

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

05558844

Name of Company

Towmasters Metals Limited

✓ We


John Dean Cullen FCCA FABRP, 2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF

Bethan Louise Evans ACCA MABRP, 2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF

the 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 01/10/2013 to 30/09/2014

Signed



Date

27/11/14

Harris Lipman LLP
2 Sovereign Quay
Havannah Street
Cardiff
CF10 5SF

Ref T3456/JDC/BLE/RHL/SCC

SATURDAY



A06 29/11/2014 #119
COMPANIES HOUSE

Towmasters Metals Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 01/10/2013 To 30/09/2014	
	ASSET REALISATIONS		
NIL	Motor Vehicles		NIL
NIL	Book Debts		NIL
Uncertain	Book Debts - Police Seizures		NIL
NIL	VAT Bond		NIL
525 45	Cash at Bank		525 20
	Bank Interest Gross		0 11
			<u>525 31</u>
	UNSECURED CREDITORS		
(1,196,404 48)	Trade & Expense Creditors		NIL
(32,038 90)	HM Revenue and Customs - PAYE &		NIL
(650,000 00)	HM Revenue and Customs - VAT		NIL
			<u>NIL</u>
	DISTRIBUTIONS		
(1 00)	Ordinary Shareholders		NIL
			<u>NIL</u>
<u>(1,877,918.93)</u>			<u><u>525 31</u></u>
	REPRESENTED BY		
	Barclays Bank		525 31
			<u><u>525 31</u></u>

our ref
your ref
date
please reply to

JDC/BLE/RHL/SCC/T3456

27 November 2014
Rachel Lai

HARRIS
LIPMAN

TO ALL MEMBERS AND CREDITORS

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DX 200767 Cardiff Bay
e-mail mail@harris-lipman.co.uk
website www.harris-lipman.co.uk

Dear Sirs

TOWMASTERS METALS LIMITED - IN LIQUIDATION

This is the Joint Liquidators' first annual progress report ("the report") for the year ended 30 September 2014

1. Statutory information

The company's registered name is Towmasters Metals Limited and it traded in ferrous and non-ferrous metals

The company was incorporated on 9 September 2005 under company number 05558844

The registered office of the company was formerly Axholme House, North Street, Crowle, Scunthorpe, North Lincolnshire, DN17 4NB and was changed on 17 October 2013 to 2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF for the purposes of the Liquidation.

Bethan Louise Evans ACCA MABRP and myself, of Harris Lipman LLP, 2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF were appointed Joint Liquidators of the above-named company by Creditors on 1 October 2013

There have been no changes of Liquidator in the period to which this report relates

2. Joint Liquidators' progress during the period of this report

Asset realisations

The Statement of Affairs provided by the directors detailed the company assets as motor vehicles with a book value of £15,684 and estimated to realise nil, book debts of £1,543,306, estimated to realise nil and book debts of £408,000 which were subject to police seizures, with an uncertain estimated realisable value

Chartered Accountants

Harris Lipman LLP is a limited liability partnership registered in England & Wales Registered Number OC311167
Registered to carry on audit work in the UK & Ireland and regulated for a range of investment business activities by The Institute of Chartered Accountants in England & Wales
A list of Members' names is open to inspection at our Registered Office 2 Mountview Court, 310 Farnham Road, London N20 0YZ
Also at 2 Mountview Court, 310 Farnham Road, Whetstone London N20 0YZ tel 020 8446 9000 fax 020 8446 9537 DX 132890 Whetstone 2

 **UK200Group**
independent quality assured professionals

Further assets comprised a VAT bond of £100,000 but estimated to realise nil and cash at bank of £525 45

Motor vehicles

The motor vehicle referred to in the statement of affairs was a pick up truck I understand that this was seized by the police prior to liquidation and I am currently making enquiries with the police in this regard

Book debts

The primary book debt was owed by a company in liquidation according to the statement of affairs I contacted the Official Receiver who was dealing with the matter but there is some doubt as to whether the debtor has been correctly identified, or is actually a different company with a similar name I will continue to investigate this as further information and documents come to light

VAT bond

I do not consider that the VAT bond will be recoverable given that the company has a significant debt to HM Revenue & Customs in respect of VAT

Cash at bank

Cash of £525 20 has been recovered from the company's bank account

Cash and records seized by the police

I understand that both South Yorkshire police and Hampshire police carried out raids at the company premises and seized cash and company records I have engaged in extensive correspondence with the police forces and have attended two meetings in South Yorkshire

A copy of all the records seized by Hampshire police has been provided to me on disk A very large number of documents was stored on the disk, including police cover sheets which did not form part of the company's records, and it has been necessary to schedule the documents which has been a time-consuming process

The physical records seized by South Yorkshire police have been delivered up to me more recently and are in the process of being reviewed

South Yorkshire police eventually agreed to hand over to me the cash held in its possession Subsequent to the period under review I have received £85,605

Other assets

The only other realisation during the period has been the interest of £0 11 accruing on the account held for the purposes of the Liquidation

Please advise us as soon as possible if you are aware of any other assets of the company that have not been referred to above or previously

Investigative matters

We undertook an initial investigation into the company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation

Our investigations are ongoing and I am sure you will appreciate that I am unable to provide any specific information with regard to these matters, as to do so may prejudice a successful outcome

In accordance with my statutory duties, a conduct report on the director has been submitted to the Insolvency Service pursuant to the Company Directors Disqualification Act 1986

If you are aware of any matters which you believe require our investigation, please advise me accordingly, in writing, providing as much detail as possible with regard to those matters. Any such contact will, of course, be kept confidential

General matters

In addition to the work undertaken to result in the asset realisations referred to above, throughout the period of my administration I have responded to the queries of creditors and noted creditor claims

Specific tasks such as VAT and tax issues, cashiering and statutory returns have been allocated to team members who have specialist knowledge in the relevant areas

Additionally, we have complied with obligations imposed by statute and our regulatory bodies which include, but are not limited to, the submission of returns to Companies House, HM Revenue and Customs, insuring assets and specific penalty bonding

3. Abstract of the Joint Liquidators' receipts and payments

I attach at Appendix 3 an abstract of our receipts and payments for the period of this report

Please note that all items detailed on the receipts and payments account are shown net of VAT as the company was registered for VAT and the VAT can therefore be recovered for the benefit of the insolvent estate

4. Assets which remain to be realised

We have yet to realise the book debts and vehicle. As indicated above, cash seized by South Yorkshire police has been recovered. However, it is possible that there is further cash currently being held and my investigations in this respect are ongoing

5. Joint Liquidators' remuneration

Our remuneration was fixed by reference to the time properly spent by ourselves and our staff in attending to matters arising in the Liquidation at a meeting of creditors on 1 October 2013

For creditor's information, the charge out value of time costs incurred during the period to which this report relates amounts to £39,601 50 made up of 163 55 hours at an average charge out rate of £242 14 per hour

The majority of the time has been expended on investigation aspects, including reviewing and scheduling the records, communicating and meeting with the police and general investigations. A significant amount of time has been spent on administration matters, including dealing with initial notifications of appointment, formulating strategy, cashiering and general correspondence. Time has also been expended on creditor and asset realisation aspects.

The investigatory nature of the case has required a large amount of input at manager, senior manager and partner level. This has been supported by more junior members of the team. Scheduling of the records on disk was carried out at junior level.

I attach at Appendix 1 a breakdown of the time costs between the grades of staff allocated to this case, which includes details of the current charge out rates of ourselves and our team who have been and will be dealing with the Liquidation.

No fees have been drawn from the insolvent estate during the period under review.

A copy of "A Creditors' Guide to Liquidator's Fees", issued by the Association of Business Recovery Professionals, which sets out the basis of fixing the Liquidator's Remuneration, is available on our website at

<http://www.harris-lipman.co.uk/resources/r3-insolvency-guides/>

You should then choose the appropriate creditor guide for the type of appointment after 6 April 2010.

Please let me know if you do not have access to the internet and would prefer a hard-copy of this guide.

6. Joint Liquidators' expenses

No payments have been made from the estate during the period of this progress report.

