

Liquidator's Progress Report

S.192

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

To the Registrar of Companies

Company Number

02844284

Name of Company

Creative Digital Solutions Ltd

I / We

Jamie Taylor, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG

Lloyd Biscoe, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG

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 07/05/2015 to 06/05/2016

Signed

Date

24/6/16

Begbies Traynor (Central) LLP
The Old Exchange
234 Southchurch Road
Southend on Sea
SS1 2EG

Ref CR139CVL/JT/LCB/WM/WM/IXG/CXG



Creative Digital Solutions Ltd
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

**Statement
of Affairs**

**From 07/05/2015
To 06/05/2016**

ASSET REALISATIONS

Book Debts	1,198 90
Bank Interest Gross	13 94
Surplus from Administration	40,500 51
	<u>41,713 35</u>

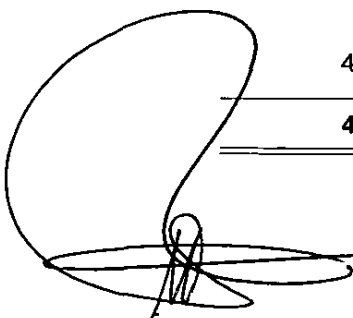
41,713.35

REPRESENTED BY

Bank 1 Current

41,713 35

41,713.35



Jamie Taylor
Joint Liquidator

Creative Digital Solutions Ltd (In Creditors' Voluntary Liquidation)

Progress report

Period: 07 May 2015 to 06 May 2016

Important Notice

This progress report has been produced solely to comply with our statutory duty to report to creditors and members of the Company on the progress of the liquidation. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors and members for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Creative Digital Solutions Ltd (In Creditors' Voluntary Liquidation)
"the liquidation"	The appointment of liquidators pursuant to Section 98 of the Act on 7 May 2015
"the liquidators", "we", "our" and "us"	Jamie Taylor of Begbies Traynor (Central) LLP, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG and Lloyd Biscoe of Begbies Traynor (Central) LLP, The Old Exchange, 234 Southchurch Road, Southend on Sea, SS1 2EG
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. COMPANY INFORMATION

Trading name(s)	Creative Digital Solutions Ltd
Company registered number	02844284
Company registered office	The Old Exchange, 234 Southchurch Road, Southend on Sea, Essex, SS1 2EG
Former trading address	Great North Road, Hatfield, AL9 6NE

3. DETAILS OF APPOINTMENT OF LIQUIDATORS

Date winding up commenced	7 May 2015
Date of liquidators' appointment	7 May 2015
Changes in liquidator (if any)	None

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 07 May 2015 to 06 May 2016

Asset Realisations

Book Debts

The sum of £1,198 90 has been received in respect of the company's sales ledger. No further realisations are anticipated.

Bank Interest Gross

The sum of £13 94 has been received as interest on monies held in the Liquidation account.

Surplus from Administration

The surplus sum of £40,500 51 has been received from the Administration.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals produced during the administration of the company.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

It should be noted that the sum of £475,268 06 has been paid to Ricoh UK Limited under its fixed charge and an additional £49,076 33 under its floating charge. The secured creditor is anticipated to suffer a shortfall.

Preferential creditors

It is anticipated that there will be sufficient asset realisations to enable the preferential creditors to be paid in full.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property,
- ☐ 20% of net property thereafter,
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the prescribed part of net property if

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

In this case, after deducting costs, at the conclusion of the administration the net property was estimated at £95,916 05 and the prescribed part was estimated at £22,183 21.

Unsecured creditors

Other than from the prescribed part noted above, unsecured creditors will not receive any distribution, owing to the large sums owed to the secured creditor.

6. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by a resolution of creditors at the meeting held pursuant to Section 98 of the Act by reference to the time properly given by us (as liquidators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the liquidation and we are authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Affairs and other information presented to the meeting of creditors convened pursuant to Section 98 of the Act and which is attached at Appendix 2 of this report.

Our time costs for the period from 07 May 2015 to 06 May 2016 amount to £5,823 50 which represents 24 40 hours at an average rate of £238 66 per hour. These costs remain outstanding.

The following further information in relation to our time costs and disbursements is set out at Appendix 2.

- ☐ Table of time spent and charge-out value for the period 07 May 2015 to 06 May 2016

- ❑ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ❑ Begbies Traynor (Central) LLP's charge-out rates

A copy of 'A Creditors' Guide to Liquidators Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor a Liquidator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. LIQUIDATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

These costs remain outstanding.

8. ASSETS THAT REMAIN TO BE REALISED

The amount of £1,045,46 remains on account with Lambert Smith Hampton (Formerly Edward Symmons) in respect of the sale of assets. This has been requested and should be received shortly.

9. OTHER RELEVANT INFORMATION

Investigations and reporting on directors conduct

You may be aware that a liquidator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, as explained in the report circulated at the meeting of creditors convened pursuant to Section 98 of the Act, such report having also been sent to creditors following the meeting, a liquidator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department for Business Innovation and Skills. We can confirm that we have discharged our duties in these respects.

Investigations carried out to date

We have undertaken an initial assessment of the manner in which the business was conducted prior to the liquidation of the Company and potential recoveries for the estate in this respect.

10. CREDITORS' RIGHTS

Right to request further information

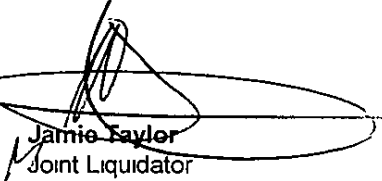
Pursuant to Rule 4.49E of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses which have been detailed in this progress report.

Right to make an application to court

Pursuant to Rule 4.131 of the Rules, any secured creditor or any unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate

11. CONCLUSION

We will report again in approximately twelve months time or at the conclusion of the liquidation, whichever is the sooner



Jamie Faylor
Joint Liquidator

Dated 