

The Insolvency Act 1986

# Notice of move from administration to creditors' voluntary liquidation

Name of Company AL RESIDUAL  
REALISATIONS 2008 LIMITED

Company number  
05727489

In the HIGH COURT OF JUSTICE  
BIRMINGHAM DISTRICT REGISTRY [full name of court]

Court case number  
9331 OF 2008

(a) Insert name(s) and  
address(es) of  
administrator(s)

I/WE (a) KEVIN J HELLARD, GRANT THORNTON UK LLP,  
30 FINSBURY SQUARE, LONDON, EC2P 2YU

(b) Insert name and address  
of registered office of  
company

having been appointed administrator(s) of (b) AL RESIDUAL REALISATIONS 2008  
LIMITED, 30 FINSBURY SQUARE, LONDON, EC2P 2YU

(c) Insert date of  
appointment

on (c) 16 APRIL 2009 by (d) HIGH COURT

(d) Insert name of applicant /  
appointor

hereby give notice that

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply,

(e) Insert name(s) and  
address(es) of liquidator(s)

and it is proposed that (e) KEVIN J HELLARD, GRANT THORNTON UK LLP,  
30 FINSBURY SQUARE, LONDON, EC2P 2YU

will be the liquidator(s) of the company (IP No(s) 8833)

Signed

[Signature]  
Liquidator/Administrator(s)

Dated

1/10/12

## Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

	Tel
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



\*A1PLGPV\*

02/10/2012

#237

COMPANIES HOUSE

TUESDAY

Our Ref KJH/TPB/KZE/G30206701

To the Creditors

**Recovery and Reorganisation**

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1 October 2012

Dear Sirs

**AL Residual Realisations 2008 - In Administration  
High Court of Justice Chancery Division Birmingham District Registry No  
9331 of 2008**

**1 INTRODUCTION**

- 1.1 Following my appointment as administrators of the above company by the High Court of Justice on 16 April 2009 in place of P J Webb of Mayfields Mr Webb had originally been appointed administrator by the Company's director on 21 July 2008 pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986
- 1.2 I am now in a position to present a final progress report in this matter. I enclose Form 2.24B together with an account of my receipts and payments for the period from 21 July 2008 to date in accordance with Rule 2.47 of the Insolvency Rules 1986

**2 STATUTORY INFORMATION**

- 2.1 The company's statutory details are as follows

registered number	05727489
registered office	c/o Grant Thornton UK LLP, 30 Finsbury Square, London EC2P 2YU
former trading address	28-30 Wharfside Street, The Mailbox, Birmingham B1 1XL

**3 SUMMARY OF ADMINISTRATOR'S PROPOSALS**

- 3.1 According to the proposals report by Mr Webb and sent to creditors on 15 September 2008, the principal objectives of the administration are to achieve a better result for the Company's creditors as a whole than if the Company was wound up and to realise property in order to make a distribution to the secured or preferential creditors

- 3 2 As previously advised, in order to allow sufficient time to investigate the affairs of the Company and any possible realisations, the Court granted further extensions to 15 April 2010, 15 October 2010, 15 April 2011, 15 October 2011 and subsequently to 15 October 2012

#### **4 REPORT AND OUTCOME**

##### **Asset Realisations**

###### **Sale of the Business**

- 4 1 Mr Webb's proposals advise that the business and assets of the Company were purchased by the Art of Investment Limited ("AOI"), which was incorporated for that purpose. The Company changed its name to AL Residual Realisations 2008 Limited after the sale
- 4 2 Mr Webb's computerised records indicate that a consideration of £15,000 was received in respect of the sale
- 4 3 It appears that Mr Webb obtained a professional valuation of the stock, fixtures and fittings of £11,000 in-situ. Mr Webb's proposals included a Snapshot of Assets and Liabilities as at 21 July 2008 which provides a book value for those assets of £9,996 and for goodwill of £2,500
- 4 4 There are no outstanding matters regarding the sale of the Company's business and assets to Art of Investment Limited

