



**Medicology Limited
in Compulsory Liquidation**

Liquidator's Annual Progress Report

13 June 2014

**Medicology Limited ("the Company") - in Compulsory Liquidation
Liquidator's Annual Progress Report to Members and Creditors
For the year ending 15 April 2014**

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**Carter Backer Winter LLP
66 Prescott Street
London
E1 8NN**



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1. STATUTORY INFORMATION

Company name	Medicology Limited
Registered office	66 Prescot Street London E1 8NN
Former registered office	Oxford House Stanier Way Wyvern Business Park Derby DE21 6BF
Registered number	05301740
Date of Winding up Petition	19 July 2012
Petitioning Creditor	HM Revenue & Customs
Date of Winding up Order	3 September 2012
Court Reference	No 330 of 2012 in the Derby County Court
Liquidator's date of appointment	16 April 2013
Liquidator's names	Melissa Lorraine Jackson
Liquidator's address	66 Prescot Street London E1 8NN

Please note, Melissa Lorraine Jackson joined CBW on 31 March 2014 as a Corporate Recovery & Insolvency Director. As a consequence, this matter is now being administered from CBW's offices.

2. RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 16 April 2013 to 15 April 2014 is attached at Appendix 1. For ease, I have also included the receipts and payments dealt with by the Official Receiver's office prior to my appointment.

3. ASSETS

I am aware of the following assets of the Company

Chattel Assets

Prior to my appointment, the Official Receiver realised £3,762.13 in respect of chattel assets. I am making enquiries of the Official Receiver's agents to obtain further information regarding these realisations.

Book Debts

The Director initially estimated the book debts of the Company to be £15,000. This was reported to creditors by the Official Receiver's office on 26 October 2012. In a subsequent report issued by the Official Receiver on 19 March 2013, the book debts were stated to have been estimated by the director at up to £5,345.



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I am making enquiries of the Official Receiver's office to determine to what extent they sought to verify the position and recover outstanding debts due to the Company so that I can effectively assess the position and commence or continue with book debt collections

Investments

As reported by the Official Receiver, the Company's financial statements to 31 October 2011 show investments in connected companies with a value of £2,000. As the Official Receiver reported, these companies are insolvent and therefore the investments have no realisable value.

Connected Company Debts

The Official Receiver reported that £188,121 was owed by connected companies. The director disputed an element of this debt, and advised the Official Receiver that these companies were insolvent and unable to settle the amounts due.

The Official Receiver reviewed the filed accounts of these associated companies and verified that they did appear to be balance sheet insolvent. Subsequently, the companies have been dissolved. The connected company transactions are subject to further investigation.

Cash at Bank

Following the making of the winding up order, the cash held in the Company's bank account was £315. Subsequently, the balance increased to £20,629 as at 1 December 2012. The director claimed that debtor payments totalling £14,700 in respect of his new business, Medicademy LLP, had been paid in error to the Company's bank account. It is likely that the balance of receipts is attributable to debtor repayments.

I asked the director to provide me with documentary evidence supporting his contention that £14,700 held in the Company's account was rightfully due to Medicademy LLP. I did not receive any reply and, in the circumstances, have concluded that the funds are Company funds. The sum of £24,456.93 was received from Natwest bank in November 2013.

Office Furniture & Equipment

The Official Receiver's first report to creditors detailed Office Furniture with a value of £1,515 and Office Equipment with a value of £4,205. It went on to confirm that agents were dealing with the assets. There is no further information included in the handover documentation received from the Official Receiver, and it is likely that these are the Chattel Assets referred to above. As stated above, I am making enquiries of the Official Receiver's agents.

Unallocated Receipt

A receipt of £146.60 credited the Liquidation account in May 2013. I am seeking to identify what this payment was in relation to by making enquiries of the Official Receiver's agents.

Leasehold Property

The Company's leased premises at Oxford House, Wyvern Business Park, Stanier Way, Derby SE21 6BF were disclaimed by the Official Receiver on 10 January 2013.

4. LIABILITIES

Secured Liabilities

An examination of the company's mortgage register held by the Registrar of Companies showed that the company had not granted any debentures.



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Preferential Creditors

Preferential claims in a formal insolvency are comprised of employees' claims in relation to outstanding holiday pay, which is subject to a maximum of £800, and arrears of wages. Preferential claims are paid in priority to unsecured creditors.

No preferential claims have been received although the handover received from the Official Receiver would suggest that the Company operated a PAYE scheme and had employees. We are making further enquiries in this regard.

Crown Creditors

The statement of affairs included £83,949.49 owed to HMRC. HMRC's final claims in respect of PAYE, Corporation Tax and VAT in the sum of £84,033.43 has been received.

