

High Court of Justice No. 1444 of 2011

**IN THE MATTER OF
RAYCOTT LIMITED – IN LIQUIDATION
("THE COMPANY")**

COMPANY NO: 06265653

**REPORT OF THE JOINT LIQUIDATORS
PURSUANT TO RULE 4.49B
OF THE INSOLVENCY RULES 1986 (AS AMENDED)**

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RAYCOTT LIMITED – IN LIQUIDATION

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RAYCOTT LIMITED – IN LIQUIDATION**REPORT OF THE JOINT LIQUIDATORS****20 OCTOBER 2014****INTRODUCTION**

I, Richard Toone, of Chantrey Vellacott DFK LLP, Russell Square House, 10-12 Russell Square, London, WC1B 5LF, together with my partner, Kevin Murphy, was appointed Joint Liquidator of the Company on 23 August 2011, following up a Winding Up Order made in the High Court of Justice on 20 July 2011 under reference number 1444 of 2011

In accordance with Rule 4.49B of The Insolvency Rules 1986 (as amended) I am pleased to present my report on the progress in the Liquidation. This report relates to the period from 23 August 2013 to 22 August 2014

BACKGROUND

The Company was incorporated on 1 June 2007 and traded as an investment management and holding company

Following a creditor petition on 1 March 2011 for the sum of £330,904.65, a winding up order was made on 20 July 2011

At the date of winding up, the sole director of the Company was Mr Francis Sachs

RECEIPTS AND PAYMENTS ACCOUNT

An abstract of the Joint Liquidators' Receipts and Payments for the period concerned is attached at Appendix 1

ASSET REALISATIONS

The Official Receiver's report stated that the Company had no assets at the date of Liquidation. However, the amount of £1,749.85 was transferred to the insolvency services account during the relevant period. The source of the funds is currently unknown and requests for information have been made in order to identify the remitter

INVESTIGATIONS**Claim against Kaye Presteigne Limited – In Liquidation**

As previously reported, I have investigated the sale of the Company's business and assets to Kaye Presteigne Limited ("Presteigne").

The Company records showed an unpaid debt of £470,000 owed to the Company by Presteigne. Presteigne entered a creditors' voluntary liquidation on 23 May 2011 and I registered a claim of £470,000 in the liquidation.

I have since been notified by the liquidators of Presteigne that they intend to reject the Company's claim in full. The claim is closely related to the proceedings detailed below and I am currently taking legal advice in respect of an appropriate response.

Claims against related parties

My investigations have resulted in a number of claims against various other parties in relation to the transfer of the Company's business and assets. Specifically, a claim has been issued against Berwick Industrial Holdings Limited (previously LNB UK Limited) for the recovery of £234,000 in respect of Company monies transferred to them after the date of the petition to wind the company up was filed. Furthermore, claims have been issued against the Company directors relating to their role in the transfer of assets to related parties.

I have taken legal advice from my solicitors, Charles Russell LLP, and proceedings have now been issued. A Court hearing has been set for November 2014 to receive directions in relation to these claims.

In accordance with the Directors Disqualification Act 1986, the Official Receiver is responsible for submitting a report in relation to the Directors' conduct. If creditors have any information they believe should be brought to the Official Receiver's attention, please forward such details to me in writing.

DIVIDEND PROSPECTS

At present, there are insufficient funds to enable a distribution to any class of creditor. Future dividend prospects will depend on a potential distribution from the Liquidator of Presteigne and the outcome of the civil claims.

Secured Creditors

Kaye Engineering Limited ("Engineering") registered a fixed and floating charge against the Company on 3 June 2010. A proof of debt has subsequently been submitted by the Liquidators of Engineering for £409,759.

Preferential Creditors

There are no known preferential creditors.

Unsecured Creditors

Unsecured creditor claims totalling £764,458.40 have been received in the liquidation to date.

COSTS OF REALISATION

The Official Receiver's Company liquidation administration fee of £2,235 has been paid and bank charges of £248 have accrued on the overdrawn balance in the Liquidation account. An amount of £0.10 has been paid in corporation tax.

Further costs of £153 for statutory advertising, £20 for bonding and £11 in relation to land registry searches have been incurred.

Other Costs

Charles Russell LLP solicitors have been retained as legal advisors in view of their general experience and expertise in these matters. Charles Russell LLP have agreed to advise me on the claims on a conditional fee agreement and, as such, no payment has been made to them to date.

