

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

OC331217

Name of Company

Townshends LLP

I / ~~the~~

M D Hardy, 35 Ludgate Hill, Birmingham, B3 1EH

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 14/01/2014 to 13/01/2015

Signed M D Hardy Date 27 2. 2015

Poppleton & Appleby
35 Ludgate Hill
Birmingham
B3 1EH

Ref T6C/MDH/GJB/SRH/JS/LG

WEDNESDAY



A07 *A42FVQRL* #185
04/03/2015
COMPANIES HOUSE

Townshends LLP
(In Liquidation)
Liquidator's Abstract of Receipts & Payments

Statement of Affairs	From 14/01/2014 To 13/01/2015	From 14/01/2013 To 13/01/2015
ASSETS NOT PLEDGED		
Deposit on Creditors Petition	NIL	1,165 00
Book Debts	6,260 02	39,288 36
Designated Members O/Drawn Capital	10,000 00	10,000 00
Interest Gross	14 64	53 48
	<u>16,274 66</u>	<u>50,506 84</u>
COST OF REALISATIONS		
Solicitors Fees	NIL	2,520 00
Law Costs Consultants Fees	NIL	1,000 00
DTI Fees	2 20	2,243 80
Official Receivers Exes	3,030 43	9,959 31
Statutory Advertising	NIL	75 37
Stationery, Printing & Carriage	2 82	62 82
Specific Bond	NIL	400 00
Corporation Tax	2 93	10 69
Bank Charges & Interest	88 00	176 00
Storage Costs	192 50	287 50
Re-Direction of Mail	NIL	120 00
Motor Expenses	121 50	144 75
Liquidators Fees	12,450 00	31,250 00
	<u>(15,890 38)</u>	<u>(48,250 24)</u>
	<u>384.28</u>	<u>2,256 60</u>
REPRESENTED BY		
I S A		2,256 60
		<u>2,256.60</u>

M D Hardy
M D Hardy
Liquidator

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

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Our Ref MDH/GJB/SRH/JS/LG/T6C/CVLL259
26 February 2015

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 am pleased to provide my Annual Progress Report to Creditors

Please note that I was appointed as Liquidator of the LLP on 14 January 2013 and now report following the end of the second year of 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 my Receipts and Payments Account which details the movements in the current 12 month reporting period from 14 January 2014 to 13 January 2015, together with the cumulative position at 13 January 2015

Asset Realisations

Debtors and Work In Progress

Creditors will recall that a transfer of the business of the LLP took place in April 2012 to The Law Partnership, however no "cut off" mechanism was put in place at the point of transfer which has resulted in difficulties identifying Debtors and Work in Progress balances belonging to the LLP

N M Legal Limited ("NML"), independent Costs Draughtsmen have been engaged to assist in the reconciliation of the respective ledgers and collection of outstanding balances

Additional complications have come to light including issues surrounding the accuracy of time recording, a substantial backlog in billing client files, and clients engaged under conditional fee agreements. These complications have necessitated a detailed review of Debtor and Work in Progress accounts on a case by case basis. Furthermore, a reconciliation of payments received following the date of transfer is ongoing to ensure costs have been properly allocated between the LLP and The Law Partnership as appropriate

Continued

It was agreed with TLP that physical files would be handed over to NML for assessment in batches on a weekly basis. Although this arrangement was initially adhered to, latterly requests for information have not been met despite repeated requests.

It is understood that, in part, the reason for lack of cooperation in this regard is attributable to TLP recently vacating one of their trading premises.

I have recently attended a meeting with TLP with a view to resolving matters and re-instating the review process, which remains ongoing at the time of issuing this report.

Realisations in the current reporting period amount to £6,260, bringing overall realisations at 13 January 2015 to £39,288. Efforts remain ongoing although this is clearly a time consuming process. The value of future recoveries remains uncertain at this time although I can confirm that since the end of this reporting period, I have received £5,958 in respect of work undertaken by the LLP on two cases transferred to TLP, I will report to Creditors further in this regard 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 subsequently entered into an Individual Voluntary Arrangement ("IVA") with his Creditors, which provides for a return in the region of 28 p in the £ over a 5 year period. A formal claim has been lodged and the Liquidator's interest has been noted for dividend purposes.

With regard to Mr Townshend's overdrawn capital account, I have discussed repayment proposals with Mr Townsend on numerous occasions during the period of this report. A payment on account of £10,000 was received from Mr Townshend in May 2014. I recently met again with Mr Townshend (after the period covered by the report) and now have pledges to pay the balance by the instalments, commencing in April 2015 with a further payment of £10,000, which should see the capital account repaid within the next five months.

In light of the time elapsed since the date of my appointment I have impressed on Mr Townshend the need to clear the outstanding balance as soon as possible and adhere to the pledges made if legal proceedings for the recovery of the outstanding balance are to be avoided.

