

Our Ref DAI/IDM/NGB/LKM/F00778/7

To the creditors and members

**Recovery and Reorganisation**

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25 October 2016



Dear Sirs

**First Capital Wealth Limited - In Liquidation ("the Company")  
High Court of Justice No 8982 of 2013**

**1 Introduction**

1.1 Following my appointment as liquidator of the Company on 11 September 2014, in accordance with rule 4.49B of the Insolvency Rules 1986 I now report on the progress of the liquidation for the year ended 10 September 2016 and attach

- Appendix A, an account of my receipts and payments for the year ended 10 September 2016 and also for the whole liquidation to that date
- Appendix B, a statement of the remuneration charged by the liquidator in the period 11 September 2015 to 10 September 2016 and a statement of expenses incurred in the period
- Appendix C, an analysis of time costs as required by Statement of Insolvency Practice 9
- Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator (rule 4.49E)
- Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive (rule 4.131)

1.2 Please note that I am authorised by the Insolvency Practitioners Association to act as insolvency practitioner and I am bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

**2 Statutory information**

2.1 The Company's statutory details are as follows

Registered number 08293453

Registered office c/o Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester, M3 3EB

**Chartered Accountants**

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### **3 Progress report**

- 3 1 According to the Official Receiver's report to creditors dated 13 May 2014, the Company had no known assets with realisable value at the date of liquidation
- 3 2 Following an investigation into the affairs of the Company by the Financial Conduct Authority (FCA), a petition to wind up the Company was presented on 18 December 2013 on the grounds of carrying on regulated activities within the meaning of section 22(1) of the Financial Services and Markets Act 2000 while neither an authorised person nor an exempt person. A winding up order was subsequently made on 18 March 2014
- 3 3 Following my appointment as liquidator I have been investigating the affairs of the Company and the events leading up to its insolvency. To date the Company's sole director has failed to provide me with any books and records or adequate accounting records. I have obtained and undertaken a detailed review of the documentation used to support the winding up petition presented by the FCA, as well as the Company's bank statements and information requested from creditors of the Company
- 3 4 I have interviewed one individual regarding their involvement in the Company and attempts have been made to trace the Company's former director, Hugh Edwards, to attend an interview regarding his involvement and role in the Company. Mr Edwards was subject to a public examination by the Official Receiver ("OR") in July 2016, but has provided minimal information of any relevance to my enquiries or that of the OR
- 3 5 In June 2016 the FCA charged five personnel, including Mr Edwards, for being involved in 'boiler room' scams with several companies that include First Capital Wealth Limited. The matter is set for trial in September 2017
- 3 6 There are no preferential creditors in this matter
- 3 7 I have received unsecured claims totalling £256,420
- 3 8 To date no dividend payments have been made to the creditors and I am not currently in a position to make a distribution. The timing and quantum of future dividend distributions is dependent on my realisations in the liquidation

### **4 Liquidator's remuneration and expenses**

- 4 1 On 11 November 2014 the creditors resolved that the liquidator and his staff draw their remuneration by reference to their time costs plus 25% uplift. You will note from the SIP 9 table attached at Appendix C that my time costs to 10 September 2016 are £48,121 and from the receipts and payments account attached at appendix A, that I have not yet drawn any fees. Time costs of £9,138 incurred in the period, but not drawn as remuneration to date are disclosed in appendix B

- 4.2 Time is charged in units of 6 minutes. Background information regarding the fees of liquidator can be found at [https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Liquidators\\_Fees\\_Oct\\_2015.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Oct_2015.pdf). Alternatively, I will supply this information by post on request.
- 4.3 The hourly charge out rates used in calculating time costs for the current and prior period are as follows

	£
Partners up to	615
Directors up to	515
Managers up to	470
Other senior professional up to	305
Administrators up to	230
Assistants and support staff up to	175

- 4.4 I have not yet drawn any expenses and have expenses to take in due course as set out in Appendix B

Yours faithfully  
for and on behalf of First Capital Wealth Limited



David Ingram  
Liquidator

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**A Abstract of the liquidator's receipts and payments**