###### **Book debts**

- 4 5 Mr Webb's Snapshot of Assets and Liabilities shows debtors with a book value of £5,000 and his files schedule book debts amounting to £29,578. It appears that some customers had only partially paid for work they had purchased and the debts relate to the outstanding balances due. Those customers would not have received their purchases as customers were required to pay in full for their purchase prior to its release by the artist
- 4 6 When the Company entered administration it appears that the artists would not release their work to the customers and these customers would potentially have unsecured claims for the amounts paid to the Company. It therefore appears unlikely that there will be any future book debt realisations, and in the circumstances, no further action will be taken

###### **Cash at bank**

- 4 7 As explained in my previous report, I received a cheque for £11,111.51 on 10 August 2009, being the balance of funds held in the Company's bank account. Having investigated this matter further, the takings received, less the processing charge of 3%, amounted to £9,807.87. This was paid to AOI on 4 January 2010. This left a balance of £1,307.64 with respect to the Company's pre-appointment cash balance. Bank charges of £71.61 and agents fees of £150.00 plus VAT leaves a balance of £1,059.78. These transactions have been verified and therefore no further action is to be taken in this regard

#### Legal actions

- 4 8 Prior to administration the Company initiated legal proceedings against a former artist. It claimed that an agreement between the two parties, allowing for reproductions of various images created by the artist, was unlawfully terminated without the reproductions being made. The Company lodged a claim for loss of profit of £690 811 plus interest and costs.
- 4 9 The artist denied the existence of the agreement and also issued a counterclaim for breach of copyright, alleging that various pieces of art were reproduced without his consent.
- 4 10 As previously advised, the Defendants applied for security for costs which the Company were unable to fund and could not secure third party funding. There was an outstanding counterclaim which was subsequently reviewed by my solicitors. I was advised that the likelihood of success would outweigh any potential realisations to creditors. I have agreed to a "drop hands" settlement on the basis that the artwork held by the Company be destroyed, bear the costs of the destruction and provide a destruction notice to the artist.
- 4 11 The artwork is currently in the process of being destroyed and I would hope to provide the artist with the required destruction notice within the next month.

#### Bond Claim

- 4 12 A claim has been formulated and submitted against Mr Webb's surety insurance under several headings in relation to the drawing of excessive and unauthorised remuneration, and failures and/or omissions to act that may have jeopardised the quantum of asset realisations available for the benefit of creditors.
- 4 13 The claim also includes a request that the bondsman reimburse the current office holders for the duplication costs incurred in progressing the assignment and the costs of compilation and negotiation of the bond settlement itself. It is not possible at present to ascertain with any certainty what proportion, if any, of these costs will ultimately be agreed and therefore what proportion, if any, of these costs will fall to be paid through the estate.
- 4 14 The insurer has indicated that he expects to be in a position to settle this claim by 30 September 2012.
- 4 15 It is my intention to convert the administration of the Company into a Creditors Voluntary Liquidation as it appears likely that funds may be available for unsecured creditors subject to the outcome of the bond claim.

#### 5 Creditor Claims

- 5 1 There is a debenture registered at Companies House dated 13 May 2008 for the sum of £14,350 representing amounts lent to the Company by the director. The debenture creates a fixed and floating charge over all of the property and assets of the Company.
- 5 2 Mr Webb's financial snapshot provided with his proposals indicated there were no outstanding fixed or floating charges nor preferential creditors. The unsecured creditor

claims total £201,096

- 5 3 Based on the action taken against Mr Webb surety insurance it appears likely that funds may be available to unsecured creditors

## **6 Administrators' remuneration**

- 6 1 Further to my last report, the proposals to determine the basis of the my remuneration as incumbent administrator were revised by the creditors pursuant to paragraph 54(2) of schedule B of the Insolvency Act 1986. At the meeting of creditors dated 20 March 2012, it was resolved that the administrator's remuneration be fixed by reference to time properly given by the administrator and his staff plus VAT and that the administrator be authorised to draw remuneration on account

- 6 2 The day to day conduct of the administration is under the control of partners and staff of Grant Thornton UK LLP. The routine administration of the case will be at the level of executive/administrator, who is responsible to a manager who is experienced in insolvency matters and, together with the appointed partner who is licensed to act as an insolvency practitioner, will deal with technical or complex matters as they arise. The extent to which time will be incurred by managers and partners will depend on issues which arise as our investigations continue. Details of our hourly rates are made available to creditors or creditors' committees at the time of fixing the basis of our fees. Personnel carrying the Treasury, secretarial and filing functions are charged separately to the professional staff on the case based on the time they work on it