Unsecured Creditors

Excluding HM Revenue & Customs, the statement of affairs included 52 unsecured creditors with an estimated total liability of £186,574.38. I have received claims from 8 creditors totalling £104,589.79. To date, I have not received claims from 44 creditors with original estimated claims in the statement of affairs of £150,213.15.

5. LIQUIDATOR'S ACTIONS SINCE APPOINTMENT

Since my appointment I have taken control of the books and records delivered up to the Official Receiver and undertaken a preliminary review of the documentation provided. I have also been in protracted correspondence with Natwest Bank as regards certain payments that debited the Company's bank account following the making of the Winding up Order. The payments identified were refunded to the Company's bank account by the bank.

As outlined earlier in this report, I have also been in correspondence with the directors as regards their assertion that funds were paid in error to the Company's account following the making of the Winding up Order.

6. INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

My investigations into the affairs of the Company are continuing.

7. LIQUIDATORS' REMUNERATION

My remuneration was previously authorised by creditors at a meeting held on 1 July 2013 to be drawn on a time cost basis. My time costs to 15 April 2014 amount to £6,237. I have drawn £5,764 to date. A schedule of my time costs incurred to the first anniversary of my appointment is attached as Appendix 2.

A description of the routine work undertaken in the liquidation to date is as follows:

- 1 Administration and Planning
 - Preparing the documentation and dealing with the formalities of appointment
 - Statutory notifications and advertising
 - Preparing documentation required
 - Dealing with all routine correspondence
 - Maintaining electronic records and case information
 - Review and storage
 - Case bordereau
 - Case planning and administration
 - Preparing reports to members and creditors
 - Convening and holding meetings of members and creditors
 - Review and storage of books and records
- 2 Cashiering
 - Maintaining and managing the liquidator's cashbook and bank account



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- Ensuring statutory lodgements and tax lodgement obligations are met

3 Creditors

- Dealing with creditor correspondence and telephone conversations
- Preparing reports to creditors
- Maintaining electronic creditor records
- Reviewing and adjudicating on proofs of debt received from creditors

4 Investigations

- Conduct investigations into suspicious transactions
- Review books and records to identify any transactions or actions a liquidator may take against a third party in order to recover funds for the benefit of creditors

5 Realisation of Assets

- Corresponding with debtors and attempting to collect outstanding book debts
- Liaising with the company's bank regarding the closure of the account

A copy of 'A Creditors' Guide to Liquidators' Fees' published by the Association of Business Recovery Professionals is available at www.cbw.co.uk/creditor-guides. Please note that there are different versions for cases that commenced before or after 6 April 2010 and in this case you should refer to the post-April 2010 version. A hard copy is available on request.

8. LIQUIDATORS' EXPENSES

As outlined in Appendix 2, my category 1 disbursements to 15 April 2014 amount to £355 71. These have been settled in full. My category 2 disbursements are £120 85, of which £4 80 remains unbilled.

9. 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 Liquidator's 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 Liquidator's 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.

10. DIVIDEND PROSPECTS

On current information, it appears unlikely that realisations will be sufficient to allow a dividend to be paid to creditors in this matter. However, this is subject to my further investigations into the Company.

11. SUMMARY

The liquidation will remain open until my investigations have completed. At this stage, I am unable to predict when I will be in a position to conclude the Liquidation.

Should you have any queries regarding this matter please contact Tess Whitney 020 7309 3824

M L Jackson
Liquidator



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APPENDIX 1
Liquidator's
Receipts and Payments Account

**Medicology Limited - in Compulsory Liquidation
Liquidator's Abstract of Receipts and Payments**

Statement of Affairs	From 03/09/2012 to 15/04/2013	From 16/04/2013 to 15/04/2014	Cumulative
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Receipts

OR Realisation - Chattel Assets	3,762 13	0 00	3,762 13
Unallocated Receipt	0 00	146 60	146 60
Furniture & Equipment	5,720		
Investments	2,000		
Book Debts	15,000		
Cash at Bank	0 00	24,456 93	24,456 93
Bank Interest	1 87	3 64	5 51
Petitioners Deposit	1,165 00	0 00	1,165 00
	<u>4,929 00</u>	<u>24,607 17</u>	<u>29,536 17</u>

