

Rule 4 49C

Form 4 68

The Insolvency Act 1986

Liquidator's Progress

S.192

Report

Pursuant to Sections 92A and 104A
of the Insolvency Act 1986

For Official Use

To the Registrar of Companies

Company Number

04300462

Name of Company

Sapphire Retail Fund Limited

I / We
Malcolm Shiersen
30 Finsbury Square
London
EC2P 2YU

Daniel R W Smith
30 Finsbury Square
London
EC2P 2YU

the liquidator(s) of the company attach a copy of my/our progress report
under section 192 of the Insolvency Act 1986

Signed 

Date 2/5/12

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

For Official Use
Insolvency Sect Post Room

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Grant Thornton

Our Ref PXP/ARK/JND/MBS/M99826/PF9

TO THE CREDITORS

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2 May 2012

Dear Sirs

Sapphire Retail Fund Limited - In Liquidation (the Company)

1 INTRODUCTION

1.1 Following the appointment of Daniel Smith, Martin Ellis and I as Joint Liquidators of the Company on 8 March 2011, I present our first annual report on the Liquidation to the members and creditors in accordance with Section 104A of the Insolvency Act 1986. Prior to 8 March 2011 the Company had been in Administration and Daniel Smith, Martin Ellis and I had been acting as Joint Administrators. Please find enclosed the following:

- Appendix A - A Proof of debt form, for any creditors still wishing to submit a claim in the Liquidation
- Appendix B - Form 4.68, together with my account of our receipts and payments for the period 8 March 2011 and 7 March 2012
- Appendix C - An analysis of our time costs as required by the Statement of Insolvency Practice 9
- Appendix D - An extract from the Insolvency Rules 1986 relating to the creditors' rights to request additional information from the Joint Liquidators (Rule 4.49E)
- Appendix E - An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Joint Liquidators' fees if excessive (Rule 4.313)

1.2 This report should be read in conjunction with the Joint Administrators' statement of proposals dated 18 October 2010 and the Joint Administrators' progress reports dated 16 March 2011 and 22 March 2011.

1.3 Please note that Daniel Smith, Martin Ellis and I are all authorised by The Insolvency Practitioners Association to act as insolvency practitioners.

Chartered Accountants

Member firm within Grant Thornton International Ltd

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Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

- 1 4 It should also be noted that the Company is part of the Sapphire Retail Group ('the Group')
The following companies are also members of the Group

- Sapphire (Harlow) (No 2) Nominee Limited (SH2NL)
- Sapphire (Burnley) (No 2) Nominee Limited (SB2NL)
- Sapphire (Cardiff) Nominee Limited (SCNL)
- Sapphire (Cardiff) (No 2) Nominee Limited (SC2NL)
- Sapphire No 2 Limited Partnership (SN2LP)

2 STATUTORY INFORMATION

- 2 1 The Company's statutory details are as follows

Registered number	04300462
Registered office	30 Finsbury Square London EC2P 2YU
Former registered address	25 Harley Street London W1G 9BR

3 ASSETS

- 3 1 The assets which remain to be realised are stated in my Receipts and Payments, attached at Appendix B, and detailed below,
- 3 2 As stated in my previous report dated 22 March 2011, certain elements of the consideration relating to the sale of the three property assets, were to be placed in escrow account
- 3 3 We have now completed a final completion statement with the purchaser of the assets and are now entitled to receive the amount in escrow, totalling £250,000 We have informed Olswangs LLP to initiate the process for these monies to be paid to the Company
- 3 4 The final completion statement highlighted an amount due to the Company of £262,000 This payment has now been received
- 3 5 Further to the agreement of the final completion statement, we have now submitted the final VAT returns for the Company We are expecting a refund from the return of c £350,000
- 3 6 A further amount remains in an escrow account and should be released to the Liquidation assuming HM Revenue & Customs do not seek to charge SDLT on the asset sales
- 3 7 The maximum amount that could be recovered from the escrow is £3.94m However, during September 2011, we received notices of an intention to review the Land Registry Returns from HM Revenue & Customs

- 3 8 The receipt of these notices meant the SDLT escrow accounts could not be released as anticipated on 22 January 2012

4 LIABILITIES

Secured Creditor

- 4 1 To date, £145.6m has been distributed to the secured chargeholder, under their fixed charge, and anticipate further distributions in due course
- 4 2 The level of the final payment to secured creditors will be up to a further £4.5million dependant on the SDLT release

Unsecured Creditors

- 4 3 In accordance with Section 176A of the Insolvency Act 1986, as the floating charge which is held over the assets of the Company post-dates 15 September 2003, a Prescribed Part is to be carved out of the floating charge assets and made available to the unsecured creditors of the Company. The calculation is applied to the net property, this being the floating charge assets less Preferential Creditors and administration expenses. The prescribed part is 50% of the first £10,000 of realisations and 20% of all further realisations up to £2,975,000
- 4 4 In this case, the Prescribed Part which will be available to the Company's unsecured creditors is £600,000, the maximum possible sum
- 4 5 Should you wish to make a claim, please complete the enclosed proof of debt form, attached at Appendix A, including full details of any amounts owed to you, and forward to my colleague Craig King at the above address
- 4 6 As stated in my report dated 22 March 2011, the Secured Lenders will suffer a shortfall in their lending, and as such there will be no additional funds to participate in a further distribution to the unsecured creditors

