

WU07

Notice of progress report in a winding-up by the court



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number O C 3 8 0 4 7 8

Company name in full Bell Pottinger LLP

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Liquidator's name

Full forename(s) William Matthew

Surname Tait

3 Liquidator's address

Building name/number c/o BDO LLP

Street 55 Baker Street

Post town London

County/Region

Postcode W 1 U 7 E U

Country

4 Liquidator's name ①

Full forename(s) Malcolm

Surname Cohen

① Other liquidator

Use this section to tell us about
another liquidator.

5 Liquidator's address ②

Building name/number c/o BDO LLP

Street 55 Baker Street

Post town London

County/Region

Postcode W 1 U 7 E U

Country

② Other liquidator

Use this section to tell us about
another liquidator.

WU07

Notice of progress report in a winding-up by the court

6 Period of progress report

From date	^d 0	^d 6	^m 0	^m 9	^y 2	^y 0	^y 2	^y 1
To date	^d 0	^d 5	^m 0	^m 9	^y 2	^y 0	^y 2	^y 2

7 Progress report

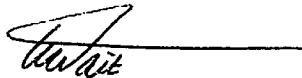
☒ The progress report is attached

8 Sign and date

Liquidator's signature

Signature

X



X

Signature date

^d 0	^d 4	^m 1	^m 1	^y 2	^y 0	^y 2	^y 2
----------------	----------------	----------------	----------------	----------------	----------------	----------------	----------------

**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 Sarah Lemon

Company name BDO LLP

Address 5 Temple Square

Temple Street

Post town Liverpool

County/Region

Postcode L 2 5 R H

Country

DX

Telephone +44 (0) 1512 374 500

**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

Bell Pottinger LLP
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 06/09/2021 To 05/09/2022 £	From 06/09/2019 To 05/09/2022 £
ASSET REALISATIONS		
3rd party contribution to costs	55,944.75	55,944.75
Bank Refund	NIL	1,359.49
Excess Drawings income	192,415.98	518,412.01
Input VAT from Administration	NIL	104,974.93
Interest Gross	179.55	1,158.61
Transfer from the Administration	NIL	259,681.79
	248,540.28	941,531.58
COST OF REALISATIONS		
Administrators' Fees	NIL	100,000.00
Bank Charges	100.71	254.86
IS Banking fee	NIL	22.00
IS Co Liquidation Administration fee	NIL	5,000.00
IT costs	15,256.40	176,664.81
Legal Fees & Disbs	148,182.60	360,006.43
OR General Fee	NIL	6,000.00
Partner retainer costs	NIL	31,530.18
Sec of State Remittance Fees	2.55	12.60
Storage Costs	NIL	2,379.38
Tax deducted at source	23.20	219.01
	(163,565.46)	(682,089.27)
	84,974.82	259,442.31
REPRESENTED BY		
ISA NIB		94,903.91
SH client account		132,104.58
Vat Control Account		32,433.82
		259,442.31



Bell Pottinger LLP In Compulsory Liquidation

Joint Liquidators' progress report from
6 September 2021 to 5 September 2022

CONTENTS

GLOSSARY OF TERMS	3
KEY INFORMATION	4
PROGRESS IN THE PERIOD	5
FUTURE ACTIONS	8
APPENDICES	
A: STATUTORY INFORMATION	9
B: CREDITORS' RIGHTS	10
C: RECEIPTS AND PAYMENTS ACCOUNT	11
D: JOINT LIQUIDATORS' REMUNERATION	13
E: JOINT LIQUIDATORS' EXPENSES	16

GLOSSARY OF TERMS

Abbreviation or term	Meaning
'Act'	Insolvency Act 1986
'BPPL'	Bell Pottinger Private Limited
'BPSL'	Bell Pottinger (Services) Limited
'HMRC'	HM Revenue & Customs
'Joint Liquidators' or 'we'	William Matthew Humphries Tait and Malcolm Cohen
'net property'	Floating charge realisations after costs and payment of preferential and secondary preferential creditors in full
'Period'	6 September 2021 to 5 September 2022
'preferential creditors'	Claims for unpaid wages earned in the four months prior to the commencement of the Liquidation up to £800, holiday pay and unpaid pension contributions in certain circumstances
'Prescribed Part'	Where a company/LLP has granted a floating charge after 15 September 2003, under Section 176A of the Act a proportion of the net property available to a QFCH is set aside for the unsecured creditors of that company/LLP
'QFCH'	Qualifying Floating Charge Holder
'Report'	This report, prepared in accordance with Rules 18.3 and 18.8 of the Rules
'Rules'	Insolvency (England and Wales) Rules 2016
'secured creditors'	Creditors whose debt is secured, in accordance with Section 248 of the Act
'the Bank'	Lloyds Bank Plc
'the LLP'	Bell Pottinger LLP
'unsecured creditors'	Creditors who are neither secured nor preferential

KEY INFORMATION

Background

The LLP went into Liquidation on 6 September 2019 after previously having been in Administration. The current Joint Liquidators are Matthew Tait and Malcolm Cohen.

