

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

To the Registrar of Companies

Company Number

05167348

Name of Company

Full Circle Future Limited

I/ We

Jeremy Simon Spratt
PO Box 695
8 Salisbury Square
London
EC4Y 8BBJohn David Thomas Milsom
PO Box 695
8 Salisbury Square
London
EC4Y 8BBthe liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 10/06/2012 to 09/06/2013

Signed



Date 9 July 2013

ALLAN WATSON GRAHAM SIGNED UNDER POWER OF ATTORNEY
FOR JEREMY SIMON SPRATTKPMG LLP
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Ref FA621E5722/RCL/CMK/MS

WEDNESDAY



A28

A2CANCDS
10/07/2013
COMPANIES HOUSE

#191


POWER OF ATTORNEY

THIS POWER OF ATTORNEY made this 16 day of October 2012 by Jeremy Simon Spratt of KPMG LLP, 8 Salisbury Square, London EC4Y 8BB (hereinafter called "the Principal") **WITNESSES** as follows.

1. **THE PRINCIPAL** hereby severally appoints any of the persons listed in the Schedule hereto (each of whom shall hereinafter be called "the Attorney" and is authorised to act as an insolvency practitioner within the meaning of Section 390(2) of the Insolvency Act 1986 (the "Act")) to be the Attorney of the Principal and in his name and on his behalf and as his act and deed or otherwise, pursuant to Section 25 of the Trustee Act 1925 (as substituted by Section 5 of the Trustee Declaration Act 1999):
 - 1.1 to exercise to the fullest extent permitted by law all and any powers and to perform and discharge all and any of the functions and duties conferred or imposed upon the Principal as the holder of, and by virtue of his appointment to, any office, appointment or position as may be held by an insolvency practitioner within the meaning of Part XIII of the Act or any other similar office, appointment or position or as receiver and/or manager of the assets, liabilities or affairs of any individual, corporation, or other person or body of persons,
 - 1.2 and for the purposes aforesaid or any of them to appoint and remove at his pleasure any substitute for or agent under him in respect of all or any of the matters aforesaid upon such terms as the Attorney shall think fit **PROVIDED THAT** such substitute or agent shall be authorised to act as an insolvency practitioner within the meaning of Section 390(2) of the Act;
 - 1.3 generally to execute any deed or sign any document in his own name which may be required and to do any other act matter or thing which the Attorney shall consider necessary or expedient for carrying out any of the purposes or acts hereby authorised in the same manner and as fully and effectively in all respects as the Principal could have done if personally present;
 - 1.4 the Principal agrees to indemnify the Attorney against all expenses, losses and liabilities incurred by him when acting in pursuance of this power;
 - 1.5 this Power of Attorney shall come into force at 11.01 on 16 10 12 and shall remain in force for 12 months expiring at 12.00 on 16 10 13 ;
 - 1.6 this Power of Attorney shall be construed and interpreted according to the law of England and Wales.
2. **THE PRINCIPAL** hereby undertakes to ratify everything which the Attorney or any substitute or agent appointed by him under the aforesaid powers shall do or purport to do by virtue of these presents.
3. **THE PRINCIPAL** hereby revokes any previous Power of Attorney and ratifies all acts carried out by the Attorney under the previous Power of Attorney.

IN WITNESS whereof the Principal has executed and delivered this Power of Attorney as a Deed the day and year first written.

Signed and delivered as a Deed by the said
Jeremy Simon Spratt



in the presence of:


Witness Name. NICK CREN

Witness Address: KPMG LLP, 8 SALISBURY SQ, LONDON EC4Y 8BB

Witness Occupation: ASSISTANT MANAGER

SCHEDULE TO THE POWER OF ATTORNEY OF JEREMY SIMON SPRATT

David Costley-Wood
David John Crawshaw
Robert Andrew Croxen
Mark Granville Firmin
Richard Dixon Fleming
Allan Watson Graham
Brian Green
Colin Michael Trevelthyn Haig
Richard Heis
Christine Mary Lavery
John David Thomas Milsom
Jane Bronwen Moriarty
Blair Carnegie Nimmo
Mark Jeremy Orton
Richard James Philpott
David John Standish
James Robert Tucker
Michael Steven Walker
John Mitchell Wardrop


16/10/12



KPMG LLP
Restructuring
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Tel +44 (0) 20 7694 3201
Fax +44 (0) 20 7694 3533
DX 38050 Blackfriars
ray.levy@kpmg.co.uk

To all members

Our ref rcl/cr988

28 June 2013

Dear Sir/Madam

Full Circle Future Limited (in members' voluntary liquidation)
Annual Progress Report to Members

