

5753845

Liquidator's Annual Progress Report to Creditors

✂ 05753845 Limited
(Formally known as Adaptive Designs Ltd)
- In Compulsory Liquidation

19 May 2017

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1 Introduction and Statutory Information

- 1.1 I, Brian Baker of Kingston Smith & Partners LLP Devonshire House, 60 Goswell Road, London, EC1M 7AD, was appointed as Liquidator of 05753845 Limited ("the Company") formally known as Adaptive Designs Limited on 4 April 2014, replacing the previous Liquidator, Ian Defty.
- 1.2 The winding-up order was made on 2 August 2011 in the Newcastle-Upon-Tyne County Court under Court reference number 729 of 2011. This Progress Report covers the period from 4 April 2016 to 3 April 2017 ("the Period") and should be read in conjunction with previous Progress Reports which have been issued.
- 1.3 The trading address of the Company was 80 South View, East Denton, Newcastle-Upon-Tyne NE5 2BQ.
- 1.4 The registered office of the Company has been changed to 4th Floor 4 Victoria Square, St Albans, Hertfordshire, AL1 3TF and its registered number is 05753845.

2 Progress of the Liquidation

- 2.1 This section of the report provides creditors with an update on the progress made in the liquidation during the Period.
- 2.2 At Appendix A is my Receipts and Payments Account for the Period together with a cumulative account from 6 September 2011 to 3 April 2017.
- 2.3 Attached at Appendix B is time analysis for the Period together with a cumulative account from 6 September 2011 to 3 April 2017.
- 2.4 The majority of time incurred during the Period relates to dealing with Creditors, which in this instance represents time incurred dealing with the preparation and circulation of the annual progress report to creditors.
- 2.5 Further time has been incurred in dealing with Administration and Planning, this includes internal compliance reviews, strategy review meetings and general case admin.
- 2.6 The remaining time in the period is split between Investigations and Realisation of Assets, this work includes further asset tracing enquires and review of the investigators findings together with review of my statutory bond.

Administration (including statutory compliance & reporting)

- 2.7 The Liquidator must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986 and other related legislation. Details about the work I anticipated would need to be done in this area was outlined to creditors in my initial fees estimate/information.
- 2.8 Where the costs of statutory compliance work or reporting to creditors exceeds the initial estimate, it will usually be because the duration of the case has taken longer than anticipated, possibly due to protracted asset realisations, which have in turn placed a further statutory reporting requirement on the Liquidator.

Realisation of Assets

- 2.9 No further asset recoveries have been made into the Liquidation estate during the Period. Please note that asset realisations made since the start of the Liquidation are fully detailed in the attached Receipts and Payments Account at Appendix A and additional information is in my former reports to creditors.

- 2.10 It is considered that the work the Liquidator and his staff have undertaken to date will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and unsecured creditors of the Company.

Creditors (claims and distributions)

- 2.11 Further information on the anticipated outcome for creditors in this case can be found at section 3 of this report. A Liquidator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2.12 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal. However in this instance there are no preferential creditors, accordingly no work has been incurred in relation to this matter.
- 2.13 The above work will not necessarily bring any financial benefit to creditors generally, however a Liquidator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Liquidator in dealing with those claims.
- 2.14 I consider the following matters worth noting in my report to creditors at this stage:
- There are two known unsecured creditors in this case with a value as per their proof of debt forms of £400,965. I do not propose to incur time in adjudicating their claims as presently there is no prospect of a distribution to creditors. One other creditor has not claimed.

Investigations

- 2.15 As you may be aware, in a compulsory liquidation the duty to investigate the Company's affairs is the responsibility of the Official Receiver. There is no requirement on the Liquidator to submit a report or return on the directors' conduct to the Department for Business, Energy & Industrial Strategy, however where matters are brought to the Liquidator's attention these are reported as appropriate to the Official Receiver for further consideration.
- 2.16 I would confirm that 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 and that may need reporting to the Official Receiver. 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.
- 2.17 Our investigations identified claims in the Liquidation estate in accordance with Section 212 of the Insolvency Act 1986 and in Section 320 of the Companies Act 1985. This information together with supporting documentation was issued to the Insolvency Service in March 2013.
- 2.18 As detailed in previous reports, the Company Director migrated from the United Kingdom to New Zealand and an initial asset search, funded by HM Revenue & Customs, failed to identify any assets held by the Director.
- 2.19 However, it was agreed that prior to proceeding to closing the Liquidation one further asset trace would be undertaken. Accordingly further funding was provided by HM Revenue & Customs and the report has since identified assets held in the Director's name with a third party.

2.20 At present I am awaiting confirmation from my solicitors as to the costs for enforcement in New Zealand. Once received I shall canvas the views of creditors, with the options available in respect of the claims.

3 Creditors

Secured Creditors

3.1 There are no secured creditors in this case.

Preferential Creditors

3.2 There are no preferential creditors in this case.

Unsecured Creditors

3.3 I have received claims totalling £400,965 from two creditors. I have yet to receive a claim from one creditor whose debt is unknown.