Payments

OR Fee	2,235 00	0 00	2,235 00
Cheque Fees	0 00	1 25	1 25
Secretary of State Fees	1,264 00	5,005 57	6,269 57
Statutory Bond (Bordereau)	0 00	50 00	50 00
Office Holders Fees	0 00	5,764 00	5,764 00
Corporation Tax	0 00	0 73	0 73
Postage & Company Searches	0 00	27 73	27 73
Couriers	0.00	277.98	277 98
Printing & Stationery	0 00	120.85	120 85
Statutory Advertising	0 00	84 60	84 60
Bank Charges	0 00	44.00	44 00
	<u>3,499 00</u>	<u>11,376 71</u>	<u>14,875 71</u>
	<u>1,430.00</u>	<u>13,230.46</u>	<u>14,660.46</u>

Made up as Follows:

VAT Receivable	0 00	1,265.03	1,265 03
Cash at Bank	1,430 00	11,965 43	13,395 43
	<u>1,430.00</u>	<u>13,230.46</u>	<u>14,660.46</u>



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APPENDIX 2

**Details of Time Incurred in accordance with
Statement of Insolvency Practice 9**

Medicology Limited

(In Liquidation)

Liquidator:

Melissa Jackson

Analysis of Fees

Up to 15/04/14

Classification of work function	Hours				Total Hours	Time Cost £	Average hourly rate £
	Partner	Director	Other Senior Professionals	Assistants & Support Staff			
Advice, administration and planning	10		33	94	137	£1,742	£128
Investigations					00		£0
Realisation of assets			56	02	58	£1,562	£269
Trading					00		£0
Creditors	30	02	11	139	181	£2,934	£163
Case specific matters					00		£0
Total hours	40	02	99	235	375		
Hourly charge out rate	£350	£475	£185	£125			
Total fees to date (£)	£1,400	£71	£1,829	£2,937	£6,237	£6,237	£166
Total fees drawn to date (£)						£5,764	
Total fees undrawn to date (£)						£473	

Medicology Limited

(In Liquidation)

Analysis of Disbursements

Up to

15/04/14

Category 1 Disbursements

Amounts comprising external supplies of incidental services specifically identifiable to a case	Billed £	Unbilled £
Bordereau	50 00	
Couriers	277 98	
Postage & Company Searches	27 73	
Total	355 71	0 00

Category 2 Disbursements

Other amounts paid or payable to the office holder's firm or to any party in which the office holder or his firm or any associate has an interest	Billed £	Unbilled £
Printing and stationery	120 85	4 80
Total	120 85	4 80

THE MACDONALD PARTNERSHIP PLC
CHARGE OUT RATES

Effective date

The charge out rates are effective from 1st October 2010

Charge out rates

Title	Grade	Rate
		£ph
Partners	1 1	575
	1 2	475
	1 3	375
Managers	2 1	350
	2 2	275
	2 3	225
Administrators	3 1	110
	3 2	95
	3 3	80
Support Staff	4 1	55
	4 2	50
	4 3	45

NOTE

Time is recorded in three minute increments

**THE MACDONALD PARTNERSHIP PLC
FEES, DISBURSEMENTS AND EXPENSES POLICY**

INTRODUCTION

The MacDonald Partnership Plc is a specialist firm of licensed Insolvency Practitioners

As a result, we have very specific and specialist billing structures. This schedule sets out our terms and conditions of billing to clarify the position

GENERAL PHILOSOPHY

It is important to stress that the general philosophy of the firm's billing structure is as follows

- 1 To provide
 - (i) The highest possible quality in terms of
 - (a) technical excellence
 - (b) delivery of service
 - (ii) The highest possible level of integrity and professionalism
 - (iii) A personal service
- 2 To provide value for money and to reflect the need for a reasonable profit and return in providing our services

Given this, it is important to set a basic and reasonable pricing and billing structure to maximise the combined interests of our clients, third parties (such as banks and creditors) and the firm

VARIATION FROM OUR BILLING STRUCTURE

The billing structure has been created to reflect the economic substance of providing the quality of service that we give

To charge lower or different fees would be unprofitable for the firm. We will therefore only allow variations from our billing structure in extreme circumstances. Any such variation must be approved by either one of the managing or finance directors

DEFINITIONS

FEES

Fees are the time charges that reflect the time spent on a case by a partner, director or staff member of the firm. 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 exact constitution of the case team will depend on the anticipated size and complexity of the assignment

With regard to support staff, we advise that time spent by cashiers and other support staff in relation to specific

tasks on an assignment is charged. All activity on cases is charged and recorded in three minute increments

In corporate recovery and insolvency cases fees can be charged on a time cost basis, a set fee basis, on a percentage of the assets realised and distributed or a mixture of the above. The fees charged are based on the Scale Rates charges (which are detailed below)

A schedule of Charge Out Rates applies to each grade of staff and is available for inspection at any time

PROFESSIONAL ADVISORS

We use professional advisors on some of our assignments. The basis of our fee arrangements with advisors, which is subject to review on a regular basis, is generally on an hourly rate basis plus disbursements. Fixed fee arrangements will be disclosed where applicable. Our choice of professional advisors is based on our perception of their experience and ability to perform the type of work required, the complexity and nature of the assignment and the basis of our fee arrangement with them

DISBURSEMENTS & EXPENSES

For the purposes of compliance with Statement of Insolvency Practice 9 (SIP 9) and R3's best practice guidelines, disbursements and expenses are split into two categories

Category 1 Disbursements

Generally comprise those external supplies of incidental services specifically identifiable to a specific job or case (including agents, insurances, as well as other outsourced services such as room hire, statutory advertising, court fees, couriers, postage, printing, travel and document storage)

Category 2 Disbursements

Generally comprise costs, which whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs. Such disbursements are listed below

1	Binders	£1 15	Per item
2	Car	£0 50	Per mile
3	Copies (black)	£0 15	Per page
4	Dividers	£1 00	Per item
5	Envelopes	£0 10 - £0 15	Per item
6	Files	£6 00	Per item
7	Labels	£0 25	Per sheet
8	Letters	£2 20	Per letter
9	Printouts	£0 20	Per page

AGREEMENT OF FEES, DISBURSEMENTS AND EXPENSES

CORPORATE RECOVERY AND INSOLVENCY

For corporate recovery and insolvency work, the following fee structure applies. For this specialist type of work, fees can either be charged on a time basis or on a scaled percentage charge of assets realised and distributed. Unless otherwise stated, all corporate recovery and insolvency work is done on a time basis.

1 Pre-appointment work

Pre-appointment work includes (for example)

- (1) Nominees fees in individual and company voluntary arrangements
- (2) Assistance and preparation in holding a section 98 meeting
- (3) Assistance in placing a company into administration
- (4) Investigation work prior to a formal insolvency procedure, or general advisory work

Pre-appointment work will be charged on the following basis

- (1) Fees will be agreed with the firm's client in advance
- (2) A standard engagement letter will be produced and it will refer to the fees, disbursements and expenses policy, as a source of reference
- (3) In cases where (due to urgency or unusual circumstances) no engagement letter has been drawn up, all fees will be charged according to this schedule

2 Post appointment work

Post appointment work includes all work done as required by the Insolvency Act 1986 (as amended) and by the Insolvency Rules 1986 (as amended)

All post appointment fees and disbursements must be approved by

- (1) a general meeting of creditors, or
- (2) a meeting of a creditor or liquidation committee, or
- (3) both of the above, or
- (4) where there is a disagreement on the level of fees, by the procedure available in the Insolvency Rules 1986 (as amended)
- (5) in the case of an administrative receivership, by the debenture holder

3 Scale charges

Where fees are taken on a realisation basis (other than a time charge basis) the scale charges are charged on the basis of the Scale Charges laid out in schedule 6 of the Insolvency Rules 1986, which is detailed as follows

The realisations scale

(i)	On the first £5,000 or fraction thereof	20%
(ii)	On the next £5,000 or fraction thereof	15%
(iii)	On the next £90,000 or fraction thereof	10%
(iv)	On all further sums realised	5%

The distribution scale

(i)	Of the first £5,000 or fraction thereof	10%
(ii)	On the next £5,000 or fraction thereof	7½%
(iii)	On the next £90,000 or fraction thereof	5%
(iv)	On all further sums realised	2½%

4. Realisation and distribution for secured creditors

The realisation and distribution fees for any secured creditor (other than an appointing debenture holder) are based on the Official Receivers scale charges as detailed above

MAINTENANCE OF RECORDS

The MacDonald Partnership Plc maintains complete records on both time recording, disbursements and expenses to ensure accuracy of charges

DATA PROTECTION

Confidentiality of information is an important concern for The MacDonald Partnership Plc. We are registered and comply with the data protection laws of the United Kingdom. Information about clients and creditors are held on databases. If you wish to know what information we hold about you please write to The Data Protection Officer, The MacDonald Partnership Plc, 4th Floor, 100 Fenchurch Street, London, EC3M 5JD to request details

MONEY LAUNDERING

The MacDonald Partnership Plc is required, by law, to assist the authorities in eradicating the laundering of proceeds of illegal activity. We may therefore ask certain questions in respect of the source of funds or other monies provided, as well as the identification of clients. We may also be required, in certain circumstances, to report to the relevant authorities on any suspicious activity. We are not required to inform any party of any report made about them.