5 LIQUIDATORS' REMUNERATION AND DISBURSEMENTS

- 5 1 As discussed in my previous reports, following discussions with the Secured Lenders, all remuneration and expenses of the Administration of the Group's entities has been charged to the Company
- 5 2 In accordance with SIP 9, I attach at Appendix C a summary of my firm's total time costs for 7 March 2012 by grade of staff and type of work. I would stress that this includes my firm's time costs not just for the Liquidation but also the preceding Administration. Time costs incurred in the period but not drawn as remuneration to date are also disclosed at Appendix C
- 5 3 This shows total time costs of £959,677.15, representing 2,375.42 hours at an average of £404 per hour. Details of any matters which have had a significant impact on the time costs are included in the Appendix
- 5 4 Fees taken to date total £782,474.00, as approved by the secured lenders, to date no fees have been drawn by us since the conversion of our role from Administrators to Liquidators

- 5 5 Therefore the total time costs outstanding as at 7 March 2012 amount to £177,203.15
- 5 6 Expenses of £1,429.63 have also been incurred in the period of this report, and have not yet been paid
- 5 7 Background information regarding the fees of liquidators can be found at <http://www.insolvency-practitioners.org.uk> (navigate via 'Technical' to 'Creditors Guides to Fees') Alternatively I can supply this information by post on request
- 5 8 Should you have any queries regarding the above please contact my colleague, Craig King, on 020 7865 2648 or craig.p.king@uk.gt.com

Yours faithfully
for and on behalf of Sapphire Retail Fund Limited



Malcolm Shierson
Joint Liquidator

The affairs, business and property of Sapphire Retail Fund Limited are being managed by Malcolm Shierson, Daniel Smith and Martin Ellis, appointed as Joint Liquidators on 8 March 2011

Enc

Proof of debt - General Form
Sapphire Retail Fund Limited - In Liquidation

Date of Winding-Up Order 8 March 2011

1	Name of Creditor (If a company please also give company registration number)	
2	Address of Creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into provisional liquidation	
4	Details of any documents by reference to which the debt can be substantiated (Note there is no need to attach them now but the provisional liquidator may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount	
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
7	Particulars of any security held, the value of the security, and the date it was given	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9	Signature of creditor or person authorised to act on his behalf _____	
	Name in BLOCK LETTERS _____	
	Position with or relation to creditor _____	
	Address of person signing (if different from 2 above) _____	

APPENDIX B**Sapphire Retail Fund Limited - In Liquidation
Joint Liquidators' Abstract Of Receipts And Payments
For the period from 8 March 2011 to 7 March 2012**

RECEIPTS	Total (£)
Joint Administrators' Surplus	1,501,647 67
Funds Received relating to Property	496,968 90
Book Debts	18,639 32
Rates Refunds	10,942 60
Official Receivers Funds	0 00
Total Receipts	<u>2,028,198 49</u>
PAYMENTS	
DTI Cheque Fees	25 80
Heat and Light	17,918 22
Statutory Advertising	144 38
Professional Fees	221,436 35
Vat Receivable	4,588 60
Fixed Charge VAT Receivable	14,025 35
Debt Collection Costs	575 00
Legal Fees	64,966 17
Insurance	8,593 45
Agents Fees	7,882 96
Bank Charges	69 00
Distributions to Chargeholders	750,000 00
Total Payments	<u>1,090,225 28</u>
Balance at Bank	<u>937,973.21</u>

SAPPHIRE RETAIL FUND LIMITED - IN LIQUIDATION

SIP 9 WIP ANALYSIS FOR THE PERIOD TO 7 MARCH 2012		Partner		Manager		Executive		Admin/Support		Total		Average Hourly Rate
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£		
Administration and Planning	501.53	281,463.80	353.50	154,554.00	143.34	39,487.10	186.80	19,397.00	1,185.17	494,901.90	417.58	
Investigations			31.00	12,555.00	2.50	650.00	9.70	582.00	43.20	13,787.00	319.14	
Realisation of Assets	39.00	20,865.00	862.20	348,891.00	20.60	5,401.00	8.20	573.00	930.00	375,730.00	404.01	
Creditors			150.50	61,321.50	41.00	11,260.00	25.55	2,676.75	217.05	75,258.25	346.73	
Grand Total	540.53	302,328.80	1,397.20	577,321.50	207.44	56,798.10	230.25	23,228.75	2,375.42	959,677.15	404.00	

Less Joint Liquidators' fee drawn to date (782,474.00)

Joint Liquidators' net outstanding fee to date 177,203.15

Administration & Planning

Includes General administration and planning, reporting, statutory returns, court filings, physical filings, internal compliance review, case planning, statutory obligations, maintenance of cash and estate records and general correspondence

Investigations

Includes Initial consideration of approach to investigation into the Companies and directors

Realisation of Assets

Includes Collection of pre-appointment bank balances, monitoring of book debt collections, dealing with creditors claims to assets of insurance premium / rates refund

Creditors

Includes Correspondence with preferential and unsecured creditors, dealing with creditor correspondence, preparing reports and circulars to creditors, liaising with secured creditor, assistance to the DTI in relation to their preferential claim, dealing with inquiries to redundancies, employee queries and general creditor queries

APPENDIX D

An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the Joint Liquidators

Rule 4 49E edited for application to a progress report in a creditors' voluntary liquidation

(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

APPENDIX E

An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the Joint Liquidators' fees 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