

# Liquidator's Progress Report

# S.192

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

To the Registrar of Companies

Company Number

09300430

Name of Company

(a) Insert full name of company

(a) PRODIAL LIMITED

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

I (b)

Jonathan Lord of Bridgestones Ltd, 125/127 Union Street, Oldham, Lancashire, OL1 1TE, United Kingdom

the liquidator of the company attach a copy of my Progress Report under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 10 November 2015 to 09 November 2016

Signed



Date 9<sup>th</sup> January 2017

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

Jonathan Lord  
Bridgestones Ltd  
125/127 Union Street  
Oldham  
Lancashire  
OL1 1TE  
United Kingdom

THURSDAY



A19 \*A5XZ02E8\* #69  
12/01/2017  
COMPANIES HOUSE

## **PRODIAL LIMITED – IN LIQUIDATION**

### **PROGRESS REPORT AND ACCOUNT OF THE LIQUIDATOR PURSUANT TO SECTION 104A OF THE INSOLVENCY ACT 1986**

**PERIOD: 10<sup>TH</sup> NOVEMBER 2015 TO 9<sup>TH</sup> NOVEMBER 2016**

I write following my appointment as Liquidator of the above Company on 10<sup>th</sup> November 2015

It is now 1 year since my appointment in this matter, and I am therefore writing to all members and creditors in accordance with Section 104A of The Insolvency Act 1986, to advise you of my dealings in the liquidation and to lay before you an account of my receipts and payments

#### **Executive Summary**

The liquidation remains ongoing, whilst further investigations into various matters continue I anticipate that these investigations will be completed within another 12 months, and before then I will have established all claims arising from the investigations

The prospect of a dividend to any class of creditor remains uncertain at this time, as it depends upon realisations following the outcome of my investigations

#### **Background Information**

Company Name	Prodial Limited
Company Number	09300430
Trading Address	7 Wilton Close, Partridge Green, Horsham, West Sussex, RH13 8RX
Current Registered Office	125 / 127 Union Street, Oldham OL1 1TE
Liquidator	Jonathan Guy Lord
Liquidators Address	125 / 127 Union Street, Oldham OL1 1TE
Date of Appointment	10 November 2015

#### **Liquidator's Actions Since Appointment**

At the date of my appointment, the Company had presented a Statement of Affairs indicating its assets and liabilities. The only assets shown thereon were some items of plant and machinery, which were subject to a lien, and a small amount of cash at bank

My initial strategy in dealing with the case was to try to realise the assets which were being held at the premises of Pulsant Limited, collect the cash at bank and commence my investigations

I was contacted early in proceedings by creditors voicing concern that the company had not operated correctly. Particularly there were allegations of wrongdoing by the

Information Commissioners Office, who raised a fine against the Company, significantly increasing the level of creditors

The cash at bank was realised, subject to a minor reduction from the figure provided, due to bank charges levied by Santander

The plant and machinery (computer equipment) was recovered and sold following its collection by agents, The Landwood Group. The sale was made at auction to unconnected third parties

The plant and machinery consisted of computers, used as servers by the Company. These machines had to be wiped of memory before they could be sold

The lien claimed by Pulsant Limited was in relation to unpaid storage costs for the machinery, and this was discharged

My initial investigations soon revealed a number of payments which caused concern, as there was no apparent reason for these payments to be made. The payments were made to individuals connected with the company, or to companies under the control of the former director

A dialogue was entered into with the parties in question to ascertain the reason for the payments, and as a result, claims have arisen which I can pursue

One of these claims is against Mr Phillip Carrington, who has since been declared bankrupt, and I have had to liaise with his Trustee in order to lodge my claim and advise him of its nature

In addition to the above there is certain work that I am required by the insolvency legislation to undertake in connection with the liquidation that provides no financial benefit for the creditors. A description of the routine work undertaken since my appointment as Liquidator is contained in Appendix 2

### **Receipts And Payments**

My Receipts & Payments Account for the period from 10th November 2015 to 9th November 2016 is attached at Appendix 1

The balance of funds are held in an interest bearing estate bank account

### **Receipts**

Physical Assets and Cash at Bank were listed on the Company's statement of affairs, which was drawn up to the date of liquidation. No assets listed on the statement of affairs remain uncollected

### **Cash at Bank – Statement of Affairs value £383**

The statement of affairs showed that the Company had cash at bank of £383. This cash was transferred to the liquidation estate on 14th December 2015. The realisation was for £375.78 due to a deduction by Santander for bank charges

## **Physical Assets – Statement of Affairs value £2,908**

The Company owned a number of computers that were being used as servers, off-site from the Company's trading premises. The site owner had exercised a lien over the machines. Because of this, the estimated to realise value of the machines was given as £2,908 allowing for the lien.

