

Liquidators' Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

06606684

Name of Company

Harjen Limited

I/We

Rob Sadler, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

Nicholas Edward Reed, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

the liquidators 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 25/10/2015 to 24/10/2016

Signed



Date

23-12-16

Begbies Traynor (Central) LLP
Fourth Floor
Toronto Square
Toronto Street
Leeds
LS1 2HJ

Ref HA201CVL/RS/NER/JSA/JMB

TUESDAY



A15 *A5YTQ2OI* 24/01/2017 #355
COMPANIES HOUSE

Harjen Limited (In Creditors' Voluntary Liquidation)

Progress report

Period: 25 October 2015 to 24 October 2016

Important Notice

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Harjen Limited (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators pursuant to Section 98 of the Act on 25 October 2013
"the liquidators", "we", "our" and "us"	Rob Sadler of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Nicholas Edward Reed of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. COMPANY INFORMATION

Company registered number	06606684
Company registered office	4th Floor Toronto Square, Toronto Street, Leeds, LS1 2HJ
Former trading address	155 The Headrow, Leeds, LS1 5RB

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced	25 October 2013
Date of liquidators' appointment	25 October 2013

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 25 October 2015 to 24 October 2016

Receipts

Funds held on solicitor's client account

During the period covered by this report the sum of £515 has been received in respect of funds held in the client account of the Company's former solicitors, Woods Whur

Bank Interest

The sum of 15p has accrued on the balance of funds held in the liquidation account

There have been no payments in the liquidation to date

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

As reported previously, the Company formerly operated the Wildcats bar and other adult entertainment venues in Harrogate and Leeds prior to being placed into liquidation. The Harrogate operation was sold to a third party, while the operation at Leeds was transferred to a company that is connected through common directors and ownership.

It is presently uncertain as to what value was received for the transfer of the Leeds operation, and the liquidators' investigations are ongoing in this regard. Additionally, and as reported previously, the company to which the business was transferred has since been wound up by the Court and the likelihood of a recovery in the Company's liquidation estate is uncertain at this time.

Additionally, it was noted in our previous report that the Company acted as a conduit, through which funds passed in relation to the mobile telephone airtime trade and that the income received by the Company would have been considerable. The liquidators' investigations continue in this regard.

The liquidators continue to ascertain the purpose of various monetary transactions entered into by the Company, as discussed in our previous report, and specifically a number of property transactions.

While our investigations are ongoing we are unable to provide specific details as to do so may prejudice potential realisations in the liquidation.

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2.

General case administration and planning

During the period covered by this progress report, time has been spent in undertaking case reviews in order to ensure the case is being administered in both a correct and efficient manner, and in ensuring all correspondence is up to date

Compliance with the Insolvency Act, Rules and best practice

Time under this heading relates to the preparation and circulation of our previous report to creditors. Additionally, as required by our statutory obligations, we have regularly reviewed the case to ensure it is adequately bonded to protect the interest of creditors

Investigations

As noted above, the liquidators continue to progress substantial investigations into the way in which the Company traded prior to the liquidation, and, as such, time has been charged in this regard

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the director's statement of affairs included within the report sent to creditors further to our appointment as liquidators

On the basis of realisations to date it would appear that the return to creditors is wholly dependent on the outcome of our ongoing investigations

6. REMUNERATION & DISBURSEMENTS

Remuneration

Our remuneration has been fixed by a resolution of creditors at a meeting held on 16 January 2015 by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the winding up and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Affairs and other information presented to the meeting of creditors convened pursuant to Section 98 of the Act and which is attached at Appendix 2 of this report

Our time costs for the period from 25 October 2015 to 24 October 2016 amount to £2,273 which represents 18 hours at an average rate of £124 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- ☐ Time Costs Analysis for the period 25 October 2015 to 24 October 2016
- ☐ Begbies Traynor (Central) LLP's charging policy

To 24 October 2016, we are yet to draw any sum on account of our remuneration, against total time costs of £79,684 incurred since the date of our appointment

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly

rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period for which we have administered the liquidation.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

Disbursements

To 24 October 2016, we have drawn nothing on account of disbursements incurred.