Purpose of the Report

This is the annual Report for the Period from 6 September 2021 to 5 September 2022.

The main purpose of the Report is to provide you with an update on the progress of the Liquidation during the Period.

The Report can be reviewed in conjunction with all other reports regarding this Liquidation and the preceding Administration, on the brportal.bdo.co.uk portal.

Return to creditors

The table below summarises the anticipated outcome for creditors, based on our current understanding of the case. Please note these figures may be subject to change.

Class of creditor	Current estimate	Previous estimate
Secured creditors	Uncertain	Uncertain
Preferential creditors	N/A	N/A
Unsecured creditors	Uncertain	Uncertain

What creditors need to do

The purpose of the Report is to provide you with an update only and the creditors of the LLP do not need to take any actions at this time.

Creditors' rights

An overview of the rights of creditors are detailed in Appendix B.

Contact details

Contact: Ben Wightman
Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH
Tel: 0151 237 4483
Email: BRCMTLondonandSouthEast@bdo.co.uk
Reference: BPLL

PROGRESS IN THE PERIOD

Asset realisations

The receipts and payments account attached at Appendix C details the asset realisations during the Period.

Breaches of contract / Excess Drawings

We continue to liaise with our lawyers in respect of claims for breach of contract and a demand to repay excess drawings from a former (and now deceased) Member of the LLP.

"Drawings" are distributions of profit in the form of cash payments to Members of an LLP in recognition of their share of ownership of the LLP and its profits. Commonly, these payments are made based on forecast profit and so can be paid in expectation and in advance of those profits being made. Where profits are not made as forecast, as was the case with the LLP, those drawings distributed in advance can become repayable in accordance with the LLP's Deed. These are called "Excess Drawings". The Deed is the document that regulates the relationship between the LLP and its Members including the basis on which Excess Drawings are repaid.

We have been in extensive correspondence with lawyers acting for the former Member's estate along with other, associated parties.

For reasons of legal professional privilege, and to avoid any commercial prejudice in relation to any claims that the LLP may have, which could in turn be contrary to the best interests of the creditors, it would not be appropriate for us to go into greater detail in this Report in respect of ongoing or potential litigation (under this or subsequent headings).

To the extent possible, I will provide further updates to the creditors in future reports.

Excess Drawings Income

We have continued correspondence with several Members of the LLP to recover Excess Drawings balances.

During the Period, recoveries in the sum of £192,416 have been made.

In addition to the claims against the Former Member referred to above, we are progressing claims for Excess Drawings against several Members totalling c£1.2m. We are in extensive correspondence with lawyers acting for the relevant Members..

Again, as these claims are subject to litigation and/or ongoing settlement discussions, the we are unable to provide further detail, except to advise creditors that we consider further recoveries by way of out-of-court settlements will be made in due course. If this can't be achieved we have taken steps to ensure that the claims can be continued by us (or an assignee) through formal court proceedings.

Failure of the LLP

We have investigated claims that certain Members of the LLP failed in their duty to act in good faith and in accordance with applicable standards of corporate governance. The issue being that these failures led to the insolvency and failure of the LLP.

We have continued to review these matters but our focus, principally for reasons of costs and what best serves the financial interests of creditors, is on recovering Excess Drawings. Future realisations from a breach of duty claim is, therefore, uncertain.

Third Party Contribution to Costs

During the Period, the sum of £55,945 has been received representing payment of all the costs of the Joint Liquidators and their legal team of and occasioned by a third-party disclosure order to which the LLP was party (in relation to the disqualification proceedings referred to below).

Bank Interest

During the Period, bank interest of £180 has been received.

Disqualification proceedings

As creditors know, the Insolvency Service investigated the events leading to the failure of the LLP and instigated legal proceedings against three of the former Members, seeking their disqualification. Whilst documentary and other evidence may be the same, the investigation and action by the Insolvency Service is wholly separate to that of the Joint Liquidators.

Following an order of the Court dated 13 September 2021, as varied by consent on 14 October 2021, the LLP was required to provide disclosure of various documents which were relevant to these proceedings. We took the necessary steps to ensure that there was no cost to the Liquidation estate arising from the provision of the relevant documents as required by this order, as whilst doing so was necessary in accordance with an order of the Court, it was of no financial benefit to the LLP or its creditors.

We are not party to these proceedings, but have a statutory duty to assist the Insolvency Service with their work, specifically with the provision of information obtained from the LLP's records and any directions handed down by the Court.

Distributions to creditors

Secured creditors

The Bank was owed £6.3m at the date of appointment. At the same point in time, the LLP held c£1.1m as a credit in accounts operated by the Bank. This sum was available for immediate set-off by the Bank, reducing the balance outstanding to £5.2m.

The Bank debt is secured by a composite debenture containing fixed and floating charges over the assets of the LLP. The Bank also holds the benefit of a guarantee (and related debenture) from BPPL and BPSL.

Distributions are expected to be contingent on the recoveries achieved in respect of the claims currently being pursued and will be substantially floating charge in nature.

Preferential creditors

There are no known preferential creditors in this Liquidation.

Unsecured creditors and the Prescribed Part

The Statement of Affairs prepared by the designated Members of the LLP identified unsecured creditor claims totalling an estimated value of £14.5m. This included an estimated debt owed to HMRC of £7.5m. HMRC has since confirmed that it has no claim against the LLP thereby reducing the estimated value of creditor claims to c£7m.

To date, unsecured creditor claims totalling approximately £3.31m have been received. Of the claims received, £1.04m were rejected in the Administration. Based on present information, we anticipate that there will be no dividend payable in this matter, other than by way of the Prescribed Part.

The LLP granted a floating charge to the Bank after 15 September 2003, therefore the Prescribed Part will apply in this Liquidation, subject to their being adequate realisations.

The value of the LLP's net property subject to calculation of the Prescribed Part is heavily reliant on recoveries made in respect of the various legal claims referred to above. We are, therefore, currently unable to provide an estimate of the potential value of the Prescribed Part.

Other matters

In addition to the above matters, we have dealt with all statutory matters required by legislation and administrative work incidental to our duties as Joint Liquidators in this Liquidation.

Joint Liquidators' remuneration

A detailed report of the time incurred by the Joint Liquidators and a narrative of the work done during the Period is attached at Appendix D.

The Joint Liquidators have proposed to fix their remuneration by reference to the time the Joint Liquidators and their staff have spent attending to matters in the Liquidation. The Joint Liquidators' remuneration is fixed on the same basis as that of the Joint Administrators in accordance with Rule 18.20 of the Rules.

The Joint Liquidators' remuneration will be subject to the approval of the Liquidation Committee. As previously reported, the Joint Liquidators propose to apply a reduction to their standard charge out rates ('the discounted rates'). The Joint Liquidators have, however, agreed a proposal with the Bank and the Liquidation Committee to align the rates applied to the Excess Drawings recovery action on the proportion of Excess Drawings recovered (albeit never exceeding our standard rates and subject to recoveries exceeding a minimum value).

During the Period, time costs of £221,886 were incurred over 383 hours at an average rate of £579 per hour. This equates to £93,721 at the discounted rates. No time costs were drawn during the Period.

Joint Liquidators' expenses

Expenses paid during the Period are detailed in the receipts and payments account at Appendix C.

A breakdown of expenses incurred is set out in Appendix E.

FUTURE ACTIONS

The main remaining matters that need to be undertaken before the Liquidation may be closed are as follows:

- continue to pursue and, where appropriate, prosecute and/or seek an assignment of claims against former Members of the LLP in respect of Excess Drawings and/or breach of contract and/or any other relevant claim(s);
 - if sufficient realisations are achieved, take steps to make a distribution to the Bank in respect of its floating charge and a distribution to the unsecured creditors in respect of the Prescribed Part;
 - continue to submit tax returns and when appropriate submit the final tax returns and seek tax clearance; and
 - attend to any statutory and/or other matters as they may arise.
-

APPENDIX A

STATUTORY INFORMATION

Information

LLP name	Bell Pottinger LLP
LLP registration number	OC380478
Registered office	55 Baker Street, London, W1U 7EU
Court name and reference	High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (ChD) -CR-2017-006683
Date of appointment	6 September 2019
Joint Liquidators	<p>William Matthew Humphries Tait Malcolm Cohen</p> <p><i>Under the provisions of section 231 of the Act, the Joint Liquidators carry out their functions jointly and severally meaning any action can be done by one Liquidator or by both of them.</i></p>
Joint Liquidators' address	BDO LLP, 55 Baker Street, London, W1U 7EU
Data Control and GDPR	<p>William Matthew Humphries Tait and Malcolm Cohen are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales in the UK. The Joint Liquidators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Liquidation of Bell Pottinger LLP. Please see the privacy statement at https://www.bdo.co.uk/en-gb/privacy-notice/insolvencies</p>

APPENDIX B

CREDITORS' RIGHTS

Within 21 days of receipt of the Report (1) a secured creditor, (2) an unsecured creditor with the concurrence of at least 5% in value (including the creditor in question) of the unsecured creditors; or (3) any unsecured creditor with the permission of the court, may request in writing that the Joint Liquidators provide further information about their remuneration or expenses which are itemised in the Report.

Within 14 days of receipt of the request, the Joint Liquidators must provide all of the information asked for, unless they think that:

- the time or cost in preparing the information would be excessive, or
- 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
- the Joint Liquidators are subject to confidentiality obligations in respect of the information.

The Joint Liquidators must give reasons for not providing all of the requested information.

Any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors may, within eight weeks of receipt of the Report, make an application to court that the basis fixed for the Joint Liquidators' remuneration, the remuneration charged, or the expenses incurred by the Joint Liquidators, as set out in the Report, are excessive.

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Liquidators' Fees' and information on the rights, duties and functions of a liquidation committee are available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to us but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The Joint Liquidators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this Liquidation. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

APPENDIX C

RECEIPTS AND PAYMENTS ACCOUNT

Bell Pottinger LLP
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments

Statement of Affairs £	From 06/09/2021 To 05/09/2022 £	From 06/09/2019 To 05/09/2022 £
ASSET REALISATIONS		
3rd party contribution to costs	55,944.75	55,944.75
Bank Refund	NIL	1,359.49
Excess Drawings income	192,415.98	518,412.01
Input VAT from Administration	NIL	104,974.93
Interest Gross	179.55	1,158.61
Transfer from the Administration	NIL	259,681.79
	<u>248,540.28</u>	<u>941,531.58</u>
COST OF REALISATIONS		
Administrators' Fees	NIL	100,000.00
Bank Charges	100.71	254.86
IS Banking fee	NIL	22.00
IS Co Liquidation Administration fee	NIL	5,000.00
IT costs	15,256.40	176,664.81
Legal Fees & Disbs	148,182.60	360,006.43
OR General Fee	NIL	6,000.00
Partner retainer costs	NIL	31,530.18
Sec of State Remittance Fees	2.55	12.60
Storage Costs	NIL	2,379.38
Tax deducted at source	23.20	219.01
	<u>(163,565.46)</u>	<u>(682,089.27)</u>
	84,974.82	259,442.31
REPRESENTED BY		
ISA NIB		94,903.91
SH client account		132,104.58
Vat Control Account		32,433.82
		<u>259,442.31</u>

APPENDIX D

JOINT LIQUIDATORS' REMUNERATION

The Joint Liquidators' remuneration will be subject to the approval of the Liquidation Committee.

Time costs of £221,886 have been incurred during the Period and a breakdown is detailed below, together with details of the work undertaken.

Activity	Partner	Director	Senior manager	Manager	Senior executive	Executive	Total hours	Time costs £	Av. Rate £
Planning and strategy	2.25	11.90	30.50				44.65	25,468.85	570.41
General administration	13.10	114.70	58.10	0.25	15.75	17.35	219.25	124,911.00	569.72
Asset Realisation	45.50	19.30	2.50				67.30	51,774.40	769.31
Reporting		3.30	39.30	6.40	2.35		51.75	19,731.55	381.29
TOTAL	60.85	149.20	130.80	6.65	18.10	17.35	382.95	221,885.80	579.41

The Joint Liquidators are required to provide a detailed analysis of their actual time costs, as presented in the above table. BDO's systems record this at standard time costs and therefore the time costs shown are at standard and not discounted rates.

Details of work undertaken during the Period:

Planning and strategy

- Internal meetings and discussions
- Preparation and review of strategy documents including estimated outcome statements

General administration

- Ongoing maintenance and reconciliation of the Liquidation bank account and other cashiering functions
- Case reviews
- Preparation of VAT and corporation tax returns
- Ongoing maintenance and reconciliation of the Liquidation bank account and other cashiering functions
- Dealing with information requests in relation to the disqualification proceedings
- Instructing and liaising with solicitors
- General meetings and discussions

Assets

- Recovery of Excess Drawings and pursuing other claims arising from the Partnership Deed and /or the Act

Reporting

- Preparation and distribution of the annual progress report to members and creditors
- Reporting to the Liquidation Committee

The current charge out rates per hour of staff within the firm who may be involved in working on the Liquidation are detailed below. The Joint Liquidators propose to apply a reduction to their standard charge out rates, and therefore the discounted rates will apply to this Liquidation.

