

Liquidator's Progress Report

Pursuant to section 92A, 104A, and 192 of the
Insolvency Act 1986

S. 192

To the Registrar of Companies

Company Number

05443284

Name of Company

(a) Insert full name
of company

(a) THE BANKRUPTCY PROTECTION FUND LIMITED - IN
LIQUIDATION

(b) Insert full name(s)
and address(es)

I (b) David Rubin of David Rubin & Partners, Pearl Assurance House, 319
Ballards Lane, London, N12 8LY

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 19 August 2015 to 18 August
2016

Signed



Date

13/10/16

Presenter's name,
address and reference
(if any)

David Rubin & Partners
Pearl Assurance House
319 Ballards Lane
London N12 8LY

Tel 020 8343 5900
DX Number 57368 DX Exchange Finchley 1

TUESDAY



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18/10/2016

#119

COMPANIES HOUSE

IN THE MATTER OF
THE BANKRUPTCY PROTECTION FUND LIMITED - IN LIQUIDATION

AND
THE INSOLVENCY ACT 1986

THE LIQUIDATOR'S THIRD ANNUAL PROGRESS REPORT
PURSUANT TO SECTION 104A OF THE INSOLVENCY ACT 1986
AND
RULE 4.49C OF THE INSOLVENCY RULES 1986
FOR THE YEAR ENDED 18 AUGUST 2016

THE BANKRUPTCY PROTECTION FUND LIMITED - IN LIQUIDATION
Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986

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- B Cumulative Time Analysis for the Period from 19 August 2013 to 18 August 2016

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(a) Introduction

The Company was placed into liquidation by a Special Resolution of the members followed by a meeting of the creditors convened under section 98 of the Insolvency Act 1986 on 19 August 2013. This report provides an update on the progress in the liquidation for the year ended 18 August 2016.

Rule 4.49C-CVL(5): Progress Report

(b) Statutory information

Company name The Bankruptcy Protection Fund Limited
Registered office Pearl Assurance House, 319 Ballards Lane, London, N12 8LY
Company number 05443284
Trading address Metropolitan House, 20 Brindley Road, Manchester, M16 9HQ

(c) Liquidator's name and address:

David Rubin of David Rubin & Partners, Pearl Assurance House, 319 Ballards Lane, London, N12 8LY was appointed Liquidator of the Company on 19 August 2013.

(d) Basis of Liquidator's remuneration

Basis of remuneration

- 1.1 At the first meeting of creditors a resolution was passed approving that the basis of my remuneration as Liquidator be fixed by reference to the time properly spent by my staff and myself in attending to matters arising in the winding-up.
- 1.2 In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), a schedule of my firm's charge-out rates was issued to creditors at the time the basis of the Liquidator's remuneration was approved. There has not been any material increase in the rates since my last report. Our current hourly chargeout rates exclusive of VAT, which are charged in units of 6 minutes, are as follows -

	£
Senior / Managing Partners	450
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance.

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13 *Staff allocation and the use of subcontractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

(e) Liquidator's remuneration

My time costs for the year under review are £15,669. This represents 67.24 hours at an average rate of £232.48 per hour. I attach as Appendix B a Time Analysis which provides details of the activity during the year, analysed by staff grade.

I have also reviewed my cumulative time costs for the period from 19 August 2013 to 18 August 2016 and would report that my total time costs are £83,359 for 377.24 hours, which equates to an average cost of £220.88 per hour. A breakdown of my time charges is also set out in Appendix B. To date no funds have been paid on account of these time costs.

To view an explanatory note concerning Liquidators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website at www.drpartners.com/cases, using the following log-on details:

USERNAME: t392.the@drco.co.uk PASSWORD: eht293T*

Alternatively, please contact this office to arrange for a copy to be sent to you.

Included in the work undertaken by me and my staff is the following -

- 1 Dealing with creditors' enquiries both by correspondence and by telephone and noting their claims
- 2 Carrying out all necessary investigations, including the examination of the Company's statutory books and books of accounts and records in order to enable me to prepare and submit a Liquidator's report on the conduct of the directors pursuant to the requirements of the Company Directors Disqualification Act 1986
- 3 Performing further investigations into the remuneration drawn by the Company's sole director and liaising with solicitors in this regard
- 4 Performing further investigations into payments made by the Company to Synergy Leads Limited, and liaising with solicitors in this regard
- 5 Correspondence and discussions with the FCA regarding their ongoing investigation into the Company's activities
- 6 Collecting, sorting and archiving the Company's books and records and securing a backup of electronic records
- 7 Filing the appropriate documents relating to the liquidation at Companies House