The following agents or professional advisors have been utilised in this matter:

Professional Advisor	Nature of Work	Fee Arrangement
Capital Law LLP	Solicitors	Time costs subject to realisations

The choice of professionals was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Below is a table which details what disbursements have been incurred, paid and which remain outstanding in the Liquidation

Nature of Expense	Incurred in period (£)	Paid from liquidation estate (£)	Remains outstanding (£)
Statutory Advertising	148 50	Nil	Nil
Specific Penalty Bond	25 00	Nil	Nil
Search Fees	36 00	Nil	Nil
Travel Expenses	327 50	Nil	Nil

The expenses above have not been paid from the estate due to a lack of funds and have instead been borne by our firm. It is intended that they will be recharged to the case in due course.

No invoice has been submitted by the solicitor due to the lack of realisations.

A statement with regard to our disbursements recovery policy is attached at Appendix 2.

7. Return to creditors pursuant to Section 176A

The provisions of Section 176A of the Act require a calculation to be made of the prescribed part of the company's net property for distribution to unsecured creditors. The prescribed part must be calculated and provided for where debentures of the company have been created after 15th September 2003.

In dealing with realisations under the prescribed part, we are entitled to take into account the claims of the preferential creditors and the costs and expenses associated in dealing with the prescribed part.

The company's net property comprises floating charge realisations less preferential claims and the costs of dealing with the prescribed part.

The prescribed part is calculated as 50% of the first £10,000 of floating charge realisations plus 20% of all other floating charge realisations, subject to a maximum prescribed part of £600,000.

There have been floating charge realisations totalling £525 31 to the end of the period under review, from which the costs of £40,138 50, have been deducted. This leaves no net property.

As indicated above, floating charge realisations of £85,605 have subsequently been made, and additional costs have also been incurred. Based on realisations and costs to date, the net property is estimated at £44,678 81, equating to a prescribed part of £11,935 76. This will be subject to future realisations and costs.

However, it appears that the floating chargeholder has been paid in full, there being a credit balance on the company's account at the date of liquidation. Therefore, I anticipate that any surplus of assets will be available for unsecured creditors once the costs of the liquidation have been met.

8. Outcome for creditors

We have received claims in respect of PAYE, NI, Corporation Tax and VAT totalling £4,957,550 26

Trade and Expense creditors' claims shown on the company's statement of affairs were £1,196,404 48

The amount and timing of any dividend will ultimately depend on the outcome of our investigation into the affairs of the company and any further realisations that can be made. As such I am unable at present to provide an estimate of any dividend the unsecured creditors may receive

9. Creditors' right to information

A creditor may make a request for further information regarding our remuneration and expenses. Any such request must be in writing and should be made within 21 days of receipt of this report. Where the request is made by an unsecured creditor, it must be supported by at least 5% in value of the unsecured creditors, or with the permission of the Court.

If the information requested is either prejudicial to our conduct of this case, might lead to violence against any person, may be confidential or the costs of preparing the requested information would be excessive, we may not be obliged to provide it.

Any unsecured creditor may make an application to the Court in respect of any information provided following such a request, or our failure to provide same, after 14 days of our receipt of that request.

Additionally, creditors may make an application to Court to challenge the amount or basis of our remuneration and expenses, which must be supported by at least 10% in value of the creditors, including the applicant's claim. The application must be made within 8 weeks of receipt of this report. The costs of the application must also be paid by the creditors making the application.

Further details with regard to these provisions form part of the guidance notes relating to fees referred to previously.

10. Next report

We are required to provide a further progress report within two months of the end of the next anniversary of the Liquidation.

The liquidation of the above company will remain open until the investigation into the company's affairs and realisation of the assets has been fully resolved. We regret that, in the present circumstances, we are unable to provide an indication as to when we expect to conclude the administration of this liquidation. We hope to be able to give a better indication in our next report.

Should you have any further queries in relation to the contents of this report, or with regard to other matters arising, please do not hesitate to contact us

Yours faithfully

A handwritten signature in black ink, appearing to be 'John Dean Cullen', written over a horizontal line.

