

The Insolvency Act 1986

Liquidator's Progress Report
Pursuant to Section 192 of
The Insolvency Act 1986

S.192

For Official Use

To the Registrar of Companies

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Company Number

04807872

Name of Company

PWCR Finance Limited

I / We
Bryan Jackson
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Brian J Hamblin
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

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

Signed *Bryan Jackson*

Date 21/6/11

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Ref 4017331/BAJ/BJH/MSB/CMM

Insolv

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25/06/2011

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COMPANIES HOUSE

**PWCR Finance Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs		From 21/05/2010 To 20/05/2011
	UNSECURED CREDITORS	
(2,282,796 00)	HMRC	NIL
(3,552,434 00)	Intercompany - PWC Rice Limited	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(1 00)	Ordinary Shareholders	NIL
		<u>NIL</u>
<u>(5,835,231.00)</u>		<u>NIL</u>
	REPRESENTED BY	
		<u>NIL</u>

Note



 Bryan Jackson
 Joint Liquidator



Accountants &
business advisers

TO ALL KNOWN CREDITORS & MEMBERS

Our ref BJ/BJH/MSB/cl/4017952/2400

21 June 2011

Dear Sir/Madam

**Prestbury West Coast Rice Limited ("PWCR")
Talkbake Limited ("Talkbake")
And all other subsidiaries ("the Subsidiaries")(together "the Group")
(All in Liquidation)**

I write further to our interim progress report of 29 March 2011 to provide you with an annual report in accordance with the Insolvency Act 1986 as amended

Should you wish to discuss any particular aspect further please do not hesitate to contact either Sue Anne Hine or Melanie Bishop at my London office

Yours faithfully

B Jackson
Joint Liquidator

Enc

Tel 020 7065 0000 | Fax 020 7065 0650

Email bryan.jackson@uk.pkf.com | www.pkf.co.uk

PKF (UK) LLP | Farringdon Place | 20 Farringdon Road | London | EC1M 3AP | DX 479 London/Chancery Lane

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Abbreviations used

Prestbury Investment Holdings Ltd	PIH						
Prestbury West Coast Holdings Limited	PWCH						
Prestbury West Coast Rice Limited	PWCR	}	}				
PWCR Bedford Street Limited	Bedford			the	the		
PWCR Burlington Ltd	Burlington					Subsidiaries	Group
PWCR Chandlers Ford Ltd	Chandlers						
PWCR Chandler Ford 2 Ltd	Chandler 2						
PWCR Finance Limited	Finance						
PWCR Kensington Ltd	Kensington						
PWCR Liverpool St Ltd	Liverpool						
PWCR Minerva House Ltd	Minerva						
PWCR Old Broad St Ltd	Old Broad						
PWCR Stevenage Ltd	Stevenage						
Talkbake Limited	Talkbake						
PWCR No 1 Ltd	PWCR No1						
PWCR No 2 Ltd	PWCR No2						

**Prestbury West Coast Rice Limited
(In Liquidation)**

Annual report to creditors as at 20 May 2011

1 Asset Realisations

The Book Value ("BV") and Estimated to Realise ("ETR") figures are taken from the directors statement of affairs

1.1 Investments in subsidiaries

The directors' statement of affairs details investments in subsidiaries with a book value of £7,663,670 to realise nil. This is due to the insolvent liquidations of the subsidiaries

1.2 Cash at bank

BV - £650,142, ETR - £650,499

A total of £650,115 has been recovered. £251,643 of the cash at bank was retained by PWCR in the "Trust Account" as at the date of liquidation. The funds were held by the company in a separate designated account in accordance with a Court order dated December 2007 relating to the Capital Reductions process. The funds were intended to cover the "Additional Fee" due to KPMG if the Quasar Tax scheme was approved by HMRC.

Confirmation was received from HMRC during December 2010 that all enquiries into this scheme had concluded with no tax adjustment necessary. KPMG has since rendered PWCR (in liquidation) with its final invoice of £277,302.35. This includes VAT of £41,300.35.

KPMG's "Additional Fee" has been calculated in accordance with letter of engagement dated 28 February 2005 which is 7.5% of the tax deductions multiplied by the prevailing tax rate of 30%, less the fee already billed.

$$(\pounds11,600,085 \times 30\% \times 7.5\%) - \pounds25,000 = \pounds236,002$$

Legal advice had been sought from our solicitors on whether the contractual ring fencing was effective against the liquidation and the advice received was that, prima facie, the ring-fencing was effective.