First Capital Wealth Limited - in liquidation				
Summary of receipts and payments				
from 11 September 2014 to 10 September 2016				
	Statement of Affairs	From 11 September 2014 to 10 September 2015	From 11 September 2015 to 10 September 2016	Total
	Per OR	£	£	£
<b>Receipts</b>				
		0	0	0
<b>Payments</b>				
O R. Remuneration		1070	0	1070
ISA Account Fees		88	88	176
		1158	88	1246
<b>Net Receipts/(Payments)</b>		<b>(1158)</b>	<b>(88)</b>	<b>(1246)</b>

**B Remuneration charged and expenses incurred by the liquidator in the period**

	Charged/incurred in period 11/09/2015 to 10/09/2016	Cumulative charged/incurred to 10/09/2016	Of which paid to 10/09/2016
	£	£	£
<b>Liquidator's Fees</b>			
Time Costs	9,137 75	48,120 75	Nil
<b>Expenses</b>			
Specific Bond	Nil	10 00	Nil
Statutory Advertising	Nil	101 52	Nil
Land Registry	49 00	133 00	Nil
Transport	529 00	678 00	Nil
Subsistence	Nil	19 08	Nil
Miscellaneous	Nil	15 00	Nil
Transcription Services	281 25	281 25	Nil
Agents Fees	180 00	180 00	Nil

**C SIP 9 information**

Standard	Partner			Manager			Executive			Administrator			Total		
	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate	Hrs	£	Avg Hrly Rate
Administration and Planning	0.6	282	470	6.1	1,923	315.25	3.3	772.5	234.09	34.3	5,735.75	167.22	44.3	8,713.25	196.69
Creditors				0.4	132	330	3.2	828	258.75	9	1,524	169.33	12.6	2,484	197.14
Hiatus period															
Investigations	7.4	4,551	615	14.4	5,420	376.39	16.45	4,486	272.71	122.1	19,536	160	160.35	33,993	211.99
Pensions				0.3	150	500				0.6	93	155	0.9	243	270
Realisation of Assets										0.6	110	183.33	0.6	110	183.33
Taxation				1.9	913	480.53	0.6	173	288.33	11.45	1,452.50	126.86	13.95	2,538.50	181.97
Trading															
Unclassified										0.2	39	195	0.2	39	195
<b>Total</b>	<b>8</b>	<b>4,833</b>	<b>604.13</b>	<b>23.1</b>	<b>8,538</b>	<b>369.61</b>	<b>23.55</b>	<b>6,259.50</b>	<b>265.8</b>	<b>178.25</b>	<b>28,490.25</b>	<b>159.83</b>	<b>232.9</b>	<b>48,120.75</b>	<b>206.62</b>

**Administration &**

**Planning** Includes, case planning, statutory obligations (e.g. statutory returns), maintenance of cash and estate records, general correspondence, dealing with tax correspondence

**Investigations**

Includes, Investigation into the Company's affairs and assets that may have been held prior to liquidation, review and analysis of Company bank statements, review of information provided by the FCA, liaising with the Official Receiver, interview with individual involved in the Company

**Creditors**

Includes, correspondence and telephone calls with unsecured creditors, drafting and sending report to creditors

**D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator**

Rule 4 49E edited for application to a progress report in a winding-up by the court

- (1) If
  - (a) within the period mentioned in paragraph (2)
    - (i) a secured creditor, or
    - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
  - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2), any unsecured creditor makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of a matter which was previously included in a progress report
- (2) The period referred to in paragraph (1)(a) is 21 days of receipt of the progress report
- (3) The liquidator complies with this paragraph by either -
  - (a) providing all of the information asked for, or
  - (b) so far as the liquidator considers that
    - (i) the time or cost of preparation of the information would be excessive, or
    - (ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or
    - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (4) Any creditor, who need not be the same as the creditor who requested further information, may apply to the court within 21 days of -
  - (a) the giving by the liquidator of reasons for not providing all of the information asked for, or
  - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 4 131(1B) by such further period as the court thinks just
- (6) This Rule does not apply where the liquidator is the Official Receiver

**E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive**

Rule 4 131

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application by a creditor may be made on the grounds that -
  - (a) the remuneration charged by the liquidator,
  - (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
  - (c) expenses incurred by the liquidator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice, but which is without notice to any other party  
If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
  - (a) an order reducing the amount of remuneration which the liquidator was entitled to charge
  - (b) an order fixing the basis of remuneration at a reduced rate or amount
  - (c) an order changing the basis of remuneration
  - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation
  - (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation