

The Insolvency Act 1986

Liquidator's Progress
ReportPursuant to section 192 of the
Insolvency Act 1986

To the Registrar of Companies

S.192

For official use

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Company Number

05882675

Name of Company

(a) Insert full name of
company

(a) Luminar Gems Limited

(b) Insert full name(s) and
address(es)

I/We, (b)

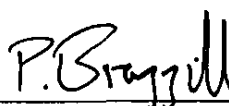
Patrick Joseph Brazzill

Alan Michael Hudson

Ernst & Young LLP
1 More London Place
London
SE1 2AFErnst & Young LLP
1 More London Place
London
SE1 2AFthe liquidator(s) of the company attach a copy of our Progress Report under section 192 of
the Insolvency Act 1986

The Progress report covers the period from 24 April 2015 to 23 April 2016

Signed



Date

22 April 2016

Presenter's name,
address and reference
(if any)David Gonzales
Ernst & Young LLP
1 More London Place
London, SE1 2AF
Tel 020 7806 9049

Ref ML5W/PJB/PH/HR

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Ernst & Young LLP
1 More London Place
London
SE1 2AF

Tel + 44 20 7951 2000
Fax + 44 20 7951 1345
ey.com

TO ALL KNOWN CREDITORS AND MEMBERS

22 June 2016

Ref ML5W/PJB/PH/HR

Direct line 020 7806 9049
David Gonzales

Email - pheddel@uk.ey.com

Dear Sirs

Luminar Gems Limited (In Creditors' Voluntary Liquidation) ("the Company")

On 24 April 2014 the Company exited Administration and was placed into Creditors' Voluntary Liquidation on the same day. Alan Hudson and I became the liquidators of the Company by virtue of the provisions of paragraph 83 of Schedule B1 to the Insolvency Act 1986.

I now write to provide you with our second report on the progress of the liquidation for the year ending 23 April 2016.

In accordance with the provisions of the Insolvency Rules 1986 we are required to provide certain information about the Company and the liquidators. The information can be found in Appendix A of this report. A copy of our receipts and payments account for the year ending 23 April 2016 is at Appendix B.

Background

As you may be aware, the Company was part of a group of companies comprising Luminar Group Holdings Plc (the parent company), Luminar Finance Limited, Luminar Leisure Limited, Luminar Gems Limited, Luminar Lava Ignite Limited, Luminar Liquid Limited and Luminar Oceana Limited (together "the Companies" or "the Group") and certain other subsidiaries of Luminar Group Holdings Plc. The Companies entered into Administration on 28 October 2011, with the exception of Luminar Group Holdings Plc which went into Administration on 27 October 2011.

Following a brief period of trading, the Companies' businesses and certain assets of the Companies, were sold to an unconnected party, The Deltic Group Limited (formerly The Luminar Group Limited) ("Deltic") on 9 December 2011. The Administrations of the Companies remained open to realise the remaining fixed charge assets. Subsequently the Companies entered into Creditors' Voluntary Liquidation on 24 April 2014.

Purpose of the Liquidation

The purpose of the liquidation of the Company is to realise the remaining floating charge assets and to enable a dividend to be paid to unsecured creditors under the Prescribed Part. The Prescribed Part is a ring fenced fund that must be made available to the unsecured creditors in a liquidation when a floating charge exists.

Receipts and Payments

Details of the material receipts and payments for the year are set out below.

Receipts

Fixed charge

There were no receipts received during the year

Floating charge

During the year, there were no material receipts

Payments

Fixed charge

A first and final fixed charge distribution in the liquidation of £35,084 was made to the holders of the fixed charge during the period (see below)

Floating charge

Legal fees of £2,498 were paid in relation to property advice, completing all remaining matters regarding assessing leases and advice on contentious unsecured creditor claims by former landlords

Other matters

Corporation Tax

During the year the Joint Liquidators prepared and submitted Corporation Tax computations and returns for both the years ending 23 April 2015 and 23 April 2016. There were no tax liabilities due for either year

Fixed charge distribution

During the year the Company concluded all remaining issues in relation to the fixed charge and made a final distribution to the holders of the fixed charge lenders to the value of £35,084. This was paid to Luminar Liquid Limited who made the distribution on the Company's behalf

Adjudicating creditor claims

During the year, the Joint Liquidators and their staff have been adjudicating claims submitted against the Company by unsecured creditors. Subsequent to the period covered by this report the Joint Liquidators issued a Notice of Intended Dividend to creditors who were yet to prove in the liquidation of the Company

The deadline in which creditors had to prove in the liquidation of the Company expired on 10 June 2016 and the creditor adjudication process was completed shortly thereafter. A total of 65 non-intercompany claims have been admitted for dividend purposes with a total value of £1,015,035. A number of other claims were made against the Company which, as a result of their adjudication, were allocated against other Group companies or were unsubstantiated claims relating to the post administration period