However, our solicitors were concerned that the validity of the Capital Reduction process in light of the tax liabilities arising from the failed Talkbake scheme may have a knock-on effect on the ring-fencing.

Therefore we will be seeking counsel's opinion and a meeting has been arranged with our solicitors on 22 June 2011 to prepare instructions.

1.3 Amounts due from Group Companies

PWCH – BV £1,948,960 – ETR £253,365

Finance – BV £3,552,434 – ETR £Nil

Chandlers – BV £11,229 – ETR £Nil

Talkbake – BV £7,096 – ETR £Nil

With PWCH having agreed a repayment plan with PIH it is expected that a recovery in line with the amount estimated by the directors on their statement of affairs will be recovered. This is of course assuming the debt of £1,702,750 is recovered in full from PIH.

No other recoveries are expected due to the companies being in insolvent liquidation

1.4 VAT Refund

The companies operated a group VAT registration. A VAT refund of £7,226.29 has been received and is currently held within PWCR.

As there will be little or no financial gain to creditors by apportioning the refund I propose to leave the full refund in PWCR.

2 Creditors' Claims and Dividends

There are no secured or preferential creditors in this liquidation. Unsecured creditors are as follows:

Creditor	Amount as per statement of affairs £	Amount proved £
BDO LLP	16,430.00	16,430.00
HMRC	300,564.00	-
PWCR No1	7,439,125.00	-
Minerva	754,437.00	-
Bedford	20,026.00	-
Old Broad	35,566.00	-
Burlington	218,005.00	-
Kensington	14,413.00	-
Liverpool	384,272.00	-
Stevenage	41,058.00	-
Chandlers 2	13,135.00	-
KPMG LLP	62,621.00	-
KPMG LLP contingent claim	<u>251,643.00</u>	<u>272,302.35</u>
	<u>£9,551,295.00</u>	<u>£288,732.35</u>

I do not propose to submit claims on behalf of the Subsidiaries as the dividends will delay the closing of these liquidations. The only known creditor or potential creditors of the subsidiaries are HMRC, PWCR, PWCH or the subsidiaries. PWCR will not receive a final dividend from PWCH for possibly 18 months as the debt repayment plan agreed within the liquidation of PWCH will not be complete until September 2011. Therefore after taking into account the costs of administering the subsidiary liquidations for a further 18 months the potential dividend to creditors would be nil or insignificant in the majority of the liquidations.

The only exception will be PWCR No 1 Limited which will receive a substantial dividend from PWCR. However, if HMRC is agreeable to waive its right of any potential claim it may have in any of the subsidiaries, and that it does not object to final meetings being called (with the exception of Talkbake Limited) I will seek tax clearance and call the final meetings.

Letters have been sent to both HMRC and PWCR No2 Limited, a creditor of PWCR No1 for £17,855 in this respect.

2 Liquidators' Remuneration and Disbursements

At the meeting of creditors held on 21 May 2010, a resolution was passed to allow the Joint Liquidators to be remunerated on a time cost basis.

From 21 May 2010 to 20 May 2011 my firm has incurred time costs of £51,860 at an average charge out rate of £286 per hour. The time costs are detailed at Appendix II.

As at the date of this report a total of £48,500 has been drawn.

Please note that it is common with most professional service firms, including PKF (UK) LLP, for charge out rates to change from time to time. The rates/costs reflect a number of such changes over the period of the administration, none of which is individually material.

Disbursements during this same period total £1,930.55, none of which has been repaid. The disbursements incurred to date are detailed as follows:

Disbursements	Category 1 £	Category 2 £
Room hire	-	65.80
Bonds	559.00	-
Travel	155.50	-
Company searches	104.00	-
Advertising	1,046.25	-
	<u>£1,864.75</u>	<u>£65.80</u>

My firm's disbursements are charged on the basis of costs incurred or costs generally charged to clients for such services (which are approximate to cost and do not include any overhead recovery).

Category 1 disbursements are those which generally comprise external supplies of incidental services specifically identifiable to the client. Category 2 disbursements are generally services supplied internally and require the approval of creditors. No approval has been obtained as yet for category 2 disbursements.

A creditors guide to fees, which provides information regarding creditors' rights in relation to insolvency practitioners' fees can be obtained by visiting our website at www.pkf.co.uk/cqtf. Alternatively a copy can be sent upon request.