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- 8 Applying for Liquidator's bond, as required by Section 390 of the Insolvency Act 1986
- 9 Publishing the necessary statutory advertisements in respect of the liquidation proceedings
- 10 Opening a designated bank account and dealing with the movement of funds
- 11 Correspondence with HM Revenue & Customs both as regards PAYE/NIC and VAT
- 12 Preparing the relevant VAT returns for the claiming of VAT inputs
- 13 Periodic case and file reviews to ensure compliance with regulatory obligations
- 14 Preparation and circulation of my annual progress reports and Receipts and Payments Account to creditors pursuant to S104A of the Insolvency Act 1986 and submission of same to the Registrar of Companies

(f) Liquidator's expenses

Expenses incurred in the liquidation are explained at (g) below in my comments on the Receipts and Payments Accounts

(g) Details of progress for the period under review and cumulatively:

As detailed in previous reports, the Company's Estimated Statement of Affairs ("ESOA") presented to the meeting of creditors reported that the Company's only readily realisable asset was a small amount of cash at bank. However, a PAYE refund of £4,825 has been received from HM Revenue & Customs. The only other asset realisations of significance have been dividends received from the bankruptcy estates of two debtors of the Company totalling £1,623.

The ESOA also detailed a small number of desks, chairs and other office equipment owned by the Company, which were not expected to have any value to the estate. Following examination of the Company's asset schedule by valuers and agents, messrs Rabbow & Co, it was deemed that the cost of removing these items would outweigh the benefit to the estate through any subsequent sale. As no sale of the assets in situ could be agreed, these items were abandoned at the Company's former offices.

Much of the work undertaken during the period in review has been in respect of further investigations detailed below at section "1"

A Receipts and Payments Account is attached at Appendix A, which is further explained below.

1. Receipts

1.1 PAYE Refund

A refund received relating to pre liquidation returns amounted to £4,824.73

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1.2 Debtors

Dividends received from the Bankruptcy estates of two debtors of the Company amount to £1,623 71

1.3 Sundry Receipt

The sum of £340 49 has been received from Key Retirement Solutions Limited

1.4 Cash at Bank

The amount of £72 63 standing in the Company's bank account at the date of liquidation has been received

1.5 Cash Held on Appointment

The amount of £7,200 was held by my firm, prior to my appointment as Liquidator, specifically for the purposes of meeting the costs of the Statement of Affairs fee as detailed below

1.6 Bank Interest Received

The funds in hand are held in an interest bearing account with a High Street bank in the Office Holder's name as Liquidator of the Company

Interest earned on the funds in hand amounts to £5 64 of which £1 85 was received during the year under review

2. Payments

2.1 Statement of Affairs Fee

This fee relates to the assistance given to the Directors of the Company in notifying and convening the members and creditors meetings under section 98 of the Insolvency Act 1986, and the preparation of the statement of affairs and Directors' report to creditors. This fee was approved at the first meeting of creditors, however, these funds were refunded as detailed below

2.2 Statutory Costs

The amount of £2 was paid in respect of fees for various searches and information obtained from Companies House

2.3 Statutory Advertising

This represents the costs for the publishing of statutory advertising in the London Gazette in respect of the first meetings of the members and creditors, the notice of the appointment of the Liquidator and to creditors to submit their claims in the liquidation

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2.4 Specific Bond

The specific bond is the cost of insurance, based on the level of realisations by the Liquidator, as required by the Insolvency Practitioners Regulations 2005

2.5 Meeting Costs

The first meetings of members and creditors were held at my offices for which my firm charged a nominal rental of £150 plus VAT for the provisions of the boardroom and ancillary facilities

2.6 Carriage and Archiving

My firm uses its own personnel and vehicle for collection of books and records for which we charge £30 per hour. My firm has been paid £360 for 12 hours in respect of collection of records from the Company's premises in Manchester and £210 for 7 hours in respect of sorting and indexing of said records

2.7 Amsol Refund

Investigations were carried out by the Administrator of Amsol Finance Limited ("Amsol") whereby it was brought to our attention that the funds we received for our statement of affairs fee was in fact paid by Amsol, shortly before they entered into Administration. As a result, although these funds were received in good faith, £6,000 has been returned to Amsol

2.8 Server Backup

Mailsure Telecom was paid the sum of £410 for their services in providing my firm with a full backup of the electronic records held on the Company's server

2.9 Legal fees

Solicitors SGH Martineau (now Shakespeare Martineau) ("SM") were instructed jointly with a sister company, Consolidated Finance Limited – In Administration ("CFL"), to assist and advise with investigations into the levels of remuneration drawn by the Company's director, as well as on several matters relating to a potentially significant debtor of the Company and CFL, Amsol Finance Limited. SM agreed a consent order with the respondent of the remuneration action, whereby he be paid the sum of £1,600 in order to facilitate the consensual withdrawal of the proceedings. Accordingly, £800 was paid by CFL, and the remaining £800 was paid by the Company

3. Expenses incurred but not yet drawn

3.1 Legal Fees & Disbursements

As previously reported, following investigations, initial proceedings were issued in respect of the director's remuneration as detailed below at "i". The majority creditor had agreed to cover the Company's costs in relation to this advice and action, pending the receipt of sufficient realisations in the case

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SM have issued an invoice totalling £43,723 50 (inclusive of VAT) for their work on these matters. This is broken down as £25,000 plus VAT in fees, in addition to disbursements of £10,304 57 plus VAT, and non Vatable disbursements of £1,061 95

CFL have paid the sum of £25,000 to SM on account of these costs, and as a result, a balance (inclusive of VAT) of £18,723 59 remains outstanding. SM charge their fees on a time cost basis and I have previously received a report of their time spent on this assignment.