JOINT LIQUIDATORS' REMUNERATION AND DISBURSEMENTS

At the Meeting of Creditors held on 21 November 2011 creditors passed a resolution enabling the Joint Liquidators to draw their remuneration based on their firm's time costs, and to draw Category 2 disbursements.

A summary of the Liquidators' time costs, covering the period since my appointment and the period covered by this report, analysed by grade of staff, are attached at Appendix 2.

In accordance with the Statement of Insolvency Practice 9 issued by the Association of Business Recovery Professionals and adopted by my professional licensing body, I advise that the overall time spent during the period of the Liquidation from 23 August 2011 to 22 August 2014 and charge out value of that time is 190.8 hours and £50,537.50 respectively. In relation solely to the period covered by this report, I advise that the overall time spent and charge out value of that time is 33.4 hours and £9,395 respectively.

This equates to an average hourly charge out rate of £264.87/hour. These figures do not include VAT.

No fees have been drawn by the Joint Liquidators to date.

The work we have carried out as Joint Liquidators is derived from the responsibilities placed upon us by the underlying legal and regulatory framework for work of this nature. It has been performed by the Joint Liquidators and by the assignment manager and administrator. Their work has been supported by secretarial staff and the cashiers. All personnel were charged directly to the assignment for all of the time relating to the case.

Disbursements represent the reimbursement of actual out-of-pocket payments made on behalf of the assignment. These are outlined in the cost breakdown attached as outlined above.

CHARGE OUT RATES

In common with other professional firms, our charge out rates increase from time to time over the period of the administration of the case. I enclose an explanation of office holders charging and disbursement recovery policies for your reference as Appendix 3.

A Creditors' Guide to Joint Liquidators' Fees, which provides information for creditors in relation to the remuneration of the Joint Liquidators, can be accessed at the website of the Association of Business Recovery Professionals at

<http://www.r3.org.uk/index.cfm?page=1210>

Alternatively, I can provide you with a copy on written request.

I believe this case generally to be of average complexity (with the exception of the investigations detailed above) and accordingly no exceptional responsibility has to date fallen upon us as Joint Liquidators.

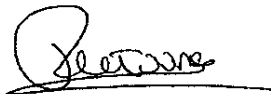
RIGHT TO REQUEST FURTHER INFORMATION

I would draw your attention to Rule 4.49E and Rule 4.131 of the Insolvency Rules 1986 (as amended), the text of which is reproduced at Appendix 4. These Rules set out the circumstances under which creditors may request further information in relation to the Joint Liquidators' remuneration and expenses and their right to challenge the Joint Liquidators' remuneration and expenses.

CONCLUSION

The Liquidation continues in order to pursue the asset recoveries outlined in this report.

Should you require any further information, in addition to that already given, please contact Richard Farman at this office, on 020 7509 9129.



R H TOONE

Joint Liquidator

Licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales

Raycott Limited
(In Liquidation)

Summary of Receipts & Payments
23 August 2011 to 22 August 2014

	23/08/2011 to 22/08/2013	23/08/2013 to 22/08/2014	Total (£)
RECEIPTS			
Deposit on Creditor's Petition	1,000 00	-	1,000 00
Bank Interest Gross	-	0 52	0 52
Sundry receipt	-	1,749 85	1,749 85
	<hr/> 1,000 00	<hr/> 1,750 37	<hr/> 2,750 37
PAYMENTS			
OR's Company Liquidation Admin Fee	2,235 00	-	2,235 00
Corporation Tax	-	0 10	0 10
Bank Charges	160 00	88 00	248 00
	<hr/> 2,395 00	<hr/> 88 10	<hr/> 2,483 10
Balance In Hand			267 27
			<hr/> <u>2,750 37</u>