Other Matters

Transfer of the Business

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.

Enquiries are into the circumstances relating to the transfer including the treatment of assets belonging to the LLP have continued. I have received a schedule of the physical assets subject to the transfer, which were offered up for collection by the Liquidator. The assets comprise office and computer equipment which, having taken into account the age and resale value of the nature of these items, would not be cost effective to uplift and offer for sale.

Continued

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

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 2015 are detailed on the attached Receipts and Payments Account

The time costs incurred during the current reporting period from 14 January 2014 to 13 January 2015 amount to £6,008, which equates to a total of 32 hours at an average charge out rate of £185 per hour. During this reporting period fees of £12,450 have been drawn

The overall time costs incurred by this Firm in dealing with the Liquidation to 13 January 2015 amount to £33,329 which equates to 180 hours at an average charge out rate of £185 per hour. Total fees of £31,250 have been drawn

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 for the reporting period of 14 January 2014 to 13 January 2015 as well as the entire period of the Liquidation, being 14 January 2013 to 13 January 2015

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

Continued

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.

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	2	657,831
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

M D Hardy
Liquidator

Townshends LLP
(In Liquidation)
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REPRESENTED BY		
ISA		2,256 60
		<u>2,256 60</u>

M D Hardy
Liquidator

Time Entry - SIP9 Time & Cost Summary

T6C - Townshends LLP
Project Code POST
From 14/01/2014 To 13/01/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.00	0.80	7.30	0.00	8.10	1 178.00	145.43
Case specific matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	3.50	0.00	0.00	3.50	682.50	195.00
Realisations of Assets	3.10	13.60	4.15	0.00	20.85	-4 147.50	198.92
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	3.10	17.90	11.45	0.00	32.45	6 008.00	185.15
Total Fees Claimed						31 250.00	
Total Disbursements Claimed						895.07	

Time Entry - SIP9 Time & Cost Summary

Category 2 Disbursements

T6C - Townshends LLP
 Project Code POST
 From 14/01/2014 To 13/01/2015

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
31/01/2014	Jan 14 Storage	27 50
28/02/2014	Feb 14 Storage	27 50
31/03/2014	Mar 14 Storage	27 50
30/04/2014	Apr 14 Storage	27 50
30/05/2014	May 14 Storage	27 50
30/06/2014	June 14 Storage	27 50
31/07/2014	July Storage 14	27 50
29/08/2014	Aug 14 Storage	27 50
30/09/2014	Sept 14 Storage	27 50
31/10/2014	Oct 14 Storage	27 50
28/11/2014	Nov 14 Storage	27 50
31/12/2014	Dec 14 Storage	27 50
Total		330 00

Time Entry - SIP9 Time & Cost Summary

T6C - Townshends LLP
Project Code POST
From 14/01/2013 To 13/01/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	0.10	8.20	38.05	0.00	46.35	6,955.50	150.06
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	27.30	2.10	0.00	29.40	5,617.50	191.07
Realisations of Assets	25.80	38.50	37.75	0.00	102.05	20,403.50	199.94
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	26.20	74.60	78.95	0.00	179.75	33,329.00	185.42
Total Fees Claimed						31,250.00	
Total Disbursements Claimed						895.07	

Time Entry - SIP9 Time & Cost Summary Category 2 Disbursements

T6C - Townshends LLP
Project Code POST
From 14/01/2013 To 13/01/2015

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	3 90
31/10/2013	Storage Oct 13	27 50
29/11/2013	Nov 13 Storage	27 50
19/12/2013	Mileage	81 00
19/12/2013	Dec 13 Storage	40 50
31/12/2013	Jan 14 Storage	27 50
31/01/2014	Feb 14 Storage	27 50
28/02/2014	Mar 14 Storage	27 50
31/03/2014	Apr 14 Storage	27 50
30/04/2014	May 14 Storage	27 50
30/05/2014	June 14 Storage	27 50
30/06/2014	July Storage 14	27 50
31/07/2014	Aug 14 Storage	27 50
28/08/2014	Sept 14 Storage	27 50
30/09/2014	Oct 14 Storage	27 50
31/10/2014	Nov 14 Storage	27 50
28/11/2014	Dec 14 Storage	27 50
31/12/2014	Dec 14 Storage	27 50
Total		624 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	
N M Legal Limited	Ongoing assistance in identification and recovery of debtors and work in progress	15% of net recoveries	0	0		Tbc	
Neil Davies & Partners LLP Solicitors	Petition and appointment matters Initial advice and correspondence with Designated Members	Time costs and disbursements	2,500	2,520	0	0	2,520
Harrison Clark Solicitors	Assistance in recovery of Designated Members overdrawn loan accounts	Fees contingent based on recoveries		0		Tbc	
Total			3,500	3,520	0	Tbc	

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 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 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.