(h) Details of any assets that remain to be realised and outstanding matters

The case remains open due to the further investigations and potential action detailed below at "i", which may lead to recoveries for the Liquidation estate.

(i) Investigations

- 1 1 In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am not able to disclose the contents.
- 1 2 Shortly after my appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting or as a response to my request to complete an investigation questionnaire. My investigations revealed the following issues -
 - Allegations have been made by representatives of the majority creditor that the Company's sole director may have drawn excessive remuneration from the Company in the form of salary and bonuses.
 - A number of payments were made to Synergy Leads Limited to acquire PPI leads prior to the Company's entry into liquidation. These leads were processed by a connected company, Amsol Finance Limited ("Amsol"). The majority creditor requested that we investigate the status and ownership of these leads.
- 1 3 Following receipt of the allegations detailed above, investigations were commenced into the levels of remuneration drawn from the Company and another company within the group, Consolidated Finance Limited ("CFL"), by its sole director, and the basis upon which remuneration was drawn. This work has included comprehensive reviews of the Company's physical and electronic records and has been undertaken jointly with CFL (a Company of which I am currently appointed as Joint Administrator). Solicitors SM were instructed to assist and advise in this regard, and, following investigations, initial proceedings were issued against the director ("the respondent") with the majority creditor agreeing to fund the Company's costs pending the receipt of realisations in the estate. These proceedings were however withdrawn with the consent of the respondent in June 2015, due to the non-payment of solicitors' fees by the majority creditor prohibiting points of claim from being filed. A consent order was entered into with the respondent whereby he be paid the sum of £1,600 to facilitate the withdrawal of the proceedings. In light of this, further investigations into this matter took place in order to ascertain whether it may be appropriate to re-issue proceedings or to take an assignment.

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I was approached by CF (2015) Limited who expressed an interest in purchasing this cause of action for a nominal sum and a further 20% of any further moneys successfully recovered. This was considered as this would potentially increase realisations in the Liquidation without any further cost to the Liquidation estate. Accordingly, I agreed as Liquidator to assign this action and the Assignee has agreed to take an absolute assignment of the Cause of action in consideration of the Assignee paying to the Liquidator the initial sum of £1 00 and a further 20% of any further moneys (net of reasonable legal costs and expenses) successfully recovered by the Assignee against Mr Holmes.

1.4 As previously reported a review of the Company's bank statements revealed payments made by the Company to Synergy amounting to over £100,000. These payments were made in order to acquire PPI leads, which were processed by Amsol. Amsol entered administration in October 2013. The Administrator confirmed that Amsol's records indicate a balance owing to the Company of £145,255. Furthermore, my investigations suggested that the leads were purchased from Synergy for Amsol to process, but remained the property of the Company, and that title never passed to Amsol, meaning that realisations from the processing of the leads should be payable directly to the Company and not Amsol. Amsol's Administrator claims that, on the contrary, the leads were purchased by the Company for Amsol, and the payments made were therefore essentially intercompany loans. Solicitors' SM were instructed jointly with CFL (who also made similar payments to Synergy for leads processed by Amsol) to advise and assist with investigations into this matter, and also with regards to the subsequent concerns raised that certain claims and votes lodged in the Amsol administration may not be valid. The dispute with Amsol is still current and the conduct of the enquires is sensitive and I am therefore not in a position to elaborate further.

(j) Creditors' rights – Rule 4.49E and Rule 4.131

- i) Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidator provides further information about his remuneration or expenses which have been itemised in this progress report.
- ii) Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the Liquidator's remuneration, the remuneration charged or the expenses incurred by the Liquidator as set out in this progress report are excessive.

(k) Any other relevant information:

(i) (a) Secured creditors

The Company has no secured creditors.

(b) Prescribed Part

Section 176A of the Insolvency Act 1986 provides for a prescribed part of the Company's net property to be retained from distribution to the floating charge holder, where the debenture was created on or after 15 September 2003 and made available for the satisfaction of unsecured debts.

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Accordingly this regulation does not apply as no debenture has been created on or after 15 September 2003

(ii) Preferential creditors

I have received a preferential claim from the Redundancy Payments Office for £3,566 90


(iii) Unsecured creditors

The claims of 16 unsecured creditors totalling £2,715,948 74 have been received compared to 30 creditors totalling £2,653,330 disclosed on the Director's Estimated Statement of Affairs. Based on current information, it is unlikely that there will be a dividend payable to the unsecured non-preferential creditors

(l) Next report

I am required to provide a further report on the progress of the liquidation within two months of the end of the next anniversary of the liquidation, unless I have concluded matters prior to that, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instance either my Senior Manager, Tracy Cook, or his/her assistant, Trupti Patel at this office



DAVID RUBIN - LIQUIDATOR

DATE: 13 OCTOBER 2016

THE BANKRUPTCY PROTECTION FUND LIMITED - IN LIQUIDATION**LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT****FROM 19 AUGUST 2013 TO 18 AUGUST 2016**

	<u>Estimated</u> <u>to realise</u> £	<u>Realised</u> <u>to-date</u> £	<u>Y/E</u> <u>18-Aug-16</u> £
<u>Balance brought forward</u>			6,634 55
<u>Receipts</u>			
PAYE Refund		4,824 73	0 00
Debtors		1,623 71	0 00
Sundry Receipt		340 49	0 00
Cash at Bank	100 00	72 63	0 00
Cash Held on Appointment		7,200 00	0 00
Third Party Funds		184 42	184 42
Bank Interest Received		5 64	1 85
		<u>14,251 62</u>	<u>6,820 82</u>
<u>Payments</u>			
Statement of Affairs Fee		6,000 00	0 00
Statutory Costs		2 00	0 00
Statutory Advertising		253 80	0 00
Specific Bond		64 80	19 80
Meeting Costs		150 00	0 00
Carriage & Archiving		570 00	0 00
Agents/Valuers fees		800 00	800 00
Amsol Refund		6,000 00	6,000 00
Server Backup		410 00	0 00
		<u>14,250 60</u>	<u>6,819 80</u>
<u>Receipts less Payments</u>		<u>1 02</u>	<u>1 02</u>
<u>Represented by:-</u>			
Balance at Bank			<u>1 02</u>
			<u>1 02</u>

THE BANKRUPTCY PROTECTION FUND LIMITED - IN LIQUIDATION

LIQUIDATOR'S TIME COSTS							
FOR THE PERIOD 19 AUGUST 2015 TO 18 AUGUST 2016							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning	01 12	10 24	23 00	01 12	35 48	7,596 00	212 18
Investigations	00 48	21 12	03 48	00 00	25 48	6,352 00	246 20
Realisations of assets	01 36	00 48	02 00	00 00	04 24	1,320 00	300 00
Creditors	00 30	00 12	00 42	00 00	01 24	401 00	286 43
Total hours and costs	04 06	32 36	29 30	01 12	67 24	15,669 00	232 48

LIQUIDATOR'S CUMULATIVE TIME COSTS							
FOR THE PERIOD FROM 19 AUGUST 2013 TO 18 AUGUST 2016							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
IPS set up & maintenance	00 00	00 00	00 24	00 00	00 24	80 00	200 00
Statutory filings, circulars, notices, etc	01 54	00 00	24 00	00 00	25 54	4,971 00	191 93
Case planning, strategy & control	01 48	15 06	18 36	00 00	35 30	8,063 00	227 13
Taxation. PAYE, C/Tax & VAT	00 06	00 00	02 12	00 00	02 18	415 50	180 65
Accounting & Cashiering	00 00	00 06	00 30	09 24	10 00	1,583 00	158 30
Case reviews & Diary maintenance	00 00	37 06	33 54	00 00	71 00	15,363 00	216 38
Statutory reporting and compliance	00 48	09 00	16 06	00 00	25 54	5,472 00	211 27
Investigations							
CDDA preparation & reporting	00 00	04 30	31 18	00 00	35 48	6,242 00	174 36
SIP2 assessment and financial review	00 42	00 00	00 00	00 00	00 42	315 00	450 00
Antecedant transactions & wrongful trading	00 42	48 12	25 42	00 00	74 36	16,991 00	227 76
Proceedings & recoveries	00 48	33 36	08 24	00 00	42 48	10,280 00	240 19
Realisation of assets							
Intangible assets	00 00	00 06	00 24	00 00	00 30	97 00	194 00
Book debts collection	00 12	00 06	03 30	00 00	03 48	745 00	196 05
Tangible assets	09 18	10 54	05 30	00 00	25 42	7,765 50	302 16
Creditors							
Unsec'd Creditors correspondence & claims	03 00	01 42	05 30	00 00	10 12	2,675 00	262 25
Preferential creditors & employees	00 00	03 06	09 12	00 00	12 18	2,301 00	187 07
Total hours and costs	19 18	163 30	185 12	09 24	377 24	83,359 00	220 88