

LIQ03

Notice of progress report in voluntary winding up



Companies House

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1 Company details

Company number	O	C	3	1	4	7	2	4
Company name in full	Cobbetts LLP							

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

2 Liquidator's name

Full forename(s)	Lyn
Surname	Vardy

3 Liquidator's address

Building name/number	8th Floor Central Square
Street	29 Wellington Street
Post town	Leeds
County/Region	West Yorkshire
Postcode	L S 1 4 D A
Country	United Kingdom

4 Liquidator's name ①

Full forename(s)	Toby
Surname	Underwood

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

5 Liquidator's address ②

Building name/number	8th Floor Central Square
Street	29 Wellington Steet
Post town	Leeds
County/Region	West Yorkshire
Postcode	L S 1 4 D L
Country	United Kingdom

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

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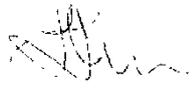
6 Period of progress report

From date	^d 3	^d 1	^m 0	^m 7	^y 2	^y 0	^y 1	^y 7
To date	^d 3	^d 0	^m 0	^m 7	^y 2	^y 0	^y 1	^y 8

7 Progress report

The progress report is attached

8 Sign and date

Liquidator's signature	Signature X  X							
Signature date	^d 2	^d 5	0	9	2	0	^y 1	^y 8

LIQ03

Notice of progress report in voluntary winding up

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 Thomas Wadey

Company name PwC

Address 8th Floor Central Square

29 Wellington Street

Post town Leeds

County/Region West Yorkshire

Postcode L S 1 4 D L

Country United Kingdom

DX

Telephone 0113 289 4322

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

Joint liquidators' progress report
from 31 July 2017 to 30 July 2018

Cobbetts LLP

(in creditors voluntary liquidation)

25 September 2018

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Company	Cobbetts LLP – in creditors voluntary liquidation
CVL	Creditors' voluntary liquidation
Firm	PricewaterhouseCoopers LLP
HMRC	HM Revenue & Customs
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
Liquidators	Lyn Leon Vardy and Toby Scott Underwood
Preferential Creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Prescribed Part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Secured Creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
Unsecured Creditors	Creditors who are neither secured nor preferential

Key messages

Why I've sent you this report

I'm writing to update you on the progress of the liquidation of the Company in the 12 months since our last report dated 25 September 2017. This is our fourth annual progress report.

Copies of our previous reports are available at www.pwc.co.uk/cobbettsllp. Please get in touch with Thomas Wadey on 0113 289 4322 or at thomas.wadey@pwc.com if you have any queries or need hard copies of any of the reports.

How much creditors may receive

The following table summarises the possible outcome for creditors*, based on what I currently know.

Class of creditor	Current estimate	Previous estimate
Preferential creditors**	n/a	n/a
Unsecured creditors		
First dividend	0.38%	Uncertain
Second dividend	2-3%	

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

*** All employees transferred to DWF in the administration, which mitigated any potential preferential claims.*

What you need to do

Subject to my comments later in this report, I've asked for outstanding claims from Unsecured Creditors so that I can agree them for dividend purposes. If you haven't already done so, please send your claim to us so that I can agree it. All creditors wishing to receive a future or catch up dividend payment must submit a proof of debt unless already done so.

Overview of what I've done to date

This is our fourth progress report. You may wish to refer to our previous reports which can be found at www.pwc.co.uk/cobbettsllp You can also obtain copies by contacting Thomas Wadey.

When I last reported, the key outstanding matters in the liquidation were as follows:

- *Ongoing claims for small client balances due to the Company by further clients;*
- *Pursuit of a claim for VAT Bad Debt Relief;*
- *Enquiries into possible legal proceedings against third parties, relating to the commercial failure of the Company;*
- *The expiry of a Notice of Intended Dividend and the payment of a first dividend to Unsecured Creditors; and*
- *The distribution of further funds once the above matters are resolved.*

Outcome for creditors

Secured Creditors

The Secured Creditor's claim was settled in full in the administration.

Preferential Creditors (mainly employees)

All employees transferred to DWF in the administration, mitigating preferential claims from employees. No preferential claims have been identified or received to date.

Unsecured creditors

Dividends become available for Unsecured Creditors when there are sufficient funds (after costs of the liquidation) to pay the Secured and Preferential creditors in full, with an amount left over. In certain circumstances, part of the amount available for the Secured Creditor may be ring-fenced for the benefit of Unsecured Creditors. This Prescribed Part is paid out of 'net property', which is floating charge realisations after costs, and after paying - or setting aside enough to pay - Preferential Creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

The prescribed part applies in this case, as there is a floating charge created after 15 September 2003. We estimate that the Company's net property will be £2,963,384.61, resulting in a prescribed part of £595,676.92. The costs of agreeing claims and making a distribution from the prescribed part will be deducted from the prescribed part fund. We are currently taking legal advice on whether all the creditors with admitted claims can participate in the prescribed part distribution.

An interim dividend of 0.38 pence in the £ was paid on 15 December 2017, to those Unsecured Creditors which had been admitted for dividend. A provision of £31,031.99 on account of claims has yet to be distributed as there were unresolved issues concerning the admissible value of these claims. These enquiries are ongoing, and as soon as it is appropriate a catch up dividend will be paid to these creditors.

I anticipate that a second interim dividend will become payable in the near future.

Progress since I last reported

Other issues

VAT Penalties

When I last reported I was awaiting a response from HMRC to my challenge in respect of VAT penalties issued against the Company as the result of an HMRC enquiry since my appointment. I am pleased to announce that HMRC have now withdrawn these penalties.

VAT Bad Debt Relief Claim

I have received £121,402 in the period in respect of the VAT Bad Debt Relief Claim in full and final settlement.

Legal actions

The Solicitors Regulation Authority had taken action against a number of former partners of the Company in respect of their role relating to its insolvency. I can confirm that six former Cobbetts partners were fined by the Solicitors Disciplinary Tribunal after admitting failings in respect of the Company's Insolvency.

Miscellaneous balances

I have pursued various claims against former clients and have recovered £7,131 in settlement. Further monies are still expected.

Liquidation' committee

A Liquidation Committee was formed from the creditors committee established in the previous administration. It currently consists of the following members:

1. Wesleyan Bank Limited, represented by Steve Wilkinson
2. Close Leasing Limited, represented by Martin Cross
3. New Ireland Assurance Company Plc, represented by Niall Browne

In our last report Close Leasing Limited was represented by Liz Wadsworth, who has since left that company. She has been replaced by Martin Cross. I would like to extend my thanks to Liz for her work on the Committee.

Investigations and actions

Nothing has come to our attention during the period under review to suggest that I need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

I set out in Appendix A an account of our receipts and payments in the liquidation from 31 July 2017 to 30 July 2018.

Our expenses

I set out in Appendix B a statement of the expenses I've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities which may be payable as a liquidated expense, as these can only be determined at the end of the relevant tax accounting period.

Our fees

I set out in Appendix C an update on our fees, disbursements and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-to-liquidation-remuneration-scotland-feb-10.ashx?la=en>

You can also get a copy free of charge by telephoning Thomas Wadey on 0113 289 4322.

What I still need to do

In summary the outstanding matters in the liquidation are:

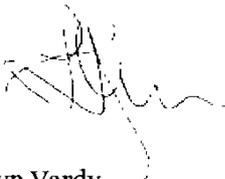
- Collection of remaining book debts
- Agreement of deferred claims from the first dividend
- Payment of subsequent dividends as appropriate
- Closure of the Liquidation

Next report

I expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner.

If you've got any questions, please get in touch with Thomas Wadey, on 0113 289 4322.

Yours faithfully



Lyn Vardy
Joint Liquidator

Lyn Vardy and Toby Underwood have been appointed as joint liquidators of the Company. Both are licensed in the United Kingdom to act as an Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. The joint liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

The joint liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint liquidators. Personal data will be kept secure and processed only for matters relating to the joint liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the joint liquidators.

Appendix A: Receipts and payments

	31 July 2014 to 30 July 2017	31 July 2017 to 30 July 2018	Total for the period
	£	£	£
Floating charge receipts			
Rates refunds	317,128.33	0.00	317,128.33
Book debts	644.71	8,941.58	9,586.29
SPA settlement	140,000.00	0.00	140,000.00
Sundry receipts	8,317.00	0.00	8,317.00
Bank interest	7,981.76	1,744.73	9,726.49
Surplus from Administration	1,396,072.53	0.00	1,396,072.53
Third party funds from Administration	83,430.09	0.00	83,430.09
VAT Bad Debt Relief Claim	0.00	121,402.06	121,402.06
Pre-appointment VAT refund	39,605.55	0.00	39,605.55
	<u>1,993,179.97</u>	<u>132,088.37</u>	<u>2,125,268.34</u>
Floating charge payments			
Agents' fees and disbursements	89,524.90	0.00	89,524.90
Third party funds from Administration	83,430.09	0.00	83,430.09
Office holders' fees	500,000.00	0.00	500,000.00
Office holders' expenses	1,671.65	0.00	1,671.65
Legal fees and expenses	144,727.23	24,121.50	168,848.73
Legal expenses relating to the Administration	7,980.00	0.00	7,980.00
Statutory advertising	445.27	73.00	518.27
Corporation Tax	757.08	0.00	757.08
Bank charges	30.01	0.00	30.01
	<u>828,566.23</u>	<u>24,194.50</u>	<u>852,760.73</u>
Payment to Lloyds Banking Group	335,914.52	0.00	335,914.52
First Unsecured Dividend paid at 0.38p in the £	0.00	68,968.01	68,968.01
	<u>828,699.22</u>	<u>38,925.86</u>	<u>867,625.08</u>
Net floating receipts/payments			
VAT receivable	125,104.32	39,744.42	164,848.74
VAT refund	(163,527.02)	(5,462.90)	(168,989.92)
VAT balance (receivable)	(38,422.70)	34,281.52	(4,141.18)
	<u>790,276.52</u>	<u>73,207.38</u>	<u>863,483.90</u>
Balance on interest bearing current account			

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that I may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Brought forward from preceding period £	Incurred in the period under review £	Cumulative £	Estimated future £	Anticipated total £
Agent's fees and disbursements	89,524.90	0.00	89,524.90	0.00	89,524.90
Office holder's fees	790,578.42	138,255.05	928,833.47	52,000.00	980,833.47
Office holder's expenses	1,715.41	490.89	2,206.30	2,500.00	4,706.30
Legal Fees and expenses	144,727.23	24,121.50	168,848.73	10,000.00	178,848.73
Statutory advertising	445.27	73.00	518.27	70.00	588.27
Bank charges	30.01	0.00	30.01	200.00	230.01
Total	1,027,021.24	162,940.44	1,189,961.68	64,770.00	1,254,731.68

Appendix C: Remuneration update

At the first meeting of the Liquidation Committee held on 7 November 2014, a resolution was passed to enable us to draw remuneration by reference to the time properly given in attending to the matters arising in the winding up. Each subsequent request to draw fees has been approved by the Committee.

I have drawn fees of £500,000 in line with the approval given, as shown on the enclosed receipts and payments account. It is my expectation that I will approach the Committee in the near future to request a further fee on account of my outstanding time costs to date.

The time cost charges incurred in the period covered by this report are £138,255.05. This amount does not necessarily reflect how much I will eventually draw as fees for this period.

I set out later in this Appendix, details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates

Cobbetts LLP - in Creditors Voluntary Liquidation

Analysis of time costs for the period from 31 July 2017 to 30 July 2018

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	-	6.40	0.05	5.25	-	6.35	-	18.05	6,371.75	353.01
Assets	-	-	-	23.65	0.25	8.75	-	32.65	10,018.75	306.85
Investigations	-	-	-	0.50	-	1.10	-	1.60	370.00	231.25
Creditors	-	1.30	9.55	68.60	73.90	31.25	18.55	203.15	57,714.95	284.10
Accounting and treasury	-	-	0.70	0.80	7.40	12.00	-	20.90	4,173.70	199.70
Statutory and compliance	4.50	8.40	3.35	37.15	3.10	27.70	5.00	89.20	28,071.90	314.71
Tax & VAT	0.80	-	21.75	16.85	1.45	33.10	-	73.95	30,399.50	411.08
Employees & pensions	-	-	-	0.20	2.30	-	-	2.50	1,134.50	453.80
Total for the period	5.3	16.1	35.4	153.0	88.4	120.2	23.6	442.00	138,255.05	312.79
Brought forward from 30 July 2017								2,639.40	790,578.42	
Total								3,081.40	928,833.47	

Cobbetts LLP - in Creditors Voluntary Liquidation

Analysis of time costs for the entire liquidation period

Aspect of assignment	Total hours	Time cost £	Average hourly rate £
Strategy & Planning	247.33	78,908.70	319.04
Secured creditors	8.10	3,251.50	401.42
Trading	11.45	4,466.75	390.11
Assets	288.30	87,502.50	303.51
Investigations	174.75	56,592.00	323.85
Creditors	999.68	194,266.97	194.33
Accounting and treasury	107.90	21,337.35	197.75
Statutory and compliance	674.76	258,166.80	382.61
Tax & VAT	551.37	217,281.65	394.08
Employees & pensions	16.00	6,770.50	423.16
Closure procedures	1.75	288.75	165.00
Total for the period	3,081.40	928,833.47	301.43

Our time charging policy and hourly rates

The Joint Liquidators and our team charge our time for the work I need to do in the liquidation. I delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and I supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum charged is 3 minutes (i.e. 0.05 units). I don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the liquidation.

Grade	Up to 30 June 2018 £	From 1 July 2018 £
Partner	620	640
Director	525	540
Senior manager	450	465
Manager	355	365
Senior associate	268	275
Associate	175	180
Support staff	92	95

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where I need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	Up to 30 June 2018 £	From 1 July 2018 £
Partner	1,315	1,354
Director	1,210	1,246
Senior manager	1,230	1,267
Manager	735	575
Senior Associate / consultant	545	561
Associate / assistant consultant	270	278
Support staff	160	165

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

No payments were made to associates during the period of this report.

Our work in the period

Earlier in this section I have included an analysis of the time spent by the various grades of staff.

Whilst this is not an exhaustive list, in the following table I provide more detail on the key areas of work: -

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Strategy & planning	<ul style="list-style-type: none"> • Reporting to and meeting with the Liquidation Committee • Internal meetings to discuss case strategy • Internal case reviews • Case filing 	<ul style="list-style-type: none"> • To ensure efficient progression of the case 	<ul style="list-style-type: none"> • Indirect financial benefit from case management
Assets	<ul style="list-style-type: none"> • Pursuing the remaining assets • Meetings and correspondence with solicitors in respect of potential claims • Pursuing delayed VAT bad debt relief claim • Recovering other debts 	<ul style="list-style-type: none"> • To realise assets for the benefit of creditors 	<ul style="list-style-type: none"> • Direct financial benefit
Creditors	<ul style="list-style-type: none"> • Responding to creditor enquiries • Internal meetings to discuss contentious claims, seeking legal advice, and responding to creditors • Claim adjudication • Issuing Notice of Intended Dividend • Calculation and payment of a first dividend • Issue and re-issue of dividend cheques 	<ul style="list-style-type: none"> • To enable payment of an interim dividend to creditors • To maintain creditor records 	<ul style="list-style-type: none"> • Direct benefit to creditors from payment of a dividend
Accounting and treasury	<ul style="list-style-type: none"> • Authorising and processing payments and receipts • Periodic bank reconciliations • Creating account journals 	<ul style="list-style-type: none"> • To ensure correct accounting records are kept 	<ul style="list-style-type: none"> • Required by statute • Proper stewardship of estate funds
Statutory and compliance	<ul style="list-style-type: none"> • Drafting and issue of progress report to creditors 	<ul style="list-style-type: none"> • Required by statute and internal process 	<ul style="list-style-type: none"> • Required by statute

	<ul style="list-style-type: none"> • Risk and quality compliance • Maintaining internal case databases and information • Reviewing and maintaining internal case management system • Filing case documentation • Reporting to, and arranging and holding meetings of the Liquidation Committee 		
Tax & VAT	<ul style="list-style-type: none"> • Responding to HMRC VAT enquiries and appealing penalties • Claim for bad debt relief • Discussions with internal specialists around VAT and Tax Matters • Submission of VAT and Corporation Tax returns • Investigating historic Tax returns from the administration • Dealing with internal VAT and Tax queries 	<ul style="list-style-type: none"> • Minimising penalties and obtaining VAT refunds • To ensure compliance with Tax and VAT legislation • To maximise recovery from correct accounting practices 	<ul style="list-style-type: none"> • Direct financial benefit: £212k refunds obtained and penalties withdraw. • Required by statute

Our future work

We still need to do the following work in the liquidation.

Area of work	Work I need to do	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
Assets	<ul style="list-style-type: none"> • Collection of outstanding book debts and other potential claims 	• 10,000	• Direct Financial Benefit
Creditors	<ul style="list-style-type: none"> • Resolution of remaining creditor queries • Declaration and payment of a final dividend to creditors 	• 8,000	• Direct Financial Benefit

Accounting and treasury	<ul style="list-style-type: none"> • Payment of dividends • Closure of bank accounts 	• 2,000	• Required in order to bring the case to a close
Statutory & compliance	<ul style="list-style-type: none"> • Reporting to the Liquidation Committee • Completion of annual progress report and final account 	• 17,000	• Required by statute
Tax & VAT	<ul style="list-style-type: none"> • Completion of VAT returns and deregistration • Obtaining final Tax and VAT clearance 	• 5,000	• Required by statute
Closure	<ul style="list-style-type: none"> • Closure of internal systems • Filing of closure forms at Companies House 	• 10,000	• Required in order to bring the case to a close

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the liquidation and has been approved where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	0.00
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	0.00
	Postage	439.19
1	Storage	48.70
	Land Registry Searches	3.00
	Total	490.89

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Details of subcontracted work

No work was subcontracted during the period of this report.

Legal and other professional firms

We've instructed the following professionals in the period of this progress report:

Name	Nature of Work	Basis of fees
Pinsent Masons LLP	Legal Advice on claims agreement	Hourly rates and disbursements
Bond Dickinson LLP	Legal Advice on asset realisations	Hourly rates and disbursements

Appendix D: Other information

Company's registered name:	Cobbetts llp
Trading name:	Cobbetts
Registered number:	OC314724
Registered address:	8 th Floor Central Square, 29 Welington Street, Leeds, LS1 4DL
Date of the Liquidators' appointment:	31 July 2014
Liquidators' names, addresses and contact details:	Lyn Vardy and Toby Underwood of PricewaterhouseCoopers llp, 8 th Floor Central Square, 29 Welington Street, Leeds, LS1 4DL Contact Thomas.Wadey@uk.pwc.com or 0113 289 4322