- 6 3 My charge out rates and those of my staff are as follows

Grant Thornton UK LLP	From 1/07/10	From 1/7/11	From 1/7/12
Grade	£/hour	£/hour	£/hour
Partners	425-535	445-560	465-580
Directors	405-440	425-460	440-480
Managers	245-405	260-425	270-440
Other Senior Professionals	200-260	145-275	220-285
Administrator	140-195	145-205	150-210
Support Staff	130-150	135-160	140-165

- 6 4 In accordance with Statement of Insolvency Practice (SIP 9), I attach a summary of my time costs, by grade of staff and type of work. This shows a total time cost to 15 October 2012 of £67,281.60 represented by 327.53 hours at an average charge out rate of £205 per hour. I have not drawn any remuneration or expenses to date

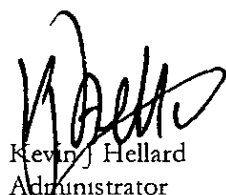
## **1 Exit strategy**

- 1 1 Further to my last report, I was considering making an application to Court to extend the administration for another twelve months, up to 15 October 2013. It would appear that

when the last extension was granted the judge queried the length of time it has taken for certain matters in the administration be resolved. My solicitors have advised that should a further extension application be made a comprehensive, detailed extension report would be required. I therefore do not believe this would be the most cost effective exit route by taking into account the costs involved in getting the Court Order granted.

- 12 It is my intention therefore to convert the administration into a Creditors Voluntary Liquidation as my investigations are now concluded apart from the ongoing bond claim mentioned above. It is therefore likely that there may be some funds available to make a distribution to unsecured creditors.

Yours faithfully  
for and on behalf of AL Residual Realisations 2008 Limited



Kevin J Hellard  
Administrator

The affairs, business and property of AL Residual Realisations 2008 Limited are being managed by Kevin J Hellard, appointed as administrator on 16 April 2009.

AL Residual Realisations 2008 Limited  
in Administration  
Administrators receipts and payments account  
From 21 July 2008 to date

Receipts	Statement of former administrator's proposal Estimated to Realise £	From 21/7/12 20/07/2012 (£)	From 21/7/2012 to date (£)	Total (£)
Cash at bank	5,000	1,308		1,308
Book debts	7,497	-		-
Stock	2,500	9,998		9,998
Goodwill	2,499	2,500		2,500
Fixtures and fittings	-	2,500		2,500
Commercial records and customer lists	-	1		1
Intellectual property	-	1		1
Litigation proceeds	uncertain	-		-
Bank interest gross				-
	<u>17,496</u>	<u>16,308</u>	<u>-</u>	<u>16,308</u>
<b>Payments</b>				
Legal fees		8,933		8,933
Previous office holders expenses		3,916		3,916
Agents/ Valuers fees		150		150
Legal fees				
Bank charges		170		170
VAT receivable		2,177		2,177
		<u>15,346</u>	<u>-</u>	<u>15,346</u>
Balance				<u>962</u>
				<u>16,308</u>

# A L Residual Realisations 2008 Limited - G30206701 - SIP 9 TIME COST ANALYSIS

Job(s) ADMIN, Bond Investigation

Transaction period All transactions

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	35 82	15,023 15	419 41	35 79	11,240 85	314 08	50 31	9,985 80	198 49	148 47	20,288 45	136 65	270 39	56,538 25	209 10
Creditors	60	326 00	543 33	4 00	1,167 50	291 88	2 20	423 00	192 27	9 70	1,292 25	133 22	16 50	3,208 75	194 47
Hiatus period													00	00	
Investigations				94	319 60	340 00	9 60	2,132 50	222 14	3 75	526 25	140 33	14 29	2,978 35	208 42
Realisation of Assets				4 85	1,504 75	310 26	70	147 00	210 00	20 80	2,904 50	139 64	26 35	4,556 25	172 91
Trading													00	00	
Total	36 42	15,349 15	421 45	45 58	14,232 70	312 26	62 81	12,688 30	202 01	182 72	25,011 45	136 88	327 53	67,281 60	205 42