3.4 Based on the information to hand it is unlikely that sufficient realisations will be made into the estate to provide a distribution to creditors. Should this change I will write to creditors as per paragraph 2.20 above.

4 Liquidator's Remuneration

4.1 The Creditors approved that the basis of the Liquidator's remuneration be fixed by reference to the time properly spent by him and his staff in managing the Liquidation. This was agreed at a meeting of creditors held on 20 October 2011.

4.2 My time costs for the Period are £2,725. This represents 9.75 hours at an average rate of £279 per hour. Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent by me in managing the liquidation.

4.3 Also attached as Appendix B is a cumulative Time Analysis for the period from 6 September 2011 to 3 April 2017 which provides details of time costs since the onset of the Liquidation. The cumulative time costs incurred to date are £95,792. This represents 301.25 hours at an average rate of £318 per hour.

4.4 I confirm that no funds have been drawn on account of my fees and disbursements during the Period, however, fees of £1,058 and disbursements of £944 plus VAT have been draw since 6 September 2011.

4.5 In considering the remaining work to be done in this Liquidation, I currently anticipate that my time costs to complete the Liquidation will be approximately £3,000. This will increase significantly should the claims progress. I will update creditors on this in my next Progress Report.

4.6 Since 6 September 2011 the following Category 2 disbursements have been incurred but not drawn.

Photocopying £22

Postage £9

4.7 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from www.ks.co.uk/liquidators-fees/.

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4.8 Attached as Appendix C is additional information in relation to the Liquidator's fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

5 Creditors' rights

5.1 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 provide further information about his remuneration or expenses which have been itemised in this progress report.

5.2 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, in all the circumstances, the basis fixed for the Liquidator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidator, as set out in this progress report, are excessive.

6 Next Report

6.1 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 this, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors.

Yours faithfully



BRIAN BAKER
Liquidator

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Appendix A

Receipts and Payments Account from 4 April 2016 to 3 April 2017 and cumulatively from 6 September 2011 to 3 April 2017

**05753845 Limited - Formerly Known As Adaptive Designs
(In Liquidation)**

Summary of Receipts & Payments

RECEIPTS	Statement of Affairs (£)	From 06/09/2011 To 03/04/2016 (£)	From 04/04/2016 To 03/04/2017 (£)	Total (£)
Realisation of charge over 46 Woodside		39,759.20	0.00	39,759.20
Guaranteed Costs		525.00	805.00	1,330.00
Bank Interest Gross		2.97	0.00	2.97
Petitioners Deposit		1,000.00	0.00	1,000.00
		41,287.17	805.00	42,092.17
PAYMENTS				
restoration costs		2,657.00	0.00	2,657.00
balance held by Housemans Solicitors		1,380.24	0.00	1,380.24
O.R. Remuneration		2,235.00	0.00	2,235.00
DTI Cheque Fees		11.55	0.00	11.55
Sec of State Fees		4,533.84	0.00	4,533.84
Petitioners Costs		2,762.65	0.00	2,762.65
Specific Bond		90.00	0.00	90.00
Office Holders Fees		1,507.97	0.00	1,507.97
Office Holders Expenses		788.56	0.00	788.56
Agents/Valuers Fees (1)		525.26	805.00	1,330.26
Housemans Legal Fees		5,037.62	0.00	5,037.62
Counsel Fees - Legal Fees		7,943.38	0.00	7,943.38
Tax Deducted at Source		0.60	0.00	0.60
Statutory Advertising		65.87	0.00	65.87
Insurance of Assets QBE		8,798.00	0.00	8,798.00
Bank Charges		402.00	88.00	490.00
		38,739.54	893.00	39,632.54
Net Receipts/(Payments)		2,547.63	(88.00)	2,459.63
MADE UP AS FOLLOWS				
Vat Receivable		3,086.67	0.00	3,086.67
ISA NOT ON INTEREST BEARING		2,547.37	(893.00)	1,654.37
ISA IB		0.26	805.00	805.26
Vat Control Account		(3,086.67)	0.00	(3,086.67)
		2,547.63	(88.00)	2,459.63

Appendix B

Time Analysis for the period 4 April 2016 to 3 April 2017 and cumulatively from 6 September 2011 to 3 April 2017

Summary of Fees and Expenses

From 04/04/2016 to 03/04/2017

Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	0.50	0.25	1.00	1.75	548.33	313.33
Strategy reviews/Checklists/Diary	0.50	0.08	0.08	0.67	261.67	390.55
General Admin/Billing/Filing		0.17	0.08	0.25	78.33	313.32
Dealing with company/Debtor re			0.75	0.75	187.50	250.00
Post Appointment VAT & CTax			0.08	0.08	20.83	260.38
Investigations	1.17		0.08	1.25	481.67	385.34
Antecedent transactions	0.33			0.33	131.67	399.00
Information capture/initial	0.75			0.75	296.25	395.00
Strategy, planning, meetings and	0.08		0.08	0.17	53.75	316.18
Creditors	1.00		5.58	6.58	1,653.33	251.27
Correspondence/Preparation of	1.00		5.58	6.58	1,653.33	251.27
Realisation of Assets			0.17	0.17	41.67	245.12
Identification, securing, insuring &			0.17	0.17	41.67	245.12
Grand Total:	2.67	0.25	6.83	9.75	2,725.00	

Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

3 The number of hours shown have been rounded to two decimal places.

Disbursements

Category 1 Disbursements

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as per the report.

Summary of Fees and Expenses

From 06/09/2011 to 03/04/2017

Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Other Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	32.75	11.25	41.00	0.33	85.33	33,904.22	397.33
Case Planning/Information	26.25	2.17	11.33		39.75	20,679.26	520.23
Dealing with company/Debtor re	0.42	0.08	0.83		1.33	390.50	293.61
General Admin/Billing/Filing	1.42	3.25	13.92	0.33	18.92	5,161.30	272.80
Post Appointment VAT & CTax	0.33	1.67	1.92		3.92	943.51	240.69
Set-up Administration/IPS/Initial	0.42	0.75	3.50		4.67	963.00	206.21
Statutory filing with Court, Companies	0.25		0.50		0.75	199.26	265.68
Strategy reviews/Checklists/Diary	3.67	3.17	9.00		15.83	5,517.39	348.54
Cashiering - set-up, maintenance &		0.17			0.17	50.00	294.12
Investigations	7.83	50.25	130.33		188.42	53,543.48	284.17
Antecedent transactions	3.17				3.17	1,250.84	394.59
Information capture/initial	1.08	15.00	12.58		28.67	10,540.78	367.66
Litigation - document review	0.25	15.50	45.17		60.92	19,600.84	321.75
Strategy, planning, meetings and	3.33	16.75	28.50		48.58	15,240.77	313.73
Retrieval, review & analysis of debtors		3.00	44.08		47.08	6,910.25	146.78
Realisation of Assets	0.25	5.92	2.00	0.08	8.25	3,477.84	421.56
Freehold & Leasehold	0.17	4.83	0.92		5.92	2,655.33	448.54
Identification, securing, insuring &	0.08	0.08	0.83	0.08	1.08	282.51	261.58
Tangible Assets - plant, motors,		1.00	0.25		1.25	540.00	432.00
Creditors	1.42	1.58	15.92	0.33	19.25	4,866.44	252.80
Claims/Proofs	0.08		0.50		0.58	119.76	206.48
Correspondence/Preparation of	1.33	1.58	15.42	0.33	18.67	4,746.68	254.24
Grand Total:	42.25	69.00	189.25	0.75	301.25	95,791.98	

Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

3 The number of hours shown have been rounded to two decimal places.

Disbursements

Category 1 Disbursements

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case a per the report.

Appendix C**Additional Information in Relation to the Liquidator's Fees, Expenses & Disbursements****1 Staff Allocation and the Use of Sub-Contractors**

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case.

2 Professional Advisors

- 2.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Housemans Solicitors (legal advice) / Nicholson & Morgan	CFA Basis
Marsh (bond/insurance)	Scale rate
Zavest Limited (Professional Investigators)	Fixed Fee – Paid by HMRC funding
QBE (Insurance)	Scale rate

- 2.2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

3 Liquidator's Expenses & Disbursements***Current position of Liquidator's expenses***

- 3.1 An analysis of the expenses paid to the date of this report, together with those incurred but not paid at the date of this report is provided below:

	Paid in prior period £	Paid in the period covered by this report £	Incurred but not paid to date £	Total anticipated cost £
Travel	360	-	-	360
Marsh - Statutory Bond	90	-	-	90
Companies House Searches	13	-	-	13
HM Land Registry	80	-	-	80
Zavest Limited	525	805	-	1330
Rowland - Postage of accounts records	9	-	-	9
TMP - Statutory Advertising	66	-	-	66
1 st Class - Transcription Costs	91	-	-	91
Housemans Solicitors / Nicholas & Morgan	503	-	30,371	30,874
Counsel Fees	7,943	-	68,125	76,068
QBE (Insurance)	8,798	-	-	8,798
Category 2 disbursements	-	-	22	22
Photocopying	-	-	9	9
Postage	-	-	-	-

- 3.2 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also

chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.

- 3.3 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidator's fees were approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

4 Charge-Out Rates

- 4.1 Kingston Smith & Partners LLP's charge-out rates effective from 1 November 2015 are detailed below.

Investigation Rates

	Per Hour £
Partner	595
Licensed Insolvency Practitioner	520
Senior Manager	495
Manager	450
Other Senior Professionals	
Supervisor/Assistant Manager	395
Senior Administrator	250
Administrator	190
Junior Administrator	150
Support Staff	
Experienced Cashier	270
Cashier	190
Support	120

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- 4.2 A schedule of Kingston Smith & Partners LLP's charge-out rates for this assignment effective from 1 May 2016 is detailed below. Please note that this firm records its time in minimum units of 5 minutes.

Investigation Rates

	Per Hour £
Partner	595
Licensed Insolvency Practitioner	520
Senior Manager	495
Manager	450
Other Senior Professionals	
Supervisor/Assistant Manager	395
Senior Administrator	250
Administrator	190
Junior Administrator	150
Support Staff	
Experienced Cashier	270
Cashier	190
Support	120