I am writing to report to members on the progress of the liquidation of Full Circle Future Limited ("FCF") during the year to 9 June 2013

FCF was placed into liquidation on 10 June 2010 and John David Thomas Milsom and I were appointed as joint liquidators. I attach as Appendix 1 the general information required to be disclosed to members by the Insolvency Rules 1986

1 Receipts and Payments

I attach as Appendix 2 a summary of the joint liquidators' receipts and payments for the year to 9 June 2013 together with the cumulative figures for the liquidation to that date

2 Receipts

2.1 Tax refunds (post-liquidation) and interest on tax refunds

£1,688.69 was received during the year in respect of an overpayment of income tax for the year to 9 June 2012 of £1,681.41 plus £7.28 interest thereon

2.2 ISA interest

During the year bank interest earned on funds held in FCF's Insolvency Services Account ("ISA") amounted to £4,184.08. 20% income tax totalling £836.82 was deducted at source resulting in net interest of £3,347.26

3 Payments and expenses

3.1 Cheque/payable order fee and bank charges

These represent ISA bank charges

3.2 Tax fees

Tax fees totalling £7,000 00 were paid to KPMG during the year. The fees were in respect of VAT services provided by KPMG during the period from 1 February 2012 to 31 August 2012 in relation to the deal fees issue referred to in 5.1 below. These services were provided under an engagement letter between DFS Furniture Company Limited ("DFS") and KPMG. However, as the deal fees issue relates solely to FCF, DFS recharged the fees to FCF.

3.3 Liquidators' fees and expenses

A resolution was passed on 10 June 2010 that the remuneration of the joint liquidators be fixed at their normal charging rates according to the time properly spent by them and members of their staff in attending to matters arising in the winding up of the Company (including those falling outside their statutory duties) and that they be authorised to draw their remuneration on account.

The statutory provisions relating to remuneration are set out in Rule 4.127 of the Insolvency Act 1986. Further information can be found in the Association of Business Recovery Professionals' publication "A creditors' guide to Liquidators fees". This guidance is also applicable to members (ie shareholders) in a members' voluntary liquidation. A copy of the guidance can be found at

http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP-9-EW-INTER.pdf

I attach as Appendix 3, a schedule summarising the joint liquidators' time costs for the year including grades of staff utilised and the charge-out rates applied. The schedule also summarises the expenses incurred by the liquidators during the year.

Attached as Appendix 4 is a summary of the liquidation expenses paid or accrued for in respect of the year to 9 June 2013.

In accordance with Rule 4.49E of the Insolvency Rules 1986 members have the right to request further information, in respect of remuneration, expenses, and any other information relevant to the member from the liquidator, within 21 business days of receipt of this report. The full text of that rule can be provided by Ray Levy (tel 020 7694 3201 e-mail ray.levy@kpmg.co.uk) if required.

4 Creditors

4.1 General

On 23 August 2011, the liquidators advertised, in the London Gazette and the Times newspaper, a notice to creditors to submit claims ("the Notice"). A copy of the Notice was also sent to all actual and potential creditors of which the liquidators were aware.

The only creditor to submit a claim was Bank of Ireland which submitted a claim in the liquidation in the maximum value of £5,000,000. This claim was predicated on the breach of warranty obligations by FCF under the Share Warrant dated 8 July 2009 and the Deed of Warranty of the same date.

As the Share Warrant exercise period expired on 31 May 2013 and the liquidators are not aware of any breaches of warranty, they have written to Bank of Ireland requesting confirmation of the withdrawal of its claim. If Bank of Ireland does not withdraw its claim by 1 July 2013 the liquidators propose to formally reject the claim. Bank of Ireland will then have 21 days in which to appeal to Court to have the liquidators' decision on its claim reversed or varied.

5 Taxation

5.1 VAT

FCF was removed from the DFS VAT group with effect from 9 June 2010 (the day prior to liquidation)

VAT totalling £594,580.72 on the deal fees relating to the SPA and KPMG's pre-liquidation advice for the period to 9 June 2010 was included in the DFS group VAT return for the quarter ended 31 July 2010. As the VAT group is subject to a partial exemption recovery rate of 92.92%, the amount repayable to FCF was £552,484.59 and this amount has been received during the first year of the liquidation. However, as previously reported, HM Revenue & Customs ("HMRC") subsequently raised an enquiry into the VAT refunded on the deal fees. DFS instructed their VAT advisers, KPMG, to advise on this matter and an appeal has been lodged. As an appeal has been lodged the liquidators arranged for £589,194.14 (made up of the £552,484.59 refund received during the liquidation period, £24,456.41 in respect of a VAT refund for a prior period, plus interest of £12,253.14) to be paid to HMRC from the liquidation estate pending the outcome of the appeal hearing.