You will be aware from previous communications that the intercompany receivable and payable positions within the Group are large and complex. The Joint Liquidators have made one claim against another Group company totalling approximately £127m which have been agreed and admitted for dividend purposes. In addition, claims have been made against the Company by six other companies within the Group totalling approximately £96m. These have been agreed as unsecured claims against the Company

The complex intercompany position of the Company, and other companies in the Group, has created many interdependencies within each of the Companies. This has caused a number of circular flows each time a dividend is paid from the Prescribed Parts. As a result of these circular flows, subsequent to the period covered by this report, the Company has received a total of £8,631 from the Prescribed Part distributions from the other companies within the Group and has paid out a total of £78,252 to other companies within the Group

Payment of first and final dividend to unsecured creditors

Following the completion of the creditor adjudication process the Joint Liquidators are now in a position to pay a first and final distribution to unsecured creditors via the Prescribed Part

A dividend of 0.0812 pence in the £ has now been declared. A cheque representing the dividend on your agreed unsecured claim is enclosed with this report along with a statutory Notice of Dividend.

Distribution to Floating Charge Holders

The net assets available to the floating charge holders ("the Syndicate of Lenders"), after costs of Administration and Liquidation, were calculated as £602,256. The Prescribed Part is £123,451 and a final distribution of £44,801 (£434,004 having been distributed in the Administration) will be made shortly to the Syndicate of Lenders, net of final liquidators' costs agreed separately with them.

Joint liquidators' remuneration

At the meeting held on 31 July 2014 the creditors resolved that the Liquidators' remuneration be fixed by reference to the time properly given by the liquidators and their staff in attending to matters arising in the winding up and that the liquidators may draw their remuneration and disbursements on account during the course of the liquidation. During the year, we have incurred time costs of £53,520 and since our appointment we have incurred time costs of £121,138. Of this sum, we have drawn a total of £20,000 plus £153 of disbursements.

Remuneration incurred in relation to the Prescribed Part distribution has been provided for in full, and will be drawn following the payment of the distribution. Our remuneration in respect of the other aspects of the liquidation, including tax services, has been agreed with the holders of the floating charge ("Syndicate of Lenders"), and will also be drawn at this time.

In accordance with Statement of Insolvency Practice No 9, please find enclosed the following information relating to Liquidators' fees -

Appendix B	A summary of Receipts and Payments for the period since commencement of the liquidation on 24 April 2014 to 23 April 2016,
Appendix C	A summary of time spent by the Joint Liquidators and their staff in the period covered by this report and since commencement of the liquidation on 24 April 2014 to 23 April 2016,
Appendix D	A summary of work carried out by the Joint Liquidators and their staff in the period covered by this report,
Appendix E	A summary of our policy in relation to charging time and disbursements
Appendix F	Creditors' rights to further information about, and challenge remuneration and expenses

A copy of the "Creditors Guide to Liquidators' Fees" issued by the Association of Business Recovery Professionals, which sets out provisions relating to Liquidators' fees, is available from us free on request, or can be accessed at www.r3.org.uk

Basis of Joint Liquidators fees

On 31 July 2014 a creditors meeting of the Company was held. The purpose of this meeting was to fix the Joint Liquidators' remuneration, Category 2 disbursements and Joint Liquidators' powers.

The following resolution was rejected

- "THAT the remuneration of the Joint Liquidators be fixed on the basis of time properly given by them and their staff in attending to matters arising during the winding up of the Company, and that the Joint Liquidators be authorised to draw such remuneration monthly or at such longer intervals as they may determine "

As approval for our fees was not received we were, therefore, required to draw their fees in accordance with Rule 4 127B(3) which states that fees may be drawn in accordance with the scale rates set out in Schedule 6 of the Insolvency Rules 1986

Subsequent to the creditors' meeting being held, the law, in respect of instances where a company exits administration and is placed into creditors' voluntary liquidation and there is a common office holder in both insolvencies, has been clarified by a court ruling in another insolvency. It has been confirmed that if there is continuity of an office holder across both insolvencies, then the basis on which the fees were agreed during the administration also applies in the creditors' voluntary liquidation.

As Alan Hudson was also the Joint Administrator of the Company the basis on which the Joint Administrators could draw their remuneration also applies during the liquidation and the resolution put to the creditors to fix the basis of our remuneration in July 2014 does not apply. As such, the Joint Liquidators will now draw fees on a time cost basis.

Creditors' rights to further information about, and challenge, remuneration and expenses

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if creditors consider the costs to be excessive. Further information is provided in Appendix F.

Conclusion of the liquidation

Following the payment of the first and final dividend to unsecured creditors we will shortly be drawing our final fees and expenses. A first and final dividend will then be made to the Syndicate of Lenders in respect of their floating charge security.

