

Our Ref KJH/TPB/JKW/LKM/A30201017/
Your Ref

To the creditors and members

15 December 2016

Dear Sirs

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester M3 3EB

T +44 (0)161 953 6900
F +44 (0)161 953 6901
grantthornton.co.uk

**ADB (International) Limited - In Liquidation
In the High Court of Justice Chancery Division
Birmingham No 8508 of 2011**

1 Introduction

- 1 1 I was appointed liquidator of the Company following an Order of the High Court of Justice on 20 October 2015. The Company entered compulsory liquidation following a Winding Up Petition, which I presented in my capacity as administrator of the Company.
- 1 2 I was appointed joint administrator of the above Company, together with Mr Stephen Hunt of Griffins, by an Order of the High Court of Justice on 8 March 2013, in place of Mr Costas Morfakis of Axiom Recovery LLP. Mr Morfakis was originally appointed administrator by the directors of the Company on 23 December 2011, pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986. Mr Morfakis was removed as administrator by an Order of the High Court of Justice on 8 March 2013. Stephen Hunt resigned as joint administrator on 27 November 2013.
- 1 3 In accordance with rule 4.49B(5) of the Insolvency Rules 1986, I now report on the progress of the liquidation for the year ended 19 October 2016, and attach
- Appendix A, an account of my receipts and payments for the year ended 19 October 2016, being the full period of the liquidation to that date
 - Appendix B, a statement of the remuneration charged by the liquidator in the period 20 October 2015 to 19 October 2016 and a statement of expenses incurred in the period
 - Appendix C, an analysis of time costs as required by Statement of Insolvency Practice 9
 - Appendix D, an extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator (rule 4.49E)
 - Appendix E, an extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive (rule 4.131)
- 1 4 I am authorised by the Insolvency Practitioners Association to act as an insolvency practitioner and I am bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No OC307742. Registered office: Grant Thornton, 4 Hardman Square, Spinningfields, Manchester M3 3EB. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Our firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details.

SATURDAY



Q5M0V2PU

QIQ

17/12/2016

#17

COMPANIES HOUSE

2 Statutory information

2 1 The company's statutory details are as follows

Registered number	02763764
Registered office	30 Finsbury Square, London, EC2P 2YU

3 Progress report

Sale of Business

3 1 According to the administrator's proposals dated 19 December 2011, the Company had assets comprising the following

Assets	Estimated to Realise
	£
Goodwill	99,999
Intellectual Property	1
Equipment	50,000
Motor vehicles	10,000
Contracts and Work in Progress	44,558
Book debts	93,268
	<hr/>
	297,826

3 2 The Company's business and assets were sold to an associated company, ADB Bristol Limited ("Bristol"), on 21 December 2011 for £297,826 on the advice provided by MGR Appraisals. The sale consideration was to be paid by way of £10,000 on completion, followed by 10 equal monthly instalments of £11,783 and a final payment of £170,000. As part of the sale agreement, the Company's director, Mr Ronald Adams, provided a personal guarantee. Mr Adams negotiated with the administrator on his own behalf and on that of Bristol.

3 3 A supplemental letter supporting the sale agreement stated that the purchase price was to be changed to £270,000. AM Directors Pension Scheme registered a fixed and floating charge against the Company on 15 June 2010 for £170,000 (mentioned below) and was used to set off part of the consideration due.

3 4 The previous administrator received £19,500 in respect of sale consideration. The former administrator drew office holder's fees of £28,482 during his tenure, which included in part, the realisations from the sale of the business, which would fall under the bank and pension scheme's fixed and floating charges. I have found no evidence that the previous administrator agreed his fees with the bank. I therefore consider that the funds were drawn without authority and form part of the bond claim, which has been submitted against the former office holder's insurance detailed later in this report.

3 5 My review of the previous office holder's file identified an email from a member of his staff, which agreed that the sale of the Company's business and assets be reduced to £250,000. On this basis, I confirmed with Bristol that the purchase price was £250,000.