I was able to negotiate with the site owner to allow removal of the machines. The machines were valued by professional valuation agents, The Landwood Group, who estimated that they had a realisable value of £6,000, and recommended that the most appropriate method of disposal was by way of a sale by auction. The computers' memory was wiped, and they were sold by auction. This realised £4,000 rather than the expected £6,000.

## **Bank Interest, Net of Tax**

Funds received by the Liquidator are lodged in an interest bearing account in the Company's name. Interest credited to this account becomes a receipt in the Liquidation. A sum of £0.11 has been received in this regard.

## **VAT Payable**

VAT payable to HMRC on transactions undertaken by the Liquidator.

## **Payments**

Payments have been made from the liquidation account, as detailed below.

## **Specific Bond**

This is an insurance policy taken out by the insolvency practitioner. This policy covers the value of the assets within the liquidation against possible theft by the insolvency practitioner responsible. It is required by law to be taken out in any case where there are assets and is for the benefit of the creditors. In this case a payment has been made for £40.00 in this regard.

## **Agent's Fees**

A sum of £2,780 plus VAT has been paid to Landwood Group for their assistance in collecting, valuing, and auctioning the Company's computers.

## **Professional Fees**

A sum of £980 plus VAT was paid to IT Brains for the wiping of the memories of the computers collected and sold.

## **Settlement of Lien**

A sum of £288 has been paid to Pulsant Limited in relation to a lien held over the Company's assets.

## **Bank Charges**

£1.20 has been paid to National Westminster Bank for charges relating to the operation of the liquidator's bank account.

## **Liquidator's Remuneration**

A sum of £312 20 has been paid to the Liquidator for fees based on his time costs  
Further details are provided below

## **VAT Receivable**

The VAT aspect of Vat rated expenses incurred in the running of the Liquidation is reclaimable as a VAT Refund. If money is available in the estate account to pay these expenses, then the subsequent VAT refund is a receipt of the Liquidation. The VAT refund represents expenses incurred after the Company entered Liquidation, and bears no relation to any claim the H M Revenue and Customs have lodged

## **DIVIDEND PROSPECTS**

At this stage of the proceedings, it is too early to forecast dividend prospects for creditors, as they are dependant upon future realisations, which in turn depend upon any recoveries to be made following my investigations

At this stage, no dividend is available for creditors of any class

There are no preferential or secured creditors in this matter

5 unsecured creditors' claims have been received totalling £486,932 92

4 unsecured creditors' claims were listed on the Company's statement of affairs as having a value of £60,501

The difference is due to an increase in the HM Revenue & Customs debt and a £350,000 proof of debt form received from the Information Commissioner's Office ("ICO") regarding a fine that the Company was issued following the liquidation

Due to lack of realisations at this stage, no dividend can be paid to any class of creditor at this time

## **Prescribed Part**

There are provisions within the insolvency legislation that require a Liquidator, to set aside a percentage of a company's assets, for the benefit of the unsecured creditors in cases where the company gave a qualifying floating charge over its assets to a lender on, or after, 15 September 2003. This is known as the prescribed part of the net property. A company's net property is that which is left after paying the preferential creditors, but before paying the lender who holds a floating charge

A Liquidator has to set aside

- 50% of the first £10,000 of the net property, plus
- 20% of the property which exceeds £10,000,

up to a maximum prescribed part of £600,000

There is no qualifying floating charge in this case so the prescribed part provisions do not apply

## **Duties and Investigations**

A description of the routine work undertaken in the liquidation to date is attached at Appendix 2

I have undertaken a preliminary review of the Company's financial records and minutes for the period from November 2014 to liquidation to identify any unusual or exceptional transactions

I have used the bank statement and financial records to compare the information within the statement of affairs to that contained in the records to ascertain whether all significant assets can be identified and material movements in asset values can be explained. The Company had not produced accounts at the time of its demise. I have found a number of transactions which I believe are not to the benefit of the Company, and are to the benefit of its directors.

I have carried out investigations into the Company's practices and the reason behind the Company's failure as well as an investigation into the affairs of the Company, and I am continuing to pursue recovery from certain transactions undertaken by the Company in the period leading up to liquidation. This may or may not lead to further realisations into the estate.

I have instructed Ward Hadaway Solicitors to assist me in my pursuit of funds and advise me upon the prospects of success of issuing proceedings.

I have undertaken an investigation into the conduct of the Directors. In accordance with my statutory duty I have submitted a Conduct Report to the Insolvency Services of the Department of Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986 regarding the director. This report is confidential so I cannot disclose its content.

In view of the current low prospects of a repayment to creditors in this matter, and in order to reduce costs, I do not propose to spend time formally agreeing claims at this stage. I will hold claims, and I will only adjudicate on their validity if it becomes likely that a dividend will be paid.

## **Outcome of investigation**

My investigations revealed a number of transactions in favour of the director and former director during their periods of office and also with companies associated with the director.

I have formulated a claim against Mr Phillip Carrington in the sum of £297,256.77 in relation to funds withdrawn from the Company in contravention of his duties as a director.

Unfortunately, Mr Carrington was declared bankrupt on 9<sup>th</sup> March 2015, and although I have lodged a claim in his bankruptcy estate, the prospects of recovering any money from this source are uncertain at this time.

I am considering further actions against other parties at this time, but due to the sensitive nature of these actions, I do not wish to reveal them at this stage.

## LIQUIDATORS' REMUNERATION

My remuneration was previously authorised by the creditors at a meeting held on 10<sup>th</sup> November 2015. My remuneration was authorised on a time cost basis based on a fees estimate of £46,045. The fees estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors. My total time costs to 9<sup>th</sup> November 2016 amount to £22,198, representing 56 20 of hours work at an average charge out rate of £275.75 per hour. The actual average charge out rate incurred compares with the estimated average charge out rate of £277.38 in my fees estimate.

I have drawn £312.20 + VAT to 9<sup>th</sup> November 2016.

A detailed schedule of my time costs incurred to date is attached.

As at 9<sup>th</sup> November 2016 I do not anticipate that the total time costs I will incur in this matter in respect of the categories of work for which I am being remunerated on a time cost basis will exceed the total estimated remuneration I set out in my fees estimate when my remuneration was authorised by the creditors.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3, together with an explanatory note which shows Bridgestones' fee policy is available at the link <http://www.bridgestones.co.uk/technical.html>. Please note that there are different versions of the Guidance Notes and in this case you should refer to the October 2015 version.

## **LIQUIDATORS' EXPENSES**

I have incurred expenses to 9<sup>th</sup> November 2016 of £4,049.10 + Ward Hadaway Solicitors Costs which have not been provided to me yet.

I have paid expenses of £3,800 to date.

I have incurred the following expenses in the period since my appointment as Liquidator:

Type of expense	Amount incurred/ accrued in the reporting period
Landwood Group – Agents/Valuers Fees	£2,780.00
IT Brains – Professional Fees to wipe computer memory	£980.00
Ward Hadaway – solicitors costs	To be Confirmed
London Gazette - advertising	£139.10
Visionblue Solutions – computer software	£110.00
AUA Insolvency Risk Services – insurance bond	£40.00

I have incurred the following category 2 disbursements in the period since my appointment as Liquidator

Type of category 2 disbursement	Amount incurred/ accrued in the reporting period
Box Storage	£30 00
Photocopying	£9 00
Printed Paper	£5 70
Mileage	£65 10

I have used the following agents or professional advisors in the reporting period

Professional Advisor	Nature of Work	Basis of Fees
Landwood Group	Valuer/Auctioneer	Time costs and Percentage of realisations plus disbursements
Ward Hadaway	Solicitors	Time costs plus disbursements

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

The work completed by Landwood Group is explained above, in that they collected, valued and sold assets of the Company.

Ward Hadaway have completed work to advise me in relation to claims that could be brought against parties connected to the Company. This remains ongoing, and Ward Hadaway have not yet raised an invoice in relation to their work.

At the time of my appointment, I did not believe I would incur any of the above expenses, as the assets were held by a third party, and were only recoverable after negotiation, and I was unaware of the claims which would arise against the related parties, necessitating the use of solicitors.

