

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

06606684

Name of Company

Harjen Limited

I / We

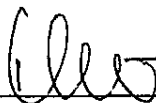
Rob Sadler, 9th Floor, Bond Court, Leeds, LS1 2JZ

Nicholas Edward Reed, 9th Floor, Bond Court, Leeds, LS1 2JZ

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 25/10/2013 to 24/10/2014

Signed



Date

14 11 14

Begbies Traynor (Central) LLP
9th Floor
Bond Court
Leeds
LS1 2JZ

Ref HA201CVL/RS/NER/JSA/EK

TUESDAY



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18/11/2014

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COMPANIES HOUSE

Harjen Limited (In Creditors' Voluntary Liquidation)

Progress report pursuant to Section 104A of the
Insolvency Act 1986 and Rule 4.49C of the
Insolvency Rules 1986

Period: 25 October 2013 to 24 October 2014

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, 9th Floor, Bond Court, Leeds, LS1 2JZ and Nicholas Reed of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ
"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	9th Floor, Bond Court, Leeds, LS1 2JZ
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
Changes in liquidator	Rob Sadler and Nicholas Reed were appointed as liquidators in place of the members' nominated liquidators, Robert D Adamson and Timothy A Askham of Mazars LLP, at the request of creditors at the meeting held pursuant to S 98 of the Act

4 PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 25 October 2013 to 24 October 2014

There have been no realisations in the liquidation to date and all statutory disbursements have been met from our firm's office account, to be reimbursed from any future realisations

Creditors will recall from the report presented at the meeting held pursuant to S 98 of the Act and subsequently circulated that the Company formerly operated the Wildcats bar and adult entertainment venues in Harrogate and Leeds. Prior to being placed into liquidation, the operation at Harrogate was sold to a third party while the Leeds operation was transferred to a company that is connected through common directors and ownership. It remains unclear what value was received as part of the transfer of the Leeds operation and our investigations into this matter are ongoing, although 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.

It was also apparent that the Company had traded more recently in the business of mobile telephone airtime. On our appointment as liquidators in place of the members' nominated liquidators, we collected several boxes of company records, which records were incomplete and notably lacking in any documentation concerning the airtime trading. Our investigations into this trade are expanded on further in section nine of this report.

In the absence of complete books and records, we undertook a detailed review of the Company's bank statements in respect of its accounts with Lloyds Bank. A number of transactions have been identified which require further investigation to ascertain the purpose of the same. It was also apparent from this analysis that the proceeds of the airtime trading were not received into the Lloyds accounts.

Additionally, we have collected the files of various advisers used by the Company which related to several property transactions in which the Company was involved. It is not apparent that the Company received the full consideration due in respect of one such transaction and we are seeking legal advice in relation to the potential claims arising as a result of the same.

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

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

The return to creditors is dependent upon the outcome of our ongoing investigations

6. REMUNERATION & DISBURSEMENTS

We have not at this time drawn any funds on account of our remuneration, nor on account of certain disbursements. Accordingly, we are seeking approval at a meeting of creditors convened pursuant to Rule 4.54 of the Rules to be held on 16 January 2015 that our remuneration be fixed 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 liquidation

Our time costs for the period from 25 October 2013 to 24 October 2014 amount to £67,392.00 which represents 295.80 hours at an average rate of £227.83 per hour

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

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period from 25 October 2013 to 24 October 2014
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

We have not drawn any fees

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements are provided in the narrative summary of time costs incurred which is at Appendix 2

7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3

8. ASSETS THAT REMAIN TO BE REALISED

The Company owned no physical assets at the date of the liquidation. Our investigations are ongoing in to transactions entered into by the Company prior to the liquidation and the potential claims which may arise under the antecedent transaction provisions of the Act

9. OTHER RELEVANT INFORMATION

Investigations and reporting on directors conduct

You may be aware, 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, that a liquidator is required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. We can confirm that we have discharged our duty in this respect.

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. Our investigations in this respect are ongoing as summarised in this report.

Investigations carried out to date

We have undertaken an initial 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 investigation into the sale of the Company's business prior to the liquidation and various other transactions with third parties is ongoing.

Additionally as outlined in section four of this report, we are reviewing the Company's trade in mobile telephone airtime. It is apparent that the Company operated as a link in a chain of connected companies in this area of trade. The chain of companies operated in a manner to deliver cost savings, apparently through the non-payment of crown duties. While the Company was a conduit through which funds had passed, it is clear that these monies did not credit the Company's UK bank accounts. It is understood that the income that would have been received by the Company in relation to this trade were substantial and our investigations into this matter continue.

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 detailed in 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 as set out in 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

A handwritten signature in black ink, consisting of a stylized 'R' followed by a long horizontal line.

R Sadler
Joint Liquidator

Dated 13 November 2014

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 25 October 2013 to 24 October 2014

S of A £	£	£
ASSET REALISATIONS		NIL
COST OF REALISATIONS		
Specific penalty bond	20 00	
Statutory advertising	<u>84 60</u>	(104 60)
		<u>(104 60)</u>
REPRESENTED BY		
Beggies Traynor office account		<u>(104 60)</u>
		<u>(104 60)</u>

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 25 October 2013 to 24 October 2014

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. Best practice guidance² requires 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 usually 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 incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(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,
- *Expenses which should be treated as Category 2 disbursements (approval required)* – in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as Category 2 disbursements.

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

² *Ibid* 1

The following items of expenditure which relate to services provided by entities within the Begbies Traynor Group are to be charged to the case (subject to approval)

(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:

	Standard 1 May 2011 – until further notice Regional
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.

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Hagen Limited
CASE TYPE	CREDITORS' VOLUNTARY LIQUIDATION
OFFICE HOLDERS	Rob Sadler and Nicholas Reed
DATE OF APPOINTMENT	25 October 2013

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case
- 1.2 **Complexity of the case**
There are no assets in this liquidation and the majority of the work undertaken comprises investigative duties into potential claims arising in the liquidation
- 1.3 **Exceptional responsibilities**
There have been no exceptional responsibilities save for the requirement to undertake in depth investigations into the Company's affairs
- 1.4 **The office holders' effectiveness**
The office holders investigations are ongoing and potential claims against third parties are being considered
- 1.5 **Nature and value of property dealt with by the office holders**
As set out in the body of the accompanying report, the Company owns no physical assets
- 1.6 **Anticipated return to creditors**
At this stage it is uncertain whether there will be any distributions made to unsecured creditors as the level of realisations is dependent on successful pursuit of any claims arising under the antecedent transaction provisions of the Act
- 1.7 **Time costs analysis**
An analysis of time costs incurred between 25 October 2013 and 24 October 2014 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type
- 1.8 **The views of the creditors**
Information has been provided by creditors to assist our ongoing investigations and we would be happy to receive any further information in relation to the Company's affairs from creditors to assist with our ongoing administration of the liquidation estate. The request for information is standard practice and does not imply any criticism or cause of action against parties concerned with the management of the Company

1 9 **Approval of fees**

A meeting has been called for 16 January 2015 for the purpose of agreeing the basis of our remuneration and the drawing of disbursements

2 **EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 2

[illegible]

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Travel & Accomodation	Mileage & subsistence	66 00	0 00	66 00
Travel, Parking & Memory Stick	Train fare & room hire	63 77	0 00	63 77
Statutory advertising	Courts Advertising Limited	101 52	0 00	101 52
Storage	Restore Plc	56 56	0 00	56 56
Bond	Marsh Limited	20 00	0 00	20 00
Legal Fees	Bond Dickinson	20,225 50	0 00	20,255 50
Legal Disbursements	Bond Dickinson	158 22	0 00	158 22