The appeal has been stood over behind the BAA and MyTravel cases (the two leading appeals regarding VAT recovery on deal fees) until such time as that litigation is resolved. It is highly likely that BAA will appeal against the Court of Appeal's judgment and MyTravel is still awaiting a hearing at the Court of Appeal. As such, it could be some time before the litigation is finally settled.

As it is unlikely that the VAT tribunal hearing will be held in the near future, the liquidators will consider distributing in-specie to FCF's shareholders the right to any VAT recoveries from HMRC. However, prior to the distribution of this asset, FCF's shareholders will need to reach an agreement with DFS Furniture Company Limited regarding the payment of any further professional fees relating to the VAT appeal. In addition, the liquidators will also require confirmation from HMRC that it has no claim in the liquidation and has no objection to the liquidators proceeding to finalise the liquidation.

The liquidators have submitted an application form VAT 427 to reclaim the VAT on the costs of liquidation, subject to the partial exemption recovery rate of 92.92%. The irrecoverable VAT element is shown separately on the attached receipts and payments account. Once the VAT refund has been received the liquidators will seek the required confirmations from HMRC to enable them to proceed to finalise the liquidation.

5.2 Corporation tax

FCF had certain contingent liabilities that could have arisen if Delphi Properties Holdings Limited and Delphi Properties Limited left the FCF group within six years of the sale of certain properties by the Company. The six year period has expired and the contingent liabilities have now all fallen away.

During the year the liquidators received £1,688.69 in respect of an overpayment of income tax, plus interest in respect of the year to 9 June 2012 (see paragraph 2.2). The liquidators are arranging for a corporation tax return to be prepared and submitted for the period ended 9 June 2012. A final return will be prepared following the resolution of the Bank of Ireland claim issue (see paragraph 4.1). The final return will be submitted with a request for final tax clearance required to enable the liquidators to proceed to finalise the liquidation.

6 Shareholder distributions

No distributions were made to shareholders during the year.

6.2 Further distribution

The liquidators will proceed to make a final distribution to shareholders following receipt of final VAT and Corporation Tax clearances (see paragraphs 5.1 and 5.2) and resolution of the Bank of Ireland claim issue (see paragraph 4.1) and the liquidators will proceed to finalise the liquidation at that time.

If you would like to discuss any of the above in more detail, or require any further information, please contact Ray Levy on 020 7694 3201.

Yours faithfully

For Full Circle Future Limited



JS Spratt

Joint Liquidator

Jeremy Simon Spratt and John David Thomas Milsom are authorised to act as Insolvency Practitioners by the ICAEW.

Appendix 1

Statutory Information	
Company name & Trading style	Full Circle Future Limited
Date of appointment	10 June 2010
Former names	None
Liquidators' details	<p>Jeremy Simon Spratt of KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB was appointed on 10 June 2010 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales and his office holder number is 8914</p> <p>John David Thomas Milsom of KPMG LLP 8 Salisbury Square, London, EC4Y 8BB was appointed on 10 June 2010 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales and his office holder number is 9241</p>
Former office holders details	None
Functions	The functions of the office holders are being exercised by any one of them in accordance with the resolution passed on 10 June 2010
Company Information	
Company registration number	05167348
Previous registered office	1 Rockingham Way, Redhouse Interchange, Adwick le Street, Doncaster, South Yorkshire DN6 7NA
Present registered office	c/o KPMG, 8 Salisbury Square, London EC4Y 8BB

Appendix 2

Full Circle Future Limited (In Liquidation)

LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Declaration of Solvency £	Report Ref	From 10/06/2010 To 09/06/2012 £	From 10/06/2012 To 09/06/2013 £	From 10/06/2010 To 09/06/2013 £
RECEIPTS					
Leasehold property			1,491,402 19	0 00	1,491,402 19
Tax saving payment			3,240,335 00	0 00	3,240,335 00
Artwork & Motor vehicles	1,100,000 00		0 00	0 00	0 00
Loans and advances	180,000,000 00		0 00	0 00	0 00
Book debts	300,000 00		0 00	0 00	0 00
Tax Refunds (post appt)		2 1	321 30	1,681 41	2,002 71
Tax refunds (pre-liq)	300,000 00		474,825 96	0 00	474,825 96
VAT refunds (pre-liq)	600,000 00	5 1	552,484 59	0 00	552,484 59
Cash at bank	158,500,000 00		204,673 79	0 00	204,673 79
Bank interest, gross			26 95	0 00	26 95
Interest on tax refunds		2 1	0 55	7 28	7 83
ISA interest gross		2 2	10,013 53	4,184 08	14,197 61
Rebate of fees			384,000 00	0 00	384,000 00
			<u>6,358,083 86</u>	<u>5,872 77</u>	<u>6,363,956 63</u>
PAYMENTS					
VAT refunds (pre-liq)		5 1	0 00	552,484 59	552,484 59
Tax paid on ISA interest		2 2	2,002 71	836 82	2,839 53
Cheque/Payable order fee		3 1	5 50	0 90	6 40
Pre liquidation fees			22,023 00	0 00	22,023 00
Tax fees		3 2	55,460 55	7,000 00	62,460 55
Liquidator's fees		3 3	110,816 15	30,742 50	141,558 65
Liquidator's expenses		3 3	18,206 80	765 00	18,971 80
Irrecoverable VAT		5 1	4,161 15	429 21	4,590 36
D&O Insurance			15,086 92	0 00	15,086 92
Registrar's fees			3,521 64	0 00	3,521 64
Legal fees			86,960 87	14,450 00	101,410 87
Interest on VAT Assessment		5 1	0 00	17,455 06	17,455 06
Bank charges			185 95	98 00	283 95
Trade & expense			2,301 36	0 00	2,301 36
Non-preferential VAT		5 1	0 00	24,456 41	24,456 41
Ordinary shareholders			4,676,169 79	0 00	4,676,169 79
			<u>4,996 902 39</u>	<u>648,718 49</u>	<u>5,645,620 88</u>
Net Receipts/(Payments)			<u>1,361,181 47</u>	<u>-642 845 72</u>	<u>718,335 75</u>
MADE UP AS FOLLOWS					
VAT rec'able			54,611 95	10,162 29	64,774 24
ISA			1,306,569 52	-653,008 01	653,561 51
			<u>1,361 181 47</u>	<u>-642,845 72</u>	<u>718,335 75</u>

Appendix 3

Full Circle Future Limited (in members' voluntary liquidation)

Details of liquidators time costs and expenses incurred during the period from 10/06/2012 to 09/06/2013

Charge out rates to 30/09/2012	725/635	525/420	305/230	120			
Charge out rates from 01/10/2012	765/670	550/440	320/240	125			
	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Member							
General correspondence		1 70	8 50		10 20	£3,393 00	£332 65
Statutory reports	1 40	6 10	2 00		9 50	£4,187 00	£440 74
Cashiering							
General (Cashiering)		1 30	0 70		2 00	£772 50	£386 25
Reconciliations (& IPS accounting reviews)		0 40		2 40	2 80	£467 00	£166 79
Statutory and compliance							
Checklist & reviews	2 70	4 20	3 30		10 20	£4,769 50	£467 60
Statutory receipts and payments accounts				0 40	0 40	£48 00	£120 00
Strategy documents		10 00	2 50		12 50	£5,162 00	£412 96
Tax							
Post appointment corporation tax		24 60	8 60		33 20	£15,098 50	£454 77
Post appointment VAT		5 90	3 25		9 15	£3,541 00	£386 99
Creditors							
Creditors and claims							
General correspondence		3 20	0 40		3 60	£1,508 00	£418 89
Pre-appointment VAT / PAYE / CT		3 50			3 50	£1,522 00	£434 86
Realisation of assets							
Asset Realisation							
Pre-appointment tax & VAT refunds		2 00			2 00	£850 00	£425 00
Total in period					99 05	£41,594 50	£414 91

Time costs for the period from 10/06/2012 to 09/06/2013 which have already been drawn £16,444 00

Total outstanding time costs as at 09/06/2013 £25,150 50

Time costs for the period from 10/06/2012 to 09/06/2013 that were drawn after the period end £22,646 00

Total time costs incurred but not drawn £2,504 50

All staff who have worked on this assignment, including cashiers and support and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge-out rates.

Appendix 4

Full Circle Future Limited (in members' voluntary liquidation)
Schedule of expenses for the period from 10 June 2012 to 9 June 2013 that
were not accrued for in the prior period

		Paid	Accrued	Total for period
	Report	£	£	£
Tax fees	3 2	7,000 00	-	7,000 00
Liquidator's fees	3 3	16,444 00	25,150 50	41,594 50
Liquidator's expenses	3 3	-	-	-
		<u>23,444 00</u>	<u>25,150 50</u>	<u>48,594 50</u>