Shortly thereafter the final meeting of the Company will be called and we will provide you with our draft final Joint Liquidators' progress report in accordance with statute. Once the final meeting of the Company has been held, a final return will be made to Companies House and the Company will be dissolved approximately three months thereafter.

If you have any further questions or wish to discuss the contents of this report, please contact David Gonzales on the direct line above.

Yours faithfully
for Luminar Gems Limited



PJ Brazzill
Joint Liquidator

P J Brazzill is licensed in the United Kingdom to act as an Insolvency Practitioner by the Insolvency Practitioners Association. A M Hudson is licensed in the United Kingdom to act as an Insolvency Practitioner by The Association of Chartered Certified Accountants.

We may collect, use, transfer, store or otherwise process (collectively "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

Luminar Gems Limited (In Creditors' Voluntary Liquidation)

Information about the company and the liquidators

Registered office address of the company	1 More London Place, London, SE1 2AF
Registered number	05882675
Full names of the liquidators	Patrick Joseph Brazzill Alan Michael Hudson
Liquidators' address	Ernst & Young LLP 1 More London Place London SE1 2AF
Date of appointment of the Joint Liquidators	24 April 2014

Luminar Gems Limited (In Creditors' Voluntary Liquidation)**Summary of Joint Liquidators Receipts and Payments for the period 24 April 2014 to 23 April 2016 (Fixed Charge)**

	Estimated to Realise per Administrators' final progress report	Previous reporting period 24 April 2014 to 23 April 2015	Current reporting period 24 April 2015 to 23 April 2016	Total
	£	£	£	£
Receipts				
VAT refund from Administration	12,400	12,400	-	12,400
Leasehold property	-	22,600	-	22,600
Bank interest	-	84	-	84
	<u>12,400</u>	<u>35,084</u>	<u>-</u>	<u>35,084</u>
Payments				
Fixed charge distribution		-	35,084	35,084
Bank charges		-	-	-
		<u>-</u>	<u>35,084</u>	<u>35,084</u>
Cash at bank represented by:				
Cash				<u>-</u>

Notes

- 1 Receipts and payments are stated net of VAT

Luminar Gems Limited (In Creditors' Voluntary Liquidation)**Summary of Joint Liquidators Receipts and Payments for the period 24 April 2014 to 23 April 2016 (Floating Charge)**

	Estimated to Realise per Administrators' final progress report	Previous reporting period 24 April 2014 to 23 April 2015	Current reporting period 24 April 2015 to 23 April 2016	Total
	£	£	£	£
Receipts				
Cash taken over	186,929	184,329	-	184,329
Rates refunds	-	11,394	-	11,394
Bank interest	-	502	273	774
Sundry income	-	1,517	287	1,804
VAT refund from Administration	4,012	4,012	-	4,012
Estimated distributions from Companies	5,000	-	-	-
	<u>195,941</u>	<u>201,754</u>	<u>559</u>	<u>202,313</u>
Payments				
Trading Administration Expense		5,864	-	5,864
Agents Fees		1,709	-	1,709
Liquidators Fees		20,000	-	20,000
Liquidators Expenses		153	-	153
Insurance		7,292	-	7,292
Legal fees		-	2,498	2,498
Statutory Advertising		145	-	145
Irrecoverable VAT		29	-	29
Bank Charges		1	0	1
		<u>35,193</u>	<u>2,498</u>	<u>37,691</u>
Cash at bank represented by:				
Cash				<u>164,622</u>
				<u>164,622</u>

Notes

1 Receipts and payments are stated net of VAT

Luminar Gems Limited (In Creditors' Voluntary Liquidation)

Summary of time spent for the period 24 April 2015 to 23 April 2016

Classification of work function	Partner / Director	Manager	Other Senior Professionals	Assistants & Support	Total hours	Average Hourly Rate	Time Costs for period 24/04/2015 to 23/04/2016
Accounting and Administration	0.4	3.9	14.0	21.3	39.6	294.76	11,672.58
Bank & Statutory Reporting	1.2	3.8	1.1		6.1	628.44	3,833.50
Legal Issues		2.0		0.5	2.5	544.60	1,361.50
Prescribed Part	0.1	13.2	23.7	0.6	37.6	422.81	15,897.50
Property		10.4			10.4	462.02	4,805.00
Statutory Duties	0.4	1.5	2.6	0.3	4.8	446.98	2,145.50
VAT & Taxation	1.3	6.0	13.6	8.2	29.1	474.37	13,804.24
Grand Total	3.4	40.8	55.0	30.9	130.1	411.37	53,519.82