#### **FURTHER INFORMATION**

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Joint Liquidators' remuneration and expenses within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Joint Liquidators' fees and the amount of any proposed expenses or expenses already incurred within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about Bridgestones can be found at <http://www.bridgestones.co.uk>



## **SUMMARY**

The Liquidation will remain open until the claims against the director, former director and associated parties have been fully resolved. I estimate that this will take approximately 12 months and once resolved the Liquidation will be finalised and my files will be closed.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Bridgestones on the above telephone number, or by email to [ian@bridgestones.co.uk](mailto:ian@bridgestones.co.uk)

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line extending to the right.

**Jonathan Lord**  
**Liquidator**

## Appendix

### 1 Administration

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case
- Setting up physical case files
- Setting up the case on the practice's electronic case management system and entering data
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment
- Obtaining a specific penalty bond
- Dealing with all routine correspondence and emails relating to the case
- Opening, maintaining and managing the office holder's estate bank account
- Creating, maintaining and managing the office holder's cashbook
- Undertaking regular bank reconciliations of the bank account containing estate funds
- Reviewing the adequacy of the specific penalty bond on a quarterly basis
- Undertaking periodic reviews of the progress of the case
- Overseeing and controlling the work done on the case by case administrators
- Preparing, reviewing and issuing annual progress reports to creditors and members
- Preparing returns for filing at Companies House
- Preparing and filing Corporation Tax information

### 2 Creditors

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims
- Maintaining up to date creditor information on the case management system
- Reviewing proofs of debt received from creditors

### 3 Investigations

- Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act

**Prodial Limited - In Creditors Voluntary Liquidation  
Liquidator's Abstract of Receipts & Payments**

**From 10 November 2015 To 09 November 2016**

<b>S of A £</b>	<b>As Previously Reported</b>	<b>10/11/15 to 09/11/16</b>	<b>Total £</b>	
<b>RECEIPTS</b>				
6,000	Plant & Machinery	NIL	4,000 00	4,000 00
383	Cash at Bank	NIL	375 78	375 78
NIL	Bank Interest Net of Tax	NIL	0 13	0 13
NIL	Vat Payable	NIL	800 00	800 00
6,383		NIL	5,175 91	5,175 91
<b>PAYMENTS</b>				
	Agents/Valuers Fees (1)	NIL	2,780 00	2,780 00
	Bank Charges	NIL	1 20	1 20
	Professional Fees	NIL	980 00	980 00
	Settlement of Lien	NIL	288 00	288 00
	Liquidator's Remuneration	NIL	312 20	312 20
	Vat Receivable	NIL	752 00	752 00
	Specific Bond	NIL	40 00	40 00
		NIL	(5,153 40)	(5,153 40)
<b>CASH IN HAND</b>				
		NIL	22 51	22 51

\* INSOLV \*\* Prodial Limited in Creditor's Voluntary Liquidation

No

Analysis of Time Costs for the Period from 10 November 2015 to 9 November 2016

Classification of work function	Hours										Average Hourly Rate (£)
	Insolvency Practitioner	Director	Senior Manager	Manager	Case Administrator	Cashiering	Support Staff	Total Hours	Time Costs (£)		
Administration and Planning	5 50	0 00	19 50	0 00	0 00	0 00	0 00	26 00	7,205 00	277 12	
Realisation of Assets	4 00	0 00	5 50	0 00	0 00	0 00	0 00	9 50	3,040 00	320 00	
Creditors	0 00	0 00	2 00	0 00	1 50	0 00	0 00	3 50	720 00	205 71	
Investigation	6 70	0 00	34 80	0 00	0 00	0 00	0 00	41 50	11,233 00	270 67	
<b>Total Hours</b>	<b>16 20</b>	<b>0 00</b>	<b>61 80</b>	<b>0 00</b>	<b>1 50</b>	<b>0 00</b>	<b>0 00</b>	<b>80 50</b>	<b>22,198 00</b>	<b>275 75</b>	
<b>Total Fees Claimed (£)</b>	<b>6,966 00</b>	<b>0 00</b>	<b>14,832 00</b>	<b>0 00</b>	<b>240 00</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>	<b>0 00</b>	

Hourly Rate Range	From	To
Insolvency Practitioner	430 00	430 00
Director	0 00	0 00
Senior Manager	240 00	240 00
Manager	0 00	0 00
Case Administrator	160 00	160 00
Cashier	0 00	0 00
Assistants & Support Staff	0 00	0 00