RAYCOTT LIMITED COMP - RAYC46866

Time and Chargeout Summary for the period 23/08/2011 to 22/08/2014							
Classification of work function	Hours				Total Hours	Time Cost £	Average hourly rate £
	Partner / Director	Manager	Other Senior Professionals	Assistants & Support Staff			
Administration & Planning							
(A)Appointment Documents	0 00	0 50	0 70	0 00	1 20	259 50	216 25
(A)Case Reviews	4 00	8 80	2 80	0 00	15 60	5,069 00	324 94
(A)Cashing	0 00	0 10	0 30	1 90	2 30	348 50	151 52
(A)General Administration	6 30	6 10	37 70	11 00	61 10	13,521 50	221 30
(A)General advice/meetings	1 20	0 00	0 00	0 00	1 20	540 00	450 00
(A)JA Correspondence	0 00	0 10	0 00	0 00	0 10	29 50	295 00
(A)Money Laundering & ethics	0 00	0 30	0 00	0 00	0 30	88 50	295 00
(A)Statutory Filing advertising & bordereau	0 00	0 80	0 90	0 00	1 70	360 00	223 53
Total for Administration & Planning	11 50	16 70	42 40	12 90	83 50	20,236 50	242 35
Investigations							
(I)Antecedent Transactions	2 80	0 00	1 00	0 00	3 80	1 485 00	375 64
(I)D Conduct reports/returns	0 00	1 30	0 30	0 00	1 60	431 50	269 69
(I)Investigations (not SIP2/CDDA)	0 00	45 60	1 70	0 00	47 30	13 806 00	291 88
Total for Investigations	2 80	46 90	3 00	0 00	52 80	15,702 50	297 40
Realisation of Assets							
(R)Cash at Bank	0 00	0 00	0 20	0 00	0 20	32 00	160 00
(R)Other Assets	0 00	21 90	0 00	0 00	21 90	6,480 50	295 00
Total for Realisation of Assets	0 00	21 90	0 20	0 00	22 10	6,492 50	293 78
Creditors							
(C)Claims & Proofs	0 00	0 00	0 60	0 00	0 60	150 00	250 00
(C)Correspondence	0 00	6 30	0 70	0 00	7 00	1,970 50	281 50
(C)Employees claims & dividends	0 00	0 20	0 00	0 00	0 20	59 00	295 00
(C)Reports & Circulars	0 00	1 40	19 70	0 00	21 10	4 894 00	231 94
(C)Sec Correspondence	0 00	3 20	0 00	0 00	3 20	944 00	295 00
(C)Sec Reports & Circulars	0 00	0 20	0 00	0 00	0 20	59 00	295 00
Total for Creditors	0 00	11 30	21 00	0 00	32 30	8,076 50	250 05
Case Specific Matters							
(CS)Other Special Issues	0 00	0 10	0 00	0 00	0 10	29 50	295 00
Total for Case Specific Matters	0 00	0 10	0 00	0 00	0 10	29 50	295 00
Total Hours	14 40	96 90	66 60	12 90	190 80	50,537 50	264 87

Category 2 Disbursements	
Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest	
Type and Purpose	£
	0 00

RAYCOTT LIMITED COMP - RAYC46866

Time and Chargeout Summary for the period 23/08/2013 to 22/08/2014							
Classification of work function	Hours				Total Hours	Time Cost £	Average hourly rate £
	Partner / Director	Manager	Other Senior Professionals	Assistants & Support Staff			
Administration & Planning							
(A)Case Reviews	0 50	0 60	2 50	0 00	3 60	1 027 00	285 28
(A)Cashing	0 00	0 00	0 00	0 60	0 60	83 00	138 33
(A)General Administration	1 40	1 00	8 90	1 00	12 30	3 240 00	263 41
Total for Administration & Planning	1 90	1 60	11 40	1 60	16 50	4,360 00	263 64
Investigations							
(I)Antecedent Transactions	1 40	0 00	0 00	0 00	1 40	630 00	450 00
(I)Investigations (not SIP2/CDDA)	0 00	1 50	0 40	0 00	1 90	542 50	285 53
Total for Investigations	1 40	1 50	0 40	0 00	3 30	1,172 50	355 30
Realisation of Assets							
(R)Other Assets	0 00	9 60	0 00	0 00	9 60	2 832 00	295 00
Total for Realisation of Assets	0 00	9 60	0 00	0 00	9 60	2,832 00	295 00
Creditors							
(C)Claims & Proofs	0 00	0 00	0 60	0 00	0 60	150 00	250 00
(C)Employees claims & dividends	0 00	0 20	0 00	0 00	0 20	59 00	295 00
(C)Reports & Circulars	0 00	0 50	2 50	0 00	3 00	772 50	257 50
(C)Sec Reports & Circulars	0 00	0 20	0 00	0 00	0 20	59 00	295 00
Total for Creditors	0 00	0 90	3 10	0 00	4 00	1,040 50	260 12
Total Hours	3 30	13 60	14 90	1 60	33 40	9,395 00	281 29

Category 2 Disbursements	
Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest	
Type and Purpose	£
	0 00

CHANTREY VELLACOTT DFK LLP

CHARGEOUT RATES AND DISBURSEMENT RECOVERY POLICIES

Chargeout Rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), the firm's chargeout rates applicable to this appointment, exclusive of VAT, are as follows

	From 1 August 2013 £ per hour	From 1 August 2011 £ per hour	From 1 August 2010 £ per hour
Partners / Office Holders	350 - 450	350 - 450	350 - 430
Consultants	350 - 450	350 - 450	350 - 450
Directors	325 - 350	325 - 340	320 - 330
Senior Manager	300 - 325	300 - 315	270 - 310
Managers	280 - 295	280 - 295	250 - 280
Assistant Managers	260 - 280	260 - 275	230 - 260
Senior Executive / Analyst	220 - 250	220 - 250	175 - 250
Executive	135 - 180	125 - 175	100 - 170
Cashier	125 - 165	120 - 160	115 - 180
Secretaries / Support / Junior Analyst	80 - 115	80 - 110	70 - 110

Chargeout rates are normally reviewed annually on 1 July when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. It is the firm's policy for the cashier's time spent on an assignment to be charged to the case. However, secretarial and office admin support time is charged only in respect of identifiable blocks of time devoted to the case where we consider it to be viable to do so. All time is recorded in 6 minute units.

Direct expenses ("Category 1 Disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, storage, online reporting facilities, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 Disbursements")

It is our normal practice to also charge the following indirect disbursements ("Category 2 Disbursements as defined by SIP 9) to the case, where appropriate

Circulars to creditors

Plain/headed paper including photocopying	12p per side
Envelopes	12p each
Postage	Actual cost

Room Hire

For the convenience of creditors and to save the cost of booking an outside hotel room, meetings of creditors are occasionally held internally at our offices. Where meetings of creditors are held in one of our internal meeting rooms, a charge of £100 plus VAT is levied to cover the cost of booking the room.

Travel

Mileage incurred as a result of any necessary travelling is charged to the estate at the H M Revenue & Customs approved rate, currently 40p per mile.

All of the above costs are subject to amendment by the firm at any time and if amended will be notified to creditors with the next circular sent to all creditors.

Company Searches & Electronic Verification of Identity

Included in expense and/or disbursements, Company Searches and electronic Verification of Identity include an element of shared costs. Such expenses are of an incidental nature but are generally incurred on each case. In line with the cost of the external provision of such services, a charge of £15 plus VAT is levied to cover the cost of these searches.

Chantrey Vellacott DFK LLP

Effective 1 August 2013

Chantrey Vellacott DFK is a limited liability partnership registered in England and Wales (NoOC313147) whose registered office is at Russell Square House, 10-12 Russell Square, London, WC1B 5LF. The term "partner" denotes a member of a limited liability partnership. A list of members of Chantrey Vellacott DFK LLP is available at our registered office.

APPENDIX 4

**EXTRACTS OF 4.49E AND 4.131 OF THE INSOLVENCY RULES 1986
(AS AMENDED)**

APPENDIX 4

Extracts of 4.49E and 4.131 of The Insolvency Rules 1986 (as amended)

4.49E Creditors' and Members' request for further information

4 49E(1) [Duty of Liquidator re remuneration or expenses] 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) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company, or

(b) with the permission of the court upon an application made within that period mentioned in paragraph (2)-

- (i) any unsecured creditor, or
- (ii) any member of the company in a members' voluntary winding up,

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

4.49E(2) [Period for compliance with r.4.49E(1)] The period referred to in paragraph (1)(a) and (b) is-

- (a) 7 business days of receipt (by the last of them in the case of an application by more than one member) of the progress report which it is required by Rule 4 108, and
- (b) 21 days of receipt (by the last of them in the case of an application by more than one member) of the report or draft report in any other case

4.49E(3) [How liquidator to comply] The liquidator complies with this paragraph by either-

- (a) providing all the information asked for, or
- (b) so far as the liquidator considers that-

APPENDIX 4

- (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

4.49E(4) [Application to court by creditors and members] Any creditor, and any member of the company in a members' voluntary winding up, who need not be the same as the creditors or members 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

4.49E(5) [Court may extend period in rr.4.131(1B), 4 148C(2)] 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

4.49E(6) [Non-application to official receiver] This Rule does not apply where the liquidator is the official receiver

4 131 Creditors' claim that remuneration is or other expenses are excessive

4.131(1) [Secured or certain unsecured creditors may apply to court] 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)

4.131(1A) [Grounds for application] Applications 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 circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

APPENDIX 4

4.131(1B) [Time limit for application] The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in the 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")

4.131(2) [Power of court to dismiss etc] 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

4 131(3) [Notice to liquidator] 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

4.131(4) [Court order] 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

4 131(5) [Costs of application] 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