- 3 6 Following protracted negotiations, a formal variation of the sale and purchase agreement was agreed following my appointment to reflect payment in the sum of £52,835 being due by 21 monthly instalments of £2,400 and a final payment of £2,435, with the sum of £170,000 being due in cleared funds on or before 30 September 2015 if no agreement satisfactory to the administrator could be reached with the pension scheme
- 3 7 Total sums received during my tenure as administrator were £22,200
- 3 8 Additionally, it transpired that £15,856, had been received from debtors, but actually related to Bristol. It was agreed that this amount would be offset against the sales consideration
- 3 9 My legal advisor continued to negotiate with Mr Adams, both in his own right as guarantor and on behalf of Bristol and an offer of £20,000 was received. Further negotiation did not result in any improved offer, and having carefully considered the practical circumstances, I concluded that this was the best that was likely to be achievable
- 3 10 As part of my negotiations with Mr Adams and Bristol, the Trustees of AM Directors Pension Scheme in its letter of 8 July 2016, agreed to waive its claim irrevocably and unconditionally in the liquidation of the Company
- 3 11 After taking all of these factors into consideration, my legal advisor recommended that I accept the offer of £20,000 in full and final settlement. I can confirm that Mr Adams has personally paid the £20,000 and it is currently held by my solicitor, whilst his fees are agreed
- 3 12 The total received in the administration and liquidation from Bristol and Mr Adams is £77,556

Bond claim

- 3 13 Insolvency practitioners are obliged to obtain two distinct policies when taking insolvency appointments, a bond of specific penalty for each appointment up to the value of the assets within the estate, and a general bond, limited to set amount, which covers all his appointments
- 3 14 A notification of a potential claim has been submitted against the previous administrator's insurance in relation to fees drawn apparently without proper authority, a sale at an undervalue and the initial reduction of the sales value. The bond claim is yet to be adjudicated and no finding has been made of fraud or dishonesty

4 Secured creditors

HSBC Bank plc

- 4 1 A fixed and floating charge was registered against the Company by HSBC Bank plc on 22 November 1995. However, a statement of satisfaction, signed by the director Mr Adams, was filed at Companies House on 12 January 2010, which suggests that the charge was satisfied in full
- 4 2 HSBC Bank has advised that the statement of satisfaction was lodged without their consent. Due to the claim by Mr Adams that the bank no longer had a fixed and floating charge, we

needed to review the bank's files to determine the position. This necessitated me having to issue an application under section 236 of the Insolvency Act 1986. After receiving the bank's files, my solicitor has advised that HSBC's charge is valid and that £34,290 as at 16 August 2016, was outstanding under the charge.

- 4.3 The director has negotiated a settlement for his obligation under his personal guarantee. The Company remains liable for the remaining balance on the account, which I estimated to total £25,981.

The Trustees of AM Directors Pension Scheme

- 4.4 As stated previously in this report, a fixed and floating charge has been registered against the Company by The Trustees of AM Directors Pension Scheme on 15 June 2010 for £170,000.
- 4.5 My solicitors have confirmed that the debenture is valid, but as mentioned above, the Trustees of AM Directors Pension Scheme have waived its claim against the Company.

5 Preferential creditors

- 5.1 The previous administrator's proposal shows preferential creditors of £412. A preferential claim in the sum of £143 has been received from the Redundancy Payments Service.

6 Non-preferential creditors

- 6.1 I have received claims from non-preferential creditors totalling £616,789.
- 6.2 At this stage it would appear unlikely that there will be a distribution to non-preferential creditors. However, the outcome of the bond claim may alter the position.
- 6.3 As noted above, the bank has a valid fixed and floating charge. However, as the bank's debenture was registered in 1995, there is no prescribed part.

7 Liquidator's remuneration and expenses

- 7.1 Office holders are obliged to provide creditors with information pertaining to fees and expenses drawn from the estate over which they are appointed.

Grant Thornton UK LLP

- 7.2 You will note from the SIP9 table attached at Appendix D that our total time costs for the first year to 19 October 2016 are £22,273.75 represented by 84.10 hours at an average charge out rate of £264.85 per hour. I have drawn no remuneration in the liquidation.
- 7.3 My total time costs incurred in the administration are £96,356 representing 193.96 hours at an average of £277.48 per hour. I drew no administrator's fees. I incurred expenses of £5,115 in the administration, of which £105 was paid. At the meeting to consider the administrator's proposals on 5 January 2012, creditors agreed that the administrator could draw fees on a time cost basis. As mentioned above, I have been unable to locate any authority from the bank for the administrator to draw fees. I am currently seeking authority from the bank for both the administration and liquidation fees to be drawn on a time cost basis, should funds become available. As mentioned above, we are currently seeking fee authority from the bank.

- 7 4 Included within this report is notice of a meeting of creditors convened to consider the basis of the liquidator's remuneration, as detailed above

Barker Gotelee Solicitors

- 7 5 My legal advisors, Barker Gotelee, have incurred time costs of £5,004 for the period 20 October 2015 to 19 October 2016 in respect of their assistance in achieving settlement of the sale of the Company assets for which they have received no payment to date
- 7 6 Time costs of £30,444 and legal expenses of £2,411 were incurred in the administration. Legal fees of £6,020 and £51 disbursements were paid to my legal advisors for their initial assistance with the administration extension and their report on the validity of the Pension Scheme's charge. Grant Thornton UK LLP paid Barker Gotelee legal fees of £4,395 and disbursements of £605, against the costs of converting the administration into a compulsory liquidation. The remaining time cost balance of £20,029 and unpaid disbursements of £2,360 will be paid should funds become available.

8 Expenses of the Liquidation

- 8 1 Disbursements totalling £10 have been incurred but not yet paid as outlined in appendix A
- 8 2 Barker Gotelee Solicitors have incurred Counsel's fees of £850, which will be chargeable to the liquidation in relation to the hearing under section 236 of the Insolvency Act 1986

9 Notice of Meeting of Creditors

- 9 1 In accordance with rule 4.127 of the Insolvency Rules 1986, it is necessary for the creditors to approve the basis of the liquidators' remuneration which I would ask to be on the basis of time properly given by them and their staff in attending to matters arising in the liquidation.
- 9 2 Background information regarding the fees of liquidators can be found at https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Oct_2015.pdf. Alternatively, I will supply this information by post on request.
- 9 3 I have incurred time costs of £22,274 negotiating and collecting final settlement from Mr Adams for the sale of the business and fulfilling my statutory duties. The remaining actions to be undertaken in the liquidation are the formulation and negotiating settlement of the bond claim. I estimate that the total costs to complete the action will be £50,000 as set out in Appendix F. I estimate my disbursements to total £500 (plus VAT). Please note that this is my first estimate for time costs and I will consult creditors further should it be apparent the time costs will exceed the estimate by reason of additional work being undertaken.
- 9 4 Please note also that whilst this figure is my "fees estimate", as defined by statute, no fee can be drawn in the absence of asset realisations.
- 9 5 Of the estimated time costs of £50,000, non-investigation tasks are estimated to cost £24,716.52 and the proposed investigation costs together with dealing with the bond claim of £25,283.50 is the time that I propose to invest to continue the actions. To date, investigation

time costs amount to £2,706, with the remaining time costs relating to administration and planning realisation of assets, dealing with pensions and taxation

- 9 6 By way of further information, all partners and staff are charged out at hourly rates appropriate to their grade, and support staff (i.e. secretaries, cashiers and filing clerks) are charged to the case for the time they work on it. Details of the hourly charge out rates are as follows

	£
Partners	495 - 615
Directors	470 - 515
Managers	290 - 470
Other senior professionals	240 - 305
Administrators	160 - 230
Assistants and support staff	150 - 175

- 9 7 Time is charged in units of 6 minutes
- 9 8 Out of pocket expenses are charged at cost, mileage is charged at the standard rates used from time to time by Grant Thornton UK LLP. VAT is added to disbursement charges as necessary

10 Meeting of Creditors

- 10 1 A meeting of creditors has been summoned by the liquidator under rule 4.54 of the Insolvency Rules 1986 for the purpose of determining the basis of the liquidator's remuneration

The following resolutions will be put to the meeting

"The Liquidator's remuneration be fixed by reference to the time properly given by him and his staff in attending to matters arising in the liquidation"

The meeting will be held as follows

Date 31 January 2017

Time 10 00 am

Place Grant Thornton UK LLP, 4 Hardman Square, Spinningfields, Manchester M3 3EB

- 10 2 To be entitled to vote at the meeting, a creditor must lodge with the liquidator at his postal address, not later than 12 00 hours on the business day before the day fixed for the meeting, a proof of debt (if not previously lodged in the proceedings) and (if the creditor is not attending in person) a proxy
- 10 3 A proof of debt form is enclosed for your use

10.4 If further information or clarification is required regarding this report, please contact my colleague Jenna Warburton on the details below

Yours faithfully
for and on behalf of ADB (International) Limited



pp Kevin J Hellard
Liquidator

T 0161 953 6477
E jenna.k.warburton@uk.gt.com

A Abstract of the joint liquidators' receipts and payments

ADB (International) Limited - In Liquidation			
Liquidator's Abstract Receipts and Payments for			
20 October 2015 to 19 October 2016			
	Statements of affairs estimated to realise	Receipts and Payments for the Period 20 October 2015 to 19 October 2016	Total Receipts and Payments for the period 20 October 2015 to 19 October 2016
	£	£	£
Receipts			
Sale of Business	52,835	-	-
Receipt from Administration	-	16,346	16,346
Bank ISA/Interest Gross	-	23	23
Total Receipts	52,835	16,369	16,369
Payments			
O R. Remuneration	-	2,400	2,400
ISA Account Fees	-	88	88
Secretary of State Fees	-	4,425	4,425
Statutory Advertising	-	85	85
Tax on Interest	-	4	4
		7,002	7,002
		16,369	16,369
		9,367	9,367

B Remuneration charged and expenses incurred by the joint liquidators in the period

	Charged/incurred in period 20/10/2015 to 19/10/2016	Cumulative charged/incurred to 19/10/2016	Of which paid to 19/10/2016
	£	£	£
Grant Thornton UK LLP			
Liquidators' fees	22,092 75	22,092 75	Nil
Time costs			
Expenses	10	10	Nil
Barker Gotelee Solicitors			
Legal Costs	5,004	5,004	Nil
Legal Disbursements	850	850	Nil
Total	27,956 75	27,956.75	Nil

8

C SIP 9 information

ADB (International) Limited - In Liquidation - A30201017 - SIP 9 TIME COST ANALYSIS

Transaction period 20/10/2015 to 19/10/2016

	Partner		Manager		Executive		Administrator		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£ Avg Hrry Rate
Administration and Planning	1 05	540 75	20 65	6 933 50	26 75	6 347 25	4 20	692 25	52 65	14 513 75
Creditors			2 30	829 00	8 55	1,572 00			8 85	2,401 00
Hiatus period										271 30
Investigations			1 80	594 00	8 70	2 088 00	15	24 00	10 65	2 706 00
Pensions			10	52 00	10	24 00	60	93 00	80	169 00
Realisation of Assets										254 08
Taxation			3 20	1 404 00	1 00	240 00	6 95	840 00	11 15	2 484 00
Trading										222 78
Total	1 05	540 75	28 05	9,812,50	43 10	10,271 25	11 80	1,648 25	84 10	22,273 75

Total fees billed to date (Time) - £0

Administration & Planning Includes, case planning, statutory obligations (e.g statutory returns), maintenance of cash and estate records, general correspondence, dealing with tax correspondence

Creditors Includes, correspondence with unsecured creditors

Investigations Includes, Investigation into Company's affairs and assets that may have been held prior to Liquidation

Pensions Pension compliance Initial searches, review search results to ascertain whether any statutory reporting requirements Update registers

Realisation of Assets No time has been recorded realisations assets

Taxation Complete taxation checklists, correspondence with HMRC

Trading I did not trade the Company

D An extract from the Insolvency Rules 1986 relating to creditors' rights to request additional information from the liquidator

Rule 4 49E edited for application to a progress report in a winding-up by the court

- (1) If
 - (a) within the period mentioned in paragraph (2)
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within the period mentioned in paragraph (2), any unsecured creditor makes a request in writing to the liquidator for further information about remuneration or expenses set out in the progress report, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of a matter which was previously included in a progress report
- (2) The period referred to in paragraph (1)(a) is 21 days of receipt of the progress report
- (3) The liquidator complies with this paragraph by either -
 - (a) providing all of the information asked for, or
 - (b) so far as the liquidator considers that
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) 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
 - (iii) the liquidator is subject to an obligation of confidentiality in respect of the information,
 giving reasons for not providing all of the information
- (4) Any creditor, who need not be the same as the creditor who requested further information, may apply to the court within 21 days of -
 - (a) the giving by the liquidator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),
 and the court may make such order as it thinks just
- (5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 4 131(1B) by such further period as the court thinks just
- (6) This Rule does not apply where the liquidator is the Official Receiver

E An extract from the Insolvency Rules 1986 relating to creditors' rights to challenge the liquidator's remuneration or expenses if excessive

Rule 4 131

- (1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application by a creditor may be made on the grounds that -
 - (a) the remuneration charged by the liquidator,
 - (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
 - (c) expenses incurred by the liquidator,
 is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")
- (2) The court may, if it thinks that no cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice, but which is without notice to any other party
If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly
- (3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- (4) If the court considers the application to be well-founded, it must make one or more of the following orders -
 - (a) an order reducing the amount of remuneration which the liquidator was entitled to charge
 - (b) an order fixing the basis of remuneration at a reduced rate or amount
 - (c) an order changing the basis of remuneration
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation
 - (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify
 and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report
- (5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation

Rule 8 1

**IN THE MATTER OF
ADB (INTERNATIONAL) LIMITED – IN LIQUIDATION
AND
IN THE MATTER OF THE INSOLVENCY ACT 1986**

**Notes to help completion of
form**

Please give full name and address for
communication

Name of creditor/member

Address

Please insert name of person (who
must be 18 or over) or the "chairman
of the meeting" (see note below) If
you provide for alternative proxy-
holders in the circumstances that
your first choice is unable to attend
please state name(s) of the
alternatives as well

Name of proxy-holder

1

2

3

Please delete words in brackets if the
proxy-holder is only to vote as
directed i.e. he has no discretion

I appoint the above person to be my/the creditor's/member's proxy-holder
at the meeting of creditors/members to be held on 31 January 2017 or at
any adjournment of that meeting The proxy-holder is to propose or vote
as instructed below [and in respect of any resolution for which no specific
instruction is given, may vote or abstain at his/her discretion]

Any resolutions which the proxy-
holder is to propose or vote in favour
of or against should be set out in
numbered paragraphs in the space
provided. If more room is required
please use the other side of this form

Voting instructions for resolutions

Resolution "The Liquidator's remuneration be fixed by reference to
the time properly given by him and his staff in attending to matters
arising in the liquidation"

FOR

☐

AGAINST

☐

This form must be signed

Signature

Date

Name in CAPITAL LETTERS

Only to be completed if the
creditor/member has not signed in
person

Position with creditor/member or relationship to creditor/member of other authority
for signature

**Please note that if you nominate the chairman of the meeting to be your proxy-
holder, he will be the liquidator or his representative**

Remember there may be resolutions on the other side of this form