prior to being made aware of the RO.
- 5 2 As a result of my meeting with the CPS and police, I was asked to undertake further investigations into an individual who had been identified as receiving a substantial sum of money from the Company, to ascertain whether in the event that the RO was lifted that we would be in a position to formulate a claim and pursue the individual. Further investigations were undertaken into the individual, however, based on the information found and as the liquidation is without funds, we advised the CPS that even if the RO was lifted, it was not considered appropriate at this stage to take any further action to pursue the individual.
- 5 3 Due to the RO no further work has been undertaken to formulate potential claims or pursue the monies dissipated by the Company. When the CPS agree to vary or remove the RO, we will further consider whether there are any claims which can be formulated and pursued.

6 Distribution to creditors

6.1 There are no preferential creditors in this matter

6.2 I have received unsecured claims totalling £1,623,522. As no assets have been realised, there are insufficient funds available for a distribution to be made to creditors at this stage.

7 Joint liquidators' remuneration and expenses

7.1 On 29 June 2011 the creditors resolved that we draw our remuneration by reference to our time costs. You will note from the SIP 9 table attached at Appendix C that our time costs to date are £66,341. We have drawn fees of £14,476 in accordance with the Proceeds of Crime Act, as noted in section 4. Time costs of £25,168 incurred in the period are disclosed in Appendix B.

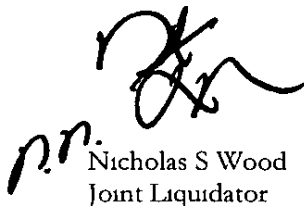
7.2 Time is charged in units of 6 minutes. Background information regarding the fees of liquidators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Regulation and Guidance' to 'Creditors Guides to Fees'). Alternatively I will supply this information by post on request.

8 Other expenses incurred by the joint liquidators

8.1 Other expenses totalling £370 have been incurred by the joint liquidators and are set out in Appendix B.

Should you require further information please contact David Martin on 020 7865 2878 or email david.p.martin@uk.gt.com

Yours faithfully
for and on behalf of Finbow Wines Limited


Nicholas S Wood
Joint Liquidator

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A Abstract of the joint liquidators' receipts and payments

B Remuneration charged and expenses incurred by the joint liquidators in the period

	Charged/incurred in period 30/03/2012 to 29/03/2013	Cumulative charged/incurred to 29/03/2013	Of which paid to 29/03/2013
	£	£	£
Joint liquidators' fees	25,167 54	66,340 54	14,476 40
Time costs			
Expenses			
Statutory Advertising	-	152 10	152 10
Travel expenses	-	46 90	46 90
Land Registry searches	-	108 00	108 00
Specific Bond	-	30 00	30 00
Storage charge	33 36	33 36	-

C SIP 9 information

SIP 9 TIME COST ANALYSIS

30 March 2011 to 29 March 2013

Standard	Partner			Manager			Executive			Administrator			Total		
	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate
Administration and Planning	95	392.75	413.42	35.04	12,523.30	357.40	37.70	9,119.25	241.89	62.49	9,729.20	155.69	136.18	31,764.50	233.25
Creditors				3.20	1,185.50	370.47	9.25	2,336.00	252.54	11.54	1,806.75	156.56	23.99	5,328.25	222.10
Investigations				32.87	11,934.79	363.09	31.95	8,068.75	252.54	30.70	4,525.75	147.42	95.52	24,529.29	256.80
Realisation of Assets				50	178.00	356.00	6.60	1,658.75	251.33	18.25	2,881.75	157.90	25.35	4,718.50	186.13
Total	.95	392.75	413.42	71.61	25,821.59	360.59	85.50	21,182.75	247.75	122.98	18,943.45	154.04	281.04	66,340.54	236.05

Total fees billed to date: £14,476

Administration & Planning	Includes, case planning, statutory obligations (e.g. statutory returns), maintenance of cash and estate records, general correspondence, dealing with VAT and Tax correspondence, and returns
Investigations	Includes, Statutory duty of investigation into company's affairs under Statement of Insolvency Practice (SIP2)
Realisation of Assets	Includes, dealing with the sale of stock, realisation of debtors, sale of other assets, dealing with Solicitors and liaising with our agents
Creditors	Includes, correspondence with preferential and unsecured creditors, pensions and employees

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator

Rule 4 49E edited for application to a progress report in a winding-up by the court

- (1) If
 - (a) within the period mentioned in paragraph (2)
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2), any unsecured creditor makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of a matter which was previously included in a progress report
- (2) The period referred to in paragraph (1)(a) is 21 days of receipt of the progress report
- (3) The liquidator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the liquidator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
 - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (4) Any creditor, who need not be the same as the creditor who requested further information, may apply to the court within 21 days of -
 - (a) the giving by the liquidator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 4 131(1B) by such further period as the court thinks just
- (6) This Rule does not apply where the liquidator is the Official Receiver

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive

Rule 4 131

- (1) 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 for one or more of the orders in paragraph (4)
- (1A) Application by a creditor 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 sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice, but which is without notice to any other party
If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make 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
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation