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**TO ALL MEMBERS, CREDITORS AND  
THE REGISTRAR OF COMPANIES**

THURSDAY



QIQ 06/03/2014 #43  
COMPANIES HOUSE

Our Ref MDH/GJB/SRH/JS/LG/16C/CVLL259  
3 March 2014

Dear Sirs

**Townshends LLP – In Compulsory Liquidation ("the LLP")**  
**Birmingham District Registry – No. 6738 of 2012**  
**Company Number: OC331217**

In accordance with Rule 4.49B of the Insolvency Rules 1986, I enclose a copy of my Progress Report to Creditors. I would remind Creditors that I was appointed as Liquidator of the LLP on 14 January 2013 and now report following the end of a year since my appointment.

Creditors will recall that the LLP was subject to a Company Voluntary Arrangement ("CVA") of which I was Supervisor. The presentation of the Winding up Petition was presented by the Supervisor following a breach of the terms of the CVA.

#### **Receipts and Payments Account**

I attach a copy of my Receipts and Payments Account from 14 January 2013 to 13 January 2014.

#### **Asset Realisations**

#### **Debtors & Work In Progress**

Creditors will recall that a transfer of the business of the LLP took place in April 2012 to The Law Partnership, further details relating to which are set out later in this report.

At the date of transfer, the LLP held substantial debtor and work in progress balances, however no clear "cut off" mechanism was put in place to clearly identify and value the respective ledgers due to the LLP.

Following my appointment as Liquidator, I instructed N M Legal Limited ("NML"), independent Costs Draughtsmen to conduct an initial review of this matter, based on a small sample of files. This review highlighted a number of complications.

Amongst other matters, there are concerns relating to the accuracy of historical time recording together with a substantial backlog in billing client files. There are further particular complications surrounding amounts due where cases have been dealt with under conditional fee agreements.

Continued

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The initial report provided by NML concluded that, in order to establish the full extent of costs which should be claimed, and in order to maximise recoveries, each case that was live at the time of the transfer would require individual review. Furthermore, a reconciliation of payments received following the date of transfer should be conducted to ensure costs have been properly allocated between the LLP and The Law Partnership as appropriate.

NML have subsequently commenced detailed enquiries although, as there is no definitive starting point, this process involves a full interrogation of the systems maintained together with physical client files. Physical files are currently being passed in batches for assessment.

Due to the nature of this work, such assessment is a time consuming exercise which will take some considerable time to complete.

I am not in a position to provide an estimate of the anticipated realisable value at this stage pending ongoing enquiries, however I will continue to work closely with my appointed Costs Draughtsmen and report to Creditors further as matters progress.

### **Overdrawn Capital Accounts**

Creditors will recall that, at the commencement of the preceding CVA, Mr Townshend and Mr Glover had overdrawn capital accounts repayable to the LLP in the sums of £58,559 and £61,560 respectively. Repayments were received from Mr Glover during the course of the CVA, reducing the balance payable to £55,650.

Mr Glover has recently entered into an Individual Voluntary Arrangement ("IVA") with his Creditors. I would confirm that the appropriate documents have been submitted in order to register the appropriate claim and note the Liquidator's interest. The IVA provides for a return to Creditors in the region of 28p in the £ over a period of 5 years.

With regard to Mr Townshend's overdrawn capital account, following my appointment I have undertaken numerous discussions and meetings with Mr Townshend who has pledged to repay the balance in full, albeit no firm repayment proposals have been received.

In the absence of any firm proposals, I have recently instructed Solicitors to assist in the recovery of this debt. My Solicitors are currently in correspondence with Mr Townshend in relation to his proposals, albeit should no agreement be secured in the near future then I will have no option but to consider formal proceedings in order to recover the amount due.

### **Other Matters**

#### **Transfer of the Business**

As referred to above, a transfer of the business of the LLP took place in April 2012 to the Law Partnership. Creditors will recall that the transfer was made without prior communication with, or the consent of, the Supervisor of the CVA.

I am in the process of examining the circumstances relating to the transfer including the treatment of assets belonging to the LLP. My enquiries in this regard are currently ongoing and further details will be circulated to Creditors as matters progress.

### **Investigation**

As the LLP is subject to Compulsory Liquidation, formal review of the affairs of the LLP and the conduct of the Designated Members, is a matter for the Official Receiver.

Continued

## **Costs of Liquidation**

### **Professional Fees**

Solicitors and Costs Draughtsmen have been instructed during the course of the Liquidation. The scope of their engagement as well as the fees paid is summarised at Appendix A.

The choice of professionals is based on their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The fees charged have been reviewed and I am satisfied that they have been reasonable in the circumstances of the case.

### **Liquidator's Remuneration**

The costs of the Liquidation paid to 13 January 2014 are detailed on the attached Receipts and Payments Account. To date I have drawn fees of £18,800 against this Firm's time costs of £27,321. The time costs incurred by this Firm in this matter equate to 147 hours at an average charge out rate of £185 per hour.

The basis for drawing my fees and expenses were approved on a time cost basis by Creditors at the initial Meeting of Creditors held on 15 February 2013.

I believe that the other costs of the procedure are self explanatory. However, if any further explanation is required I would be only too happy to provide it upon request.

I have attached as Appendix B, a schedule of the routine work undertaken by me as Liquidator to date.

In accordance with Statement of Insolvency Practice 9 I append to this report a detailed analysis of time spent on the Liquidation since 14 January 2013.

## **Outcome for Creditors**

### **Preferential Creditors**

No Preferential Creditor claims are anticipated in this matter.

### **Secured Creditors**

Svenska Handelsbanken AB ("Handelsbanken") hold a debenture dated 7 December 2009 comprising fixed and floating charges over the assets of the LLP.

It is understood that the indebtedness due to Handelsbanken has been discharged by the Designated Members under the terms of personal guarantees provided.

Handelsbanken may wish to subrogate their dividend rights relating to these amounts to the Designated Members in due course.

As the Bank's security was created after the Enterprise Act 2003, the Prescribed Part rules would apply to any floating charge realisations.

The Prescribed Part provisions require that the Liquidator set aside a percentage of the LLP's "net property" which would be available to the Floating Charge Holder, for the benefit of Unsecured Creditors.

Continued

## Unsecured Creditors

The position as regards Unsecured Creditors can be summarised as follows -

	Number of Claims	Value of Unsecured Creditor Claims Received to Date (£)
Crown Creditors	1	364,972
Other Unsecured Creditors	1	30,436

Based on current information, it is anticipated that a return will be available to Unsecured Creditors in this matter

CVA Creditors may claim for the balance of CVA debts, after deduction of the value of dividend(s) received during the course of the CVA

## The Prescribed Part

The outcome as regards the Prescribed Part has been dealt with above under the heading 'Secured Creditor'

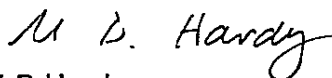
## Conclusion

There remain certain areas as detailed within this report which require further time to fully resolve. I will continue with my functions to progress this case to closure once those various matters have been resolved.

I have attached as Appendix C, a statement of Creditors rights in relation to these proceedings.

If you should require any further information concerning this Liquidation then please do not hesitate to contact either myself or my Case Manager, Siann Huntley.

Yours faithfully  
For and on behalf of  
**Townshends LLP**



**M D Hardy**  
**Liquidator**

**Townshends LLP**  
**(In Liquidation)**  
**Liquidator's Abstract of Receipts & Payments**  
**To 13/01/2014**

S of A £	£	£
ASSETS NOT PLEDGED		
Deposit on Creditors Petition	1,165 00	
Book Debts	33,028.34	
Interest Gross	38 84	
		34,232 18
COST OF REALISATIONS		
Solicitors Fees	2,520 00	
Law Costs Consultants Fees	1,000 00	
DTI Fees	2,241 60	
Official Receivers Exes	6,928 88	
Statutory Advertising	75 37	
Stationery, Printing & Carriage	60 00	
Specific Bond	400 00	
Corporation Tax	7.76	
Bank Charges & Interest	88 00	
Storage Costs	95 00	
Re-Direction of Mail	120 00	
Motor Expenses	23 25	
Liquidators Fees	18,800 00	
		(32,359 86)
		<u>1,872.32</u>
REPRESENTED BY		
I S A		494 54
Vat Control Account		1,377 78
		<u>1,872.32</u>
		M D Hardy
		Liquidator

# Time Entry - SIP9 Time & Cost Summary

T6C - Townshends LLP  
Project Code POST  
From 14/01/2013 To 13/01/2014

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0 10	7 40	30 75	0 00	38 25	5 777 50	151 05
Case specific matters	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	0 30	0 60	1 05	0 00	1 95	352 50	180 77
Investigations	0 00	23 80	2 10	0 00	25 90	4 935 00	190 54
Realisations of Assets	22 70	24 90	33 60	0 00	81 20	16,256 00	200 20
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
<b>Total Hours</b>	<b>23 10</b>	<b>56 70</b>	<b>67 50</b>	<b>0 00</b>	<b>147 30</b>	<b>27 321 00</b>	<b>185 48</b>
<b>Total Fees Claimed</b>						<b>16,000 00</b>	
<b>Total Disbursements Claimed</b>						<b>578.25</b>	

# Time Entry - SIP9 Time & Cost Summary

## Category 2 Disbursements

T6C - Townshends LLP  
Project Code POST  
From 14/01/2013 To 13/01/2014

Other amounts paid or payable to the office holders firm or to party in which the office holder or his firm or any associate has an interest

Transaction Date	Type and Purpose	Amount
28/02/2013	Storage Feb 13	2 50
28/02/2013	Mileage	19 35
30/04/2013	Storage Apr 13	2 50
31/05/2013	Storage May 13	2 50
30/06/2013	Storage June 13	2 50
31/07/2013	Storage Jul 13	2 50
31/08/2013	Storage Aug 13	2 50
30/09/2013	Sept 13	27 50
30/09/2013	Mileage	27 50
31/10/2013	Storage Oct 13	3 90
29/11/2013	Nov 13 Storage	27 50
19/12/2013	Mileage	27 50
19/12/2013	Mileage	81 00
31/12/2013	Dec 13 Storage	40 50
		27 50
	Total	294 75

APPENDIX A

Townshends LLP – In Compulsory Liquidation  
Professional Fees

Firm	Scope	Agreed Fee Structure	Original Budgeted Costs (£)	Professional Fees paid (£)	Professional Costs Accrued But Not Paid (£)	Further Costs Expected (£)	Revised Budget (£)
N M Legal Limited	Initial review of the LLP's debtor and work in progress including sample files	Fixed Fee	1,000	1,000	0	0	0
N M Legal Limited	Ongoing assistance in identification and recovery of debtors and work in progress	15% of net recoveries	-	0	-	Tbc	-
Neil Davies & Partners LLP Solicitors	Petition and appointment matters Initial advice and correspondence with Designated Members	Time costs & disbursements	2,500	2,520	0	0	2,520
Harrison Clark Solicitors	Assistance in recovery of Designated Members overdrown loan accounts	Fees contingent based on recoveries	0	0	-	Tbc	-
<b>Total</b>			<b>3,500</b>	<b>3,520</b>	<b>0</b>	<b>Tbc</b>	<b>-</b>



**ROUTINE WORK ORDINARILY UNDERTAKEN IN MEMBERS AND CREDITORS VOLUNTARY LIQUIDATIONS**

**1 Administration & Planning**

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence, e mails and telephone calls
- Maintaining physical case files and electronic case details in our computerised systems
- Review and storage
- Case bordereau reviews and maintenance
- Case planning and administration
- Case reviews
- Preparing reports to interested parties
- Convening and holding meetings of members and creditors and, where appropriate, the Committee

**2. Cashiering**

- Maintaining and managing the Liquidator's cashbook and bank account(s)
- Ensuring statutory lodgements and taxation affair obligations are met

**3. Creditors**

- Dealing with creditor correspondence, e mails and telephone calls
- Preparing reports to Creditors and other interested parties
- Maintaining Creditor information within our computerised systems
- Reviewing and adjudicating upon proofs of debt received from Creditors

**4. Investigations**

- Review and storage of books and records.
- Preparing a report pursuant to the Company Directors Disqualification Act (Not in a Members Voluntary Liquidation / Compulsory Liquidation)
- Conduct investigations into suspicious transactions
- Reviewing books and records to identify any transactions or actions a Liquidator may take against a third party in order to recover funds for the benefit of Creditors

**5. Realisation of Assets**

- Corresponding with debtors (where appropriate) and attempting to collect outstanding book debts
- Liaising with the Company's bank regarding the closure of the accounts(s)
- Employment of Agents and Solicitors where appropriate to assist in dealing with the above

## STATUTORY DISCLOSURE REQUIREMENTS

Legislative requirements state that when an Insolvency Practitioner reports to Creditors, there are certain statutory statements he must make. In order to fully comply with these conditions, we have set out below the statements which apply in these proceedings in this Appendix, rather than in the report itself, with the intention of keeping the report informative for Creditors whom are more likely to be interested in the practical points arising in the insolvency.

The statements which form part of this statutory report which also need to be considered along with it are as follows -

- Please note that funds are held in the Insolvency Services Account, reconciliation of the account is undertaken periodically with the Secretary of State as required
- I can confirm that there have been no unrealised assets in this matter

### Comments as Regards Liquidator's Remuneration:-

- I attach details of this firm's fee and disbursement recovery policy, which includes details of our current charge out rates
- Creditors/Members should note that a request for further information regarding my fees and expenses should be made within 21 days of receipt of this report, pursuant to Rule 4.49E of the Insolvency Rules 1986, details of which can be found on our website at [www.poppletonandappleby.co.uk](http://www.poppletonandappleby.co.uk) and selecting Creditors Login, Creditors Guidance Notes, Creditor/Members Rights and Rule 4.49E. A hard copy can be provided upon written request.
- Furthermore, I am obliged to advise Creditors/Members of their right to appeal the level of my remuneration and expenses, pursuant to Rule 4.131 of the Insolvency Rules 1986, a copy of which can be found on our website at [www.poppletonandappleby.co.uk](http://www.poppletonandappleby.co.uk) and selecting Creditors Login, Creditors Guidance Notes, Creditor/Members Rights and Rule 4.131. This allows Unsecured Creditors/Members, with the permission of the Court or with the concurrence of 5% or more of the Unsecured Creditors/Members (including the Creditor/Member instigating this process) to request further details as regards remuneration and expenses within the period of 21 days from receipt of this report. Secured Creditors have identical rights.
- Unsecured Creditors/Members, with either the permission of the Court or the concurrence of at least 10% of Creditors/Members may apply to Court to challenge the amount and/or basis of the Liquidator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of the receipt of this report. Secured Creditors have identical rights.