John Dean Cullen FCCA FABRP

Licensed as an Insolvency Practitioner in the UK by the Association of Chartered Certified Accountants

Joint Liquidator

TOWMASTERS METALS LIMITED

APPENDIX I

TIME CHARGE OUT SUMMARY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

HOURS

Classification of work function	Partner	Senior Manager	Manager	Senior	Semi-Senior	Junior	Support	Total Hours	Time Costs	Average Hourly Rate
									£	£
Admin and Planning	1 00	19 20	4 70	0 20	2 40	2 30	0 25	30 05	8,473 00	281 96
Investigations: reviewing & scheduling records	0 00	0 00	35 90	0 00	0 00	36 00	0 00	71 90	10,952 50	152 33
Investigations: police communications	15 00	0 60	3 30	0 00	0 00	0 00	0 00	18 90	6,799 50	359 76
Investigations: general & statutory obligations	2 10	0 50	17 50	0 00	0 00	0 00	0 00	20 10	5,770 50	287 09
Realisation of Assets	6 70	0 60	0 20	0 00	0 00	0 00	0 00	7 50	2,791 00	372 13
Creditors	2 10	12 60	0 40	0 00	0 00	0 00	0 00	15 10	4,815 00	318 87
Support	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Hours	26 90	33 50	62 00	0 20	2 40	38 30	0 25	163 55		
Total Costs	10,216 00	10,548 00	17,045 00	44 00	402 50	1,333 00	13 00		39,601 50	
Total Fees claimed (£)	0 00	0 00	0 00	0 00	0 00	0 00	0 00		0 00	

CHARGE OUT RATE OF INSOLVENCY TEAM MEMBERS 2013

	£ per hour
Partner	350-525
Senior Manager	310
Manager	265
Senior	210
Semi-Senior	160
Junior	105
Support Staff	50-100

CURRENT CHARGE OUT RATE OF INSOLVENCY TEAM MEMBERS

	£ per hour
Partner	380-545
Senior Manager	320
Manager	275
Senior	220
Semi-Senior	165
Junior	110
Support Staff	52

- Note 1** There may have been a number of promotions through the various grades during the period of the administration
Note 2 It is the policy of this firm to account for secretarial staff as an overhead cost Overhead costs are reflected in the charge out rates detailed
Note 3 The charge-out rate of the Insolvency Practitioner for this assignment is currently £380 per hour, and the administrator is £275 per hour
Note 4 Time is recorded in minimum units of 6 minutes

APPENDIX 2

DISBURSEMENTS RECOVERY POLICY

Professional advisors have been selected on the basis that they have the appropriate experience and qualifications to effectively deal with the issues arising in a case of this nature. Solicitors have been instructed on a time costs basis, subject to realisations.

All disbursements are shown as net of VAT. As the company was registered for VAT purposes, VAT can be recovered for the benefit of the insolvent estate.

Category 1 Disbursements

Specific expenditure relating to the administration of the insolvent estate and payable to an independent third party is recoverable without creditor approval. Such expenditure is made if funds are available from the insolvent estate. If funds are not available, then payment is made from this firm's office account and reimbursed from the estate should funds become available.

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Typical items include legal fees, agents' fees, statutory advertising, insurance of assets, search fees, specific penalty bonding, telephone calls, postage, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case.

All such disbursements such as statutory advertising, travel expenses, search fees and specific penalty bonding have been paid by Harris Lipman LLP and will be recharged through the estate as and when funds are available.

Category 2 Disbursements

Expenditure incidental to the administration of the insolvent estate, which by its nature includes an element of shared or allocated cost, is recoverable with creditor approval.

Payments in respect of the above are defined as 'Category 2 Disbursements'. They are as follows:

- Storage at £40 per box per annum or part thereof plus VAT
- Destruction at £3.50 per box plus VAT,

being the current rates applicable.

There have been no Category 2 Disbursements.

Appendix 3
Towmasters Metals Limited
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs		From 01/10/2013 To 30/09/2014	From 01/10/2013 To 30/09/2014
	ASSET REALISATIONS		
NIL	Motor Vehicles	NIL	NIL
NIL	Book Debts	NIL	NIL
Uncertain	Book Debts - Police Seizures	NIL	NIL
NIL	VAT Bond	NIL	NIL
525 45	Cash at Bank	525 20	525 20
	Bank Interest Gross	0 11	0 11
		<u>525 31</u>	<u>525 31</u>
	UNSECURED CREDITORS		
(1,196,404 48)	Trade & Expense Creditors	NIL	NIL
(32,038 90)	HM Revenue and Customs - PAYE &	NIL	NIL
(650,000 00)	HM Revenue and Customs - VAT	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(1 00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(1,877,918 93)</u>		<u>525.31</u>	<u>525 31</u>
	REPRESENTED BY		
	Barclays Bank		525 31
			<u>525.31</u>