Grade	Charge out rate per hour (£) (FY 2016)	Charge out rate per hour (£) (FY 2015)
Partner	940	895
Executive Director	900	855
Director	765	730
Assistant Director	655	625
Senior Executive	485	460
Executive	355	340
Assistant Executive	325	310
Business Trainee	200	190
Cashier	255	245

Luminar Gems Limited (In Creditors' Voluntary Liquidation)

Summary of time spent for the period 24 April 2014 to 23 April 2016

Classification of work function	Partner / Director	Manager	Other Senior Professionals	Assistants & Support	Total hours	Average Hourly Rate	Time Costs for period 24/04/2014 to 23/04/2016
Accounting and Administration	1 2	11 4	30 5	59 8	102 9	287 83	29,618 08
Bank & Statutory Reporting	2 4	8 1	1 1		11 6	646 81	7,503 00
Debtors		0 2			0 2	625 00	125 00
Investigation/CDDA	0 2	0 9		0 5	1 6	517 81	828 50
Job Acceptance & Strategy				0 2	0 2	235 00	47 00
Legal Issues	0 5	3 2		0 5	4 2	591 19	2,483 00
Prescribed Part	0 9	33 2	35 2	23 3	92 6	373 43	34,580 00
Property		50 8	2 2		53 0	444 16	23,540 50
Statutory Duties	0 4	4 6	4 4	17 4	26 8	287 97	7,717 50
VAT & Taxation	1 3	6 7	15 0	8 5	31 5	466 53	14,695 74
Grand Total	6 9	119 1	88 4	110 2	324 6	373 19	121,138 32

Grade	Charge out rate per hour (£) (FY 2016)	Charge out rate per hour (£) (FY 2015)	Charge out rate per hour (£) (FY 2014)
Partner	940	895	850
Executive Director	900	855	815
Director	765	730	770
Assistant Director	655	625	595
Senior Executive	485	460	440
Executive	355	340	325
Assistant Executive	325	310	295
Business Trainee	200	190	180
Cashier	255	245	235

Incurring	121,138 32
Paid	20,000 00
Unbilled	101,138 32

Luminar Gems Limited (In Creditors' Voluntary Liquidation)

Summary of work undertaken in the year to 23 April 2016

- Statutory matters associated with the anniversary of the appointment of the Joint Liquidators in April 2015,
- Reporting to the Syndicate of Lenders on a periodic basis
- Responding to various unsecured creditor enquiries,
- Calculating and making the final fixed charge distribution to the holders of the fixed charge,
- Adjudication of 3rd party unsecured creditors' claims,
- Modelling the impact of the intercompany positions on flow of the Prescribed Part,
- Preparation for issuing the notice of intended dividend to unsecured creditors in May and commencing preparations to make a distribution under the Prescribed Part,
- Preparation and submission of VAT returns during the year,
- Completion of Corporation Tax returns for the years ending 23 April 2015 and 23 April 2016, and
- Internal case compliance including regular bank reconciliations and internal case reviews,

Luminar Gems Limited (In Creditors' Voluntary Liquidation)

Statement of the Joint Liquidators' Charging Policy on Remuneration and Disbursements

Remuneration

The liquidators have engaged managers and other staff to work on the liquidation. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the liquidators.

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix C, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this fee request. Time is recorded in units of six minutes.

Disbursements

Statement of Insolvency Practice No. 9 divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the liquidation Committee or the general body of creditors. In line with Statement of Insolvency Practice No. 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No. 9 provides that such disbursements are subject to approval as if they were remuneration.

It is our policy, in line with the Statement, to seek approval for Category 2 disbursements before they are drawn.

Payments to other professionals

The Joint Liquidators will engage other professionals to assist them. They will be chosen on the basis of their experience in similar assignments.

Creditor's rights to request further information about remuneration or expenses or to challenge a liquidator's remuneration – Rules 4.49E and 4.131 of the Insolvency Rules 1986 (as amended)

4 49E Creditors' request for further information

(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
- (iii)(b) with the permission of the court upon an application made within the period mentioned in paragraph (2)—
 - (i) any unsecured creditor, or
 - (ii) makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4 49B(1)(e) or (f) (including by virtue of Rule 4 49C(5)) or in a draft report under Rule 4 49D, 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 matter in a draft report under Rule 4 49D or a progress report required by Rule 4 108 which (in either case) was previously included in a progress report not required by Rule 4 108

(2) The period referred to in paragraph (1)(a) and (b) is—

- (a) 7 business days of receipt of the progress report where it is required by Rule 4 108, and
- (b) 21 days of receipt of the report or draft report in any other case

(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 creditors who asked for the 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 or, as the case may be, 4 weeks provided for in Rule 4 131(1B) or 4 148C(2) by such further period as the court thinks just

(6) This Rule does not apply where the liquidator is the official receiver

4.131 Creditors' claim that remuneration is or other expenses are excessive

(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 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 sufficient 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.

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