In accordance with Rule 4.49E of the Insolvency Rules 1986 any unsecured creditor with the concurrence of at least 5% in value of the total unsecured creditors (including the value of their own claim) or with the permission of the court, or any secured creditor may make a formal request in writing to the administrator(s) for further information about the remuneration or expenses (other than pre-administration costs) set out in this report. Such a request must be made within 21 days from the date of receipt of this progress report.

Additionally, creditors who believe that the Liquidators remuneration is, in the circumstances, excessive or inappropriate may apply to the court under the provisions of Rule 4.131 of the Insolvency Rules 1986. Such application may be made by a secured creditor or any unsecured creditor, the latter requiring the concurrence of 10% of the total unsecured creditors (including their own claim) or the permission of the court."

3 Investigation

I have complied with all regulatory and statutory requirements under the Insolvency Act 1986 and the Company Directors Disqualification Act 1986.

As previously advised in my interim report, I have completed my initial investigation into the Group. In particular my attention was focussed on the payment of dividends to shareholders during the financial year ended 31 December 2008 (25 January 2008 and 14 November 2008) as most trading activity had ceased by 2005 and the group was effectively in wind-down after 2005.

The reason for focussing on those dividend payments was that they took place at a time when the validity of a loss-refresher scheme, not unlike one that had been used by the Group, was being

challenged by HMRC and HMRC had opened protective enquiries in relation to the Group's scheme

Following the interim report creditors were invited to comment on whether they required the Liquidators to seek legal advice and Counsel's opinion. HMRC has been liaising with me concerning the investigation and has formally requested that Counsel's opinion be sought.

A pre-Counsel instruction meeting has been arranged with our solicitors for 22 June 2011. Thereafter Counsel will be engaged.

Signed



B Jackson
Joint Liquidator

PWCR Bedford Street Limited
PWCR Burlington Ltd
PWCR Chandlers Ford Ltd
PWCR Chandler Ford 2 Ltd
PWCR Finance Limited
PWCR Kensington Ltd
PWCR Liverpool St Ltd
PWCR Minerva House Ltd
PWCR Old Broad Street Ltd
PWCR Stevenage Ltd
Talkbake Limited
PWCR No 1 Ltd
 (“the Subsidiaries”)
 (All In Liquidation)

Update report to creditors as at 20 May 2011

1 Asset Realisations

1.1 Inter Company Loans

The subsidiaries have little in the way of realisable assets. Other than inter group investments which are not expected to realise the subsidiaries have inter group loans, the majority of which are from mainly from PWCR. The estimated to realise figures are based upon the expected realisations within PWCH amounts estimated due to each subsidiary are as follows

Insolvent Company	Monies due from	Amount due	Estimated to realise
Bedford	PWCR	20,026	640
Burlington	PWCR	218,005	6,964
Chandlers 2	PWCR	13,135	420
Kensington	PWCR	14,413	460
Liverpool	PWCR	384,272	12,275
Minerva	PWCR	754,437	24,100
Old Broad	PWCR	35,566	1,136
Stevenage	PWCR	41,058	1,312
PWCR No 1	PWCR	7,439,125	237,636
Talkbake	--	--	--
Chandlers	--	--	--
Finance	--	--	--

2 Creditors' Claims and Dividends

There are no known secured or preferential creditors in these liquidations

Following the failure of the loss refreshing scheme operated by the group through Talkbake HMRC is a potential creditor of each subsidiary for the tax liability

In order to minimise costs of the subsidiary liquidations and to allow the early completion of this matters the liquidators propose the following routes

Please note that as no creditors were present or represented at the meetings of creditors held on 21 May 2010 no fee resolution was passed by creditors. In the absence of a credit submitting a claim a written resolution was passed by the shareholders on 21 May 2010 approving the Liquidators remuneration on a time costs basis

Proposed Action for PWCR No 1

PWCR No 1 is a creditor of PWCR for £7,439,125 which is expected to realise in the region of £237,636, subject to costs, over the next 20 months

I have written to PWCR No 2 Limited, PWCH and HMRC, the creditors of PWCR No 1, seeking their written confirmation that they will not be submitting a claim in this liquidation and that they have no objection to the liquidation being concluded

If their agreement is received I shall write to the Liquidators of PWCR advising them that PWCR No 1 will not be submitting a claim in the liquidation

As it will not be possible to pay the liquidators' costs and expenses from PWCR No 1 a fixed fee resolution for £3,000 plus VAT and disbursements will be sought within the liquidation of PWCR to meet this expense

Proposed Action for Chandlers and Finance

These subsidiaries have no realisable assets

Tax clearance is being sought Once obtained final meeting will be convened

I propose to seek a fixed fee resolution for £3,000 plus VAT and disbursements, for each company, payable as an expense from the liquidation of PWCR