Grade	Standard Rates £	Discounted Rates £
Partner	805-920	274-320
Director	386-772	251-297
Senior Manager	322-643	220-250
Manager	176-470	170-216
Senior Executive	141-328	140-170
Executive	86-173	90-105
BDO LLP tax department (max)	1208	251-297

The Joint Liquidators have agreed a proposal with the Bank and the Liquidation Committee to align the rates applied to the Excess Drawings recovery action going forward to the recoveries made, such that the rates to be applied would be contingent on the proportion of the Excess Drawings recovered (albeit never exceeding our standard rates and subject to exceeding a minimum value).

Cumulative time incurred to fees estimate comparison

Total time costs of £313,669, at the discounted rates, have been incurred over the course of the Liquidation to 5 September 2022 as detailed below.

Activity	Estimated			Total Incurred		
	Hours	Average Rate £	Time costs £	Hours	Average Rate £	Time costs £
Steps on appointment	10.45	155.12	1,621.00	10.45	155.12	1,621.00
Planning and strategy	115.20	259.53	29,897.70	187.70	252.18	47,334.30
General administration	281.37	193.13	54,341.17	463.40	225.24	104,375.55
Asset realisation	839.58	228.57	191,901.91	602.05	238.38	143,513.75
Creditor claims	52.00	137.50	7,150.00	1.35	171.85	232.00
Reporting	75.60	192.95	14,587.00	75.40	219.00	16,512.85
Distribution and closure	60.00	176.67	10,600.00	0.25	320.00	80.00
TOTAL	391.10		310,098.78	1,340.60		313,669.45

In accordance with the statute and Statements of Insolvency Practice, the Joint Liquidators wish to provide creditors with a clear understanding of their costs, how they are calculated and how they are approved for payment.

The Joint Liquidators' Fees Estimate sets out the total estimated fees for the Liquidation at the discounted rate. The Joint Liquidators are required to provide a detailed analysis of their actual time costs, as presented in the above table. The time costs shown are at the discounted rates.

The Fees Estimate has now been exceeded largely in relation to time incurred in relation to considering the Liquidation strategy, in dealing with information requests and instructing and liaising with solicitors regarding the claims being pursued.

APPENDIX E

JOINT LIQUIDATORS' EXPENSES

The Joint Liquidators' expenses incurred and paid are detailed below.

	Estimated £	Incurred in Period 06/09/2021 to 05/09/2022 £	Total Incurred 06/09/2019 to 05/09/2022 £	Total Paid 06/09/2019 to 05/09/2022 £
Category 1				
Secretary of State remittance fees	-	2.55	12.60	12.60
IS co liquidation administration fee	-	-	5,000.00	5,000.00
OR General Fee	-	-	6,000.00	6,000.00
Legal Fees & Disbursements	-	148,182.60	360,006.43	360,006.43
IS Banking fee	-	-	22.00	22.00
Tax deducted at source	-	23.20	219.01	219.01
Storage costs	-	-	2,379.38	2,379.38
Bank charges	-	100.71	254.86	254.86
IT costs	-	15,256.40	176,664.81	176,664.81
Partner retainer costs	-	-	31,530.18	31,530.18
Land Registry fees*	-	206.00	236.00	-
Statutory advertising*	-	-	81.00	-
Staff Travel & subsistence*	-	-	366.78	-
Data processing*	-	9,091.25	70,284.25	-
IT hardware*	-	26.65	26.65	-
Legal fees & Disbursements*	-	16,575.00	16,575.00	-
Storage costs*	-	1,918.87	1,918.87	-

* denotes expenses that have been paid as disbursements and have not yet been paid from the estate.

The expenses shown are largely self-explanatory however we would specifically comment on the following expenses which were incurred and/or paid in the Period:

Payments totalling £148k have been made to Stephenson Harwood LLP ('Stephenson Harwood') in relation to legal fees and disbursements charged in respect of advice pertaining to the various claims being pursued, as referred to in this Report.

Payments totalling £17k have been made to Osbourne Clarke LLP in relation to legal fees and disbursements charged in relation to advice and an application to the Court to rectify a defect in the appointment of the Joint Liquidators. Stephenson Harwood has agreed to settle these costs, along with the Joint Liquidators' time costs in relation to the matter, therefore an equivalent sum will be reimbursed to the Liquidation estate in due course.

IT, data processing and IT hardware costs relate to the maintenance of the LLP's electronic records to allow access to information required to enable future recoveries in the estate and for the purposes of complying with any directions handed down by the Court in the disqualification proceedings.