Category 2 Disbursements

In accordance with the resolution obtained in relation to disbursements, the following Category 2 disbursements have been charged to the case since the date of our appointment:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	36.00
TOTAL	36.00

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement showing the total expenses incurred since the date of our appointment also appears at Appendix 3.

8. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

As reported previously, the Company held no physical assets at the date of the liquidation. As such, any realisations will be as a result of the ongoing investigations.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

We will be required to continue to update our strategy as the case progresses. Additionally, the case will need to be reviewed regularly to ensure the case is being progressed in an efficient manner.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require Insolvency Practitioners to produce a report both annually and at the end of the liquidation, convene and hold final meetings of the Company and its creditors and file this information with the Registrar of Companies

The final report will provide creditors with an overview of the liquidation as a whole, including all realisations, costs and, subsequently, the final outcome for creditors

Investigations & Asset Realisation

The liquidators will continue to progress substantial investigations into the trading history of the Company, as discussed above, as asset realisations are wholly contingent on the same

Dealing with all creditors' claims (including employees), correspondence and distributions

We will continue to address queries from creditors throughout the duration of the liquidation, deal with correspondence and provide further information on request

If in the event our investigations into the Company's affairs and the conduct of third parties lead to potential recoveries for the estate, we will advise creditors accordingly

Other matters which includes meetings, tax, litigation, pensions and travel

It may be necessary to travel to and hold further meetings with various parties to progress our investigations

Additionally, it is a requirement of the liquidators to submit Corporation Tax returns throughout the period of the liquidation. Furthermore, we are required to seek and receive clearance from HM Revenue & Customs to close the case

How much will this further work cost?

Given the nature of this case, and the ongoing investigations discussed above, it is difficult to accurately predict the costs associated with the work that remains to be done. However, we anticipate costs in the next 12 months may be in the region of £12,500

Expenses

As noted above, it is difficult to predict future costs associated with this case as a result of the ongoing investigations. Creditors will be kept apprised of all costs incurred in the liquidation on an annual basis

9. OTHER RELEVANT INFORMATION

Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, as explained in the report circulated at the meeting of creditors convened pursuant to Section 98 of the Act, such report having also been sent to creditors following the meeting, a liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Energy and Industrial Strategy. We can confirm that we have discharged our duties in these respects

Investigations carried out to date

We have undertaken an assessment of the manner in which the business was conducted prior to the liquidation of the Company and potential recoveries for the estate in this respect

As set out in section four of this report, our investigations into the sale of the Company's business in addition to property and monetary transactions entered into prior to the liquidation are ongoing

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 4 49E of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been incurred during the period of this progress report

Right to make an application to court

Pursuant to Rule 4 131 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate

11. CONCLUSION

We will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner



R Sadler
Joint Liquidator

Dated 23 December 2016

ACCOUNT OF RECEIPTS AND PAYMENTS

Period. 25 October 2015 to 24 October 2016

	From 25/10/2015 To 24/10/2016 £	From 25/10/2013 To 24/10/2016 £
ASSET REALISATIONS		
Bank Interest Gross	0 15	0 15
Monies held on solicitor's client a/c	515 00	515 00
	<u>515 15</u>	<u>515 15</u>
COST OF REALISATIONS		
Statutory Advertising	84 60	84 60
	<u>(84 60)</u>	<u>(84 60)</u>
	<u>430.55</u>	<u>430.55</u>
REPRESENTED BY		
Vat Receivable		16 92
Current Account		413 63
		<u>430.55</u>

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's charging policy,
- b Time Costs Analysis for the period from 25 October 2015 to 24 October 2016, and
- c Cumulative Time Costs Analysis for the period from 25 October 2013 to 24 October 2016