Proposed Action for Bedford, Burlington, Chandlers 2, Kensington, Liverpool, Minerva, Old Broad and Stevenage

With the remaining subsidiaries the only potential creditor is HMRC as a result of the failed loss refreshing scheme These subsidiaries are creditors of PWCR and will receive small dividends during the next 20 months Assuming a claim is submitted by HMRC for each of these subsidiaries it is not anticipated that a dividend will be declared in subsidiary numbers 1, 3, 4, 7 & 8 due to the costs of liquidation A small dividend may be declared in subsidiaries 5 & 6 and possibly subsidiary 2

In order to minimise costs and allow these liquidations to conclude I have written to HMRC seeking their written confirmation that it will refrain from submitting a claim in these liquidations and has no objection to the liquidations being concluded In turn the liquidator will waive each companies right to a dividend from PWCR

If this is acceptable, and no other creditors come to light the Liquidators will seek tax clearance and then call final meeting of creditors and members

I propose to seek a fixed fee resolution for £3,000 plus VAT and disbursements, for each company, payable as an expense from the liquidation of PWCR

Proposed Action for Talkbake

I do not propose to conclude this liquidation at present

3 Investigation

I have complied with all regulatory and statutory requirements under the Insolvency Act 1986 and the Company Directors Disqualification Act 1986 Should any further group investigation be required this is would to be undertaken within PWCH, PWCR and Talkbake and the closure of the remaining subsidiaries would not effect the outcome of those enquiries

4 Liquidators' Remuneration and Disbursements

Under the terms of the letter of engagement entered into by PKF (UK) LLP and PWCR, PWCR was to pay my firms time costs for completing the liquidation of each of its subsidiaries. The time costs were to be fixed to a maximum of £3,000 plus VAT and disbursements.

From 21 May 2010 to 20 May 2011 my firm has incurred time costs as per the attached schedules for each subsidiary. A summary of which is as follows:

Insolvent Company	Total Time Cost £	Total Hours	Average Hourly Rate £/hr
PWCR Bedford	1,167	8.84	132
PWCR Burlington	925	6.74	137
PWCR Chandlers 2	920	6.64	138
PWCR Kensington	925	6.69	138
PWCR Liverpool	925	6.74	138
PWCR Minerva	925	6.74	138
PWCR Old Broad	925	6.74	138
PWCR Stevenage	925	6.74	138
PWCR No 1	1,007	7.09	141
Talkbake	1,142	8.59	133
PWCR Chandlers	918	6.59	139
PWC Finance	966	6.89	140

Please note that it is common with most professional service firms, including PKF (UK) LLP, for charge out rates to change from time to time. The rates/costs reflect a number of such changes over the period of the administration, none of which is individually material.

With only a shareholders resolution having been obtained if creditors are agreeable to the proposed action as detailed in paragraph 3 above, then the liquidators will call a postal vote to approve the necessary fee resolutions.

Disbursements incurred for the same period are as follows:

Subsidiary	Disbursements	Category 1 £	Category 2 £
PWCR No1	Bonds	155.00	-
Talkbake	Bonds	15.00	-
	Company Searches	8.00	-
Finance	Bonds	15.00	-
Bedford	Bonds	20.00	-
Burlington	Bonds	20.00	-
Chandlers	Bond	15.00	-
Chandlers 2	Bonds	15.00	-
Kensington	Bonds	15.00	-
Liverpool	Bonds	30.00	-
Minerva	Bonds	15.00	-
Old Broad	Bonds	20.00	-
Stevenage	Bonds	20.00	-
Total for subsidiaries		<u>£363363.00</u>	<u>£Nil</u>

All disbursement remain unpaid

My firm's disbursements are charged on the basis of costs incurred or costs generally charged to clients for such services (which are approximate to cost and do not include any overhead recovery)

Category 1 disbursements are those which generally comprise external supplies of incidental services specifically identifiable to the client. Category 2 disbursements are generally services supplied internally and require the approval of creditors. No approval has been obtained as yet for category 2 disbursements.

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5 Completion of Liquidations

Assuming the known creditors (HMRC, PWCR and PWCH and PWCR No2 Limited) are all agreeable to the proposed course of action as discussed above the necessary resolutions will be sought by way of a postal vote.

Once this has been formally approved by creditors the liquidators will call final meeting of members and creditors.

Signed



B Jackson
Joint Liquidator