

LIQ03

Notice of progress report in voluntary winding up



Companies House

FRIDAY



A23 *A839GT XU* 12/04/2019 #251
COMPANIES HOUSE

1 Company details

Company number 0 9 0 4 5 2 3 5

Company name in full Castlemaine Fiduciary Services Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) Alan Peter

Surname Whalley

3 Liquidator's address

Building name/number

Street 5 Chancery Lane

Post town London

County/Region

Postcode E C 4 A 1 B L

Country

4 Liquidator's name ①

Full forename(s) Sandra Lillian

Surname Mundy

① Other liquidator
Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number

Street 5 Chancery Lane

Post town London

County/Region

Postcode E C 4 A 1 B L

Country

② Other liquidator
Use this section to tell us about
another liquidator.

LIQ03

Notice of progress report in voluntary winding up

6 Period of progress report

| | | | | | | | | | | | | | | | | |
|-----------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| From date | d | 1 | d | 4 | m | 0 | m | 2 | y | 2 | y | 0 | y | 1 | y | 8 |
| To date | d | 1 | d | 3 | m | 0 | m | 2 | y | 2 | y | 0 | y | 1 | y | 9 |

7 Progress report

☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X 

X

Signature date

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| d | 1 | d | 0 | m | 0 | m | 4 | y | 2 | y | 0 | y | 1 | y | 9 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

**Presenter information**

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

Contact name **Andrea Terraneo**

Company name **James Cowper Kreston**

Address **The White Building**

1-4 Cumberland Place

Post town **Southampton**

County/Region

Postcode

| | | | | | | | |
|---|---|---|---|--|---|---|---|
| S | 0 | 1 | 5 | | 2 | N | P |
|---|---|---|---|--|---|---|---|

Country

DX

Telephone **02380 221222**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Castlemaine Fiduciary Services Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts and Payments


| Statement of Affairs | RECEIPTS | Total From 14 February 2018 To 13 February 2019 | Cumulative Total From 14 February 2017 To 13 February 2019 |
|----------------------|---------------------|---|--|
| £ | | £ | £ |
| 408,000.00 | Cash at Bank | - | 2,012,579.92 |
| 1,608,000.00 | Bond Contribution | - | 2,012,579.92 |
| 15,990,000.00 | Employee Loans | - | - |
| | Bank Interest Gross | 1,202.40 | 3,217.80 |
| <u>18,006,000.00</u> | | <u>1,202.40</u> | <u>2,015,797.72</u> |

PAYMENTS

| | | |
|--|----------------------------|----------------------------|
| Specific Bond | | (1,120.00) |
| Liquidators Fees | (99,859.70) | (99,859.70) |
| Liquidators Disbursements | (541.23) | (541.23) |
| Pre App Accountancy Fees (Mint Acc) | (1,600.00) | (1,600.00) |
| Legal Fees - Charles Russell Speechlys | (34,667.50) | (34,667.50) |
| Legal Disbursements - CRS | (5,937.50) | (5,937.50) |
| Web Portal | (67.00) | (77.00) |
| Statutory Advertising | - | (332.59) |
| | <u>(142,672.93)</u> | <u>(144,135.52)</u> |
| Net Receipts/(Payments) | <u>(141,470.53)</u> | <u>1,871,662.20</u> |

MADE UP AS FOLLOWS

| | | |
|----------------------------------|----------------------------|----------------------------|
| Vat Receivable | 3,333.76 | 3,335.76 |
| Interest Bearing Current Account | (144,804.29) | 1,868,326.44 |
| | <u>(141,470.53)</u> | <u>1,871,662.20</u> |


 Alan Peter Whalley
 Joint Liquidator

**Castlermaine Fiduciary Services Limited
In Liquidation**

Annual Progress Report
Pursuant to Part 18 of the Insolvency Rules 2016



Castlemaine Fiduciary Services Limited in Liquidation
Annual Progress Report dated 13 February 2019

Summary Information

| | |
|---|--|
| The Company | Castlemaine Fiduciary Services Limited |
| Registered Number | 09045235 |
| Registered Address | c/o James Cowper Kreston The White Building 1-4 Cumberland Place Southampton SO15 2NP |
| Trading Address | 2 Rutland Gate Mews Rutland Gate Mews London SW7 1PH |
| Activity of the Company | Corporate trustee of the Castlemaine Trust |
| Date of the Liquidation | 14 February 2017 |
| Liquidator Details | Alan Peter Whalley and Sandra Lillian Mundy James Cowper Kreston 5 Chancery Lane London EC4A 1BL |
| Date of Liquidators' Appointment | 14 February 2017 |
| Changes to Office Holders | N/A |
| Dividend Prospect | A dividend to unsecured creditors will be declared shortly after the issuing of this annual progress report. |

Introduction

This progress report has been prepared to provide creditors and members with an update for the work undertaken by the joint liquidators during the second year of the liquidation.

The following attachments accompany this report:

| | |
|------------|--|
| Appendix A | Receipts and Payments account |
| Appendix B | Statement of Remuneration and Expenses |
| Appendix C | Analysis of the Joint Liquidators' Time Costs and Disbursement |

Assets

The Company became insolvent by virtue of being the sole trustee of the Castlemaine Trust ("the Trust"). Together, they formed part of a tax mitigation structure to minimise PAYE and NIC for independent contractors ("the Scheme"). Changes to the law announced in the 2016 Budget rendered the Trust liable for substantial income tax liabilities making it, and thereby the Company, insolvent. As previously reported, the only asset of the Company was cash at bank of approximately £29,000 which we have collected. Bank interest of £16 has been earned in the reporting period.

The Trust's statement of affairs identified the following three assets:

Employee Loans – 2015/16

During the reporting period, we agreed with HMRC a common approach to address the circumstances of former employees of the Trust with the loans advanced under the Scheme during the 2015/16 tax year. The issue for the former employees was that, as well as being liable to repay the loans, HMRC were looking to them for tax and NIC.

In February 2019, therefore, in parallel with HMRC, we wrote to the former employees explaining that provided they engaged with HMRC about settling their tax affairs we would refrain from actively pursuing them for repayment of the loans. Once former employees had concluded a settlement with HMRC, we would release them from repayment of their 2015/16 loan – net of the bond retention, referred to below.

As a consequence of this, we have not taken any active steps so far to collect in loans to former employees and no loan repayments have been received.

Bond contribution

At the time of our last progress report, we were awaiting the outcome of the final hearing in our Court application for directions as to the entitlement of the bond retentions totalling £1,608,200. At the hearing held on 29 June 2018, the Court ordered that the bond retentions formed part of the property of the Company. Nevertheless, the Court did observe that former employees might have claims against the Company for damages by virtue of its breach of contract in failing to purchase the bonds. Our approach to this matter is outlined further below.

Creditors

Preferential, Secured creditors and the Prescribed Part

There are no preferential or secured creditors. The prescribed part will not apply.

Castlemaine Fiduciary Services Limited in Liquidation Annual Progress Report dated 13 February 2019

Unsecured creditors

At the date of liquidation, there were two unsecured creditors identified: HMRC who have claimed approximately £23m in relation to income tax, VAT and penalties, and Mint Accounting ('Mint') who were owed £1,600. During the reporting period, and pursuant to the resolution approved by creditors on 26 April 2018, we paid Mint in full.

As referred to above, however, the Court raised the possibility that former employees could have a claim for damages by virtue of the Trust's breach of contract in failing to purchase a bond in their favour. Accordingly, when we wrote to the former employees in February we drew the Court's comments to the attention of the former employees. We also set out our view that, as a matter of law, any such claim:

- Would fall to be set off reducing the former employees' liability under the loan.
- Would be limited to the cost of obtaining an alternative bond – for which we recognised a 10% reduction in the debt owed to the Company under the loan advancements in any event.

Approximately 19 employees lodged proofs of debt for the value of the bond retention and we have responded to them stating that we will apply set off of their bond retention against the full value of the 2015/16 loan (as we are doing for all former employees in any event). A number of former employees have sought to claim for additional sums, which claims it is our intention to reject.

Dividends

Once we have concluded the adjudication of claims we expect to pay a first dividend.

Liquidators' Remuneration and Disbursements

On 26 April 2019, creditors approved the basis of our remuneration by decision procedure by correspondence as follows:

- A set amount of £25,000 plus VAT in respect of Compliance;
- Time costs capped at £90,487 without further recourse to creditors, in respect determining the position in respect of the bond contributions and dealing with creditors.
- A percentage of amounts collected from the former employees loan book as follows.

| | £000 | %age | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
|----------|--------|-------|------|------|------|------|------|------|------|------|
| on first | 250 | 17.50 | 44 | | | | | | | 44 |
| on next | 250 | 15.00 | | 38 | | | | | | 38 |
| on next | 500 | 10.00 | | | 50 | | | | | 50 |
| on next | 1,250 | 5.00 | | | | 63 | | | | 63 |
| on next | 2,500 | 2.50 | | | | | 63 | | | 63 |
| on next | 4,500 | 1.75 | | | | | | 79 | | 79 |
| on next | 6,740 | 1.25 | | | | | | | 84 | 84 |
| | 15,990 | | 44 | 38 | 50 | 63 | 63 | 79 | 84 | 421 |

Up to the date of the commencement of the decision procedure, 5 April 2019, we accrued time costs totalling £50,636. From 6 April 2018 to 13 February 2019, we incurred time cost of £25,631. No fees were drawn prior to creditors' authorisation. During the reporting period, we have drawn the fixed fee and time costs totalling £74,859. As no loans have been repaid, no remuneration has accrued as a percentage of such collections.

We have also been authorised to draw category 2 disbursements as occurred during the liquidation. From 14 February 2018 to 13 February 2019, we drew disbursements totalling £541, of which £355 were accrued during the previous reporting period.

We believe that the fees that we proposed continue to be a fair and reasonable reflection of the work necessarily and properly undertaken and to be undertaken in the future and have delivered a genuine benefit to creditors.

Whilst not all work undertaken is of benefit to creditors, in particular aspects of compliance work, it is either required by statute or best practice.

Charging Policy

Further details about creditors' rights can be found in statement of insolvency practice 9, which can be found at the following web address. The relevant version is the effective from 1 December 2015 version.

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/regulations-and-standards/sips/england/sip-9-payments-to-insolvency-office-holders-and-their-associates-effective-from-1-december-2015.ashx>

For more information on the joint liquidators' charging policy, please visit:

<https://www.jamescowperkreston.co.uk/information-and-guides>

Click on "Information to creditors with regards to office holders' remuneration and expenses" under the heading "Other information".

Compliance

We have, during the period since our appointment, complied with the requirement to notify interested parties of our appointment and filed the necessary documents with both the Registrar of Companies and the London Gazette. We have also notified HMRC. In addition, we have attended to case maintenance including set-up, banking, record collection and periodic file reviews.

What remains to be done

It remains for us to deal with the following

- In response to information from HMRC in respect of settlements reached with former employees, release them from any obligation to make further repayment of the 2015/16 loan.
- Pursue collection of loans, as appropriate, from former employees who choose not to settle their tax affairs with HMRC.
- Pay further costs of the liquidation.
- Adjudicate any claim received from former employees for damages, as mentioned above.
- Declare and pay dividends.
- Submit tax returns for the period of the liquidation and secure HMRC to close the case in due course.
- Close the case and obtain our release.

Statutory Rights

Rule 18.9 of the Insolvency Rules 2016 entitles 5% in value of the unsecured creditors or any unsecured creditor with the permission of the court to make a written request to the liquidators for further information about remuneration or expenses. In response to such a request, the liquidators must respond within 14 days:-

- a) Providing all of the information requested;
- b) Providing some of the information requested; or
- c) Declining to provide the information requested.

The liquidators may provide only some of the information or decline the request if:

- a) The time or cost of preparing the information would be excessive;
- b) Disclosure of the information would be prejudicial to the conduct of the case;
- c) Disclosure might reasonably be expected to lead to violence against any person; or
- d) The liquidators are subject to an obligation of confidentiality in relation to the information.

If the liquidators do not provide all of the information or decline to provide any of the information, they must inform the person or persons making the request of their reasons for so doing. A creditor, who need not be the same creditor(s) who requested the information may then apply to Court within 21 days of the following.

Castlemaine Fiduciary Services Limited in Liquidation
Annual Progress Report dated 13 February 2019

- a) The liquidators giving reasons for not providing all of the information requested; or
- b) The expiry of the 14 days in which the liquidators must respond.

The court may then make such order as it thinks just.

Rule 18.34 provides that an unsecured creditor with the concurrence of at least 10% of the total value of the unsecured creditors of the Company (or any unsecured creditor with the permission of the court) may apply to the court on the grounds that liquidators' remuneration or expenses are excessive or the basis fixed for the remuneration is inappropriate. Such application must be made no later than eight weeks after receipt by the applicant creditor(s) of this progress report.

Further assistance

Should any member have any queries regarding this report, please do not hesitate to contact my colleague, Tom Russell, or me.



Peter Whalley
Joint Liquidator

10 April 2019

Castlemaine Fiduciary Services Limited in Liquidation
Annual Progress Report dated 13 February 2019

Appendix A

Joint Liquidators' Abstract of Receipts and Payments
From 14 February 2018 to 13 February 2019

| Statement of Affairs | RECEIPTS | From 14 February 2018 To 13 February 2019 | | Total From 14 February 2018 To 13 February 2019 | Cumulative Total From 14 February 2017 To 13 February 2019 |
|-------------------------|--|--|---------------------|---|--|
| | | Company | Trust | | |
| £ | | £ | £ | £ | £ |
| 408,000.00 | Cash at Bank | - | - | - | 2,012,579.92 |
| 1,608,000.00 | Bond Contribution | - | - | - | 2,012,579.92 |
| 15,990,000.00 | Employee Loans | - | - | - | - |
| | Bank Interest Gross | 16.22 | 1,186.18 | 1,202.40 | 3,217.80 |
| <u>18,006,000.00</u> | | <u>16.22</u> | <u>1,186.18</u> | <u>1,202.40</u> | <u>2,015,797.72</u> |
| | PAYMENTS | | | | |
| | Specific Bond | - | - | - | (1,120.00) |
| | Liquidators Fees | (16,557.70) | (83,302.00) | (99,859.70) | (99,859.70) |
| | Liquidators Disbursements | - | (541.23) | (541.23) | (541.23) |
| | Pre App Accountancy Fees (Mint Acc) | - | (1,600.00) | (1,600.00) | (1,600.00) |
| | Legal Fees - Charles Russell Speechlys | - | (34,667.50) | (34,667.50) | (34,667.50) |
| | Legal Disbursements - CRS | - | (5,937.50) | (5,937.50) | (5,937.50) |
| | Web Portal | (67.00) | - | (67.00) | (77.00) |
| | Statutory Advertising | - | - | - | (332.59) |
| | | <u>(16,624.70)</u> | <u>(126,048.23)</u> | <u>(142,672.93)</u> | <u>(144,135.52)</u> |
| | Net Receipts/(Payments) | <u>(16,608.48)</u> | <u>(124,862.05)</u> | <u>(141,470.53)</u> | <u>1,871,662.20</u> |
| | MADE UP AS FOLLOWS | | | | |
| | Vat Receivable | 651.76 | 2,682.00 | 3,333.76 | 3,335.76 |
| | Interest Bearing Current Account | 2,464.50 | (147,268.79) | (144,804.29) | 1,868,326.44 |
| | | <u>3,116.26</u> | <u>(144,586.79)</u> | <u>(141,470.53)</u> | <u>1,871,662.20</u> |

Appendix B

**Joint Liquidators' Statement of Remuneration and Expenses
From 14 February 2018 to 13 February 2019**

| Account | Incurred In Period £ | Accrued In Period £ | Total In Period £ |
|--|-------------------------------------|------------------------------------|----------------------------------|
| Liquidators Fees | 99,859.70 | - | 99,859.70 |
| Liquidators Disbursements | 541.23 | - | 541.23 |
| Legal Fees - Charles Russell Speechlys ('CRS') | 34,667.50 | - | 34,667.50 |
| Legal Disbursements - CRS | 5,937.50 | - | 5,937.50 |
| Web Portal Fee | 67.00 | - | 67.00 |
| | <u>141,072.93</u> | <u>-</u> | <u>141,072.93</u> |

Castlemaine Fiduciary Services Limited in Liquidation
Annual Progress Report dated 13 February 2019

Appendix C

Analysis of the Joint Liquidators' Time Costs

| Fee Estimate | | | Actual time costs 14 February 2017 to 5 April 2018 | | | Actual time costs 6 April 2018 to 13 February 2019 | | | Total time costs 14 February 2017 to 13 February 2019 | | |
|------------------------|----------------------------|--|--|-------------------------|-----------------|--|-------------------------|--------------------|---|-------------------------------|-----------------------|
| | Activity | Summary of work completed / required | Actual Hours | Actual Blended Rate (£) | Actual Cost (£) | Estimated Hours | Actual Blended Rate (£) | Estimated Cost (£) | Total Actual Hours | Total Actual Blended Rate (£) | Total Actual Cost (£) |
| Assets | 2015/16 Bond contributions | Work in respect of the 2015/16 Bond Contribution including, instructing and correspondence with solicitors, application for directions, preparing for and attendance at hearings, correspondence with employees, responding to employee queries, undertaking orders of the court, liaising with HMRC re tax implications | 122.30 | 320.44 | 39,107.70 | 59.60 | 288.67 | 16,805.80 | 181.90 | 304.55 | 55,713.50 |
| | Other assets | Realising cash at bank, accounting, dealing with Trust funds | 1.60 | | 594.80 | 0.00 | | 598.80 | 1.60 | | 1,193.80 |
| Creditors | Creditor and Tax matters | Responding to creditor (HMRC) queries and correspondence, meeting with HMRC, tax matters. | 37.30 | 293.13 | 10,933.60 | 28.40 | 286.61 | 8,426.40 | 66.70 | 289.87 | 19,380.00 |
| | Creditors dividend | Notices of intended dividend, correspondence regarding claims; agreement of claims; preparing and making payments; notification of payments; accounting for dividends | 0.00 | | 0.00 | 0.00 | | 0.00 | 0.00 | | 0.00 |
| Total Fee Estimate (£) | | | | | 50,638.10 | | | 25,631.00 | | | 76,267.10 |

Summary of the Joint Liquidators' disbursements
From 14 February 2018 to 13 February 2019

| Transaction Date | Type and Purpose | Amount |
|------------------|------------------|---------------|
| 17/03/2018 | Postage | £ 190.24 |
| 15/04/2018 | Postage | 2.85 |
| 27/06/2018 | Postage | 149.19 |
| | Total £ | 342.28 |