Staff Grade	Consultant's Hour	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average Hourly Rate £
General Case Administration and Planning							1.1			1.1	148.50	135.00
Administration							2.8		0.9	3.7	477.00	128.92
Total for General Case Administration and Planning							3.9		0.9	4.8	625.50	130.31
Compliance with the Insolvency Act, Rules and best practice												0.00
Appointment												
Banking and Bonding							0.1		0.7	0.8	90.50	113.13
Case Closure												0.00
Statutory reporting and statement of affairs							3.5			3.5	472.50	135.00
Total for Compliance with the Insolvency Act, Rules and best practice							3.6		0.7	4.3	563.00	130.93
Investigations							2.9	6.3		9.2	1,084.50	117.88
CDCA and investigations												
Total for Investigations							2.9	6.3		9.2	1,084.50	117.88
Realisation of assets												0.00
Debt collection												
Property business and asset sales												0.00
Retention of Title/Third party assets												0.00
Total for Realisation of assets												0.00
Trading												0.00
Trading												0.00
Total for Trading												0.00
Dealing with all creditors claims (including employees) correspondence and distributions												0.00
Secured												0.00
Others												0.00
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions												0.00
Other matters which includes meetings, tax, litigation, pensions and travel												0.00
Meetings												0.00
Other												0.00
Tax												0.00
Litigation												0.00
Total for Other matters												0.00
Total hours by staff grade							10.4	6.3	1.6	18.3		
Total time cost by staff grade							1,404.00	693.00	176.00		2,273.00	
Average hourly rate £	0.00	0.00	0.00	0.00	0.00	0.00	135.00	110.00	110.00			124.21
Total fees drawn to date £											0.00	

Staff Grade	Consultant/PA rater	Director	Sr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning												
Case planning	11.1			3.8			3.2	1.6		19.7	5,999.50	304.54
Administration	0.6			2.6			74.3	6.9	3.9	88.3	12,039.50	136.35
Total for General Case Administration and Planning	11.7			6.4			77.5	8.5	3.9	108.0	18,039.00	167.03
Compliance with the Insolvency Act, Rules and best practice	0.5			4.7						5.2	1,443.00	277.50
Appointment												
Banking and Bonding							0.1		0.7	0.8	90.50	113.13
Case Closure												0.00
Statutory reporting and statements of affairs				5.3			3.5	0.5		9.3	1,932.00	207.74
Total for Compliance with the Insolvency Act, Rules and best practice	0.6			10.0			3.8	0.5	0.7	15.3	3,465.50	228.50
Investigations	41.0		27.5	94.7	17.5		5.3	25.9		211.9	51,417.50	242.65
COOA and investigations												
Total for Investigations	41.0		27.5	94.7	17.5		5.3	25.9		211.9	51,417.50	242.65
Debt collection												0.00
Realisation of assets												
Property business and asset sales	1.0			1.7						2.7	945.50	313.15
Retention of Title/Third party assets												0.00
Total for Realisation of assets	1.0			1.7						2.7	945.50	313.15
Trading												0.00
Total for Trading												0.00
Dealing with all creditors claims (including employees), correspondence and distributions												0.00
Secured												0.00
Others				0.3						0.3	79.50	265.00
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions				0.3						0.3	79.50	265.00
Other matters which includes meetings, tax, litigation, pensions and travel												
Meetings	1.5			14.8						16.3	4,514.50	276.96
Other				3.5						3.5	927.50	265.00
Tax												0.00
Litigation	1.0									1.0	385.00	385.00
Total for Other matters	2.5			18.3						20.8	5,837.00	280.63
Total hours by staff grade	58.7		27.5	131.4	17.5		88.4	34.9	4.6	359.0		
Total time cost by staff grade	22,398.50		4,812.50	34,821.00	1,750.00		11,664.00	3,839.00	401.00	79,684.00		
Average hourly rate £	385.00	0.00	175.00	265.00	100.00	0.00	135.00	110.00	87.17			221.96
Total fees drawn to date £										0.00		

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² *Ibid* 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leeds office as at the date of this report are as follows

Grade of staff	Charge-out rate (£ per hour)
	1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Storage Costs	Restore Plc	33 60	0 00	33 60

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £
Statutory Advertising	Courts Advertising	84 60
Storage	Restore Plc	142 44
Memory Stick	Argos	5 82
Bordereau	Marsh Limited	20 00
Travel and Parking	Various	83 08
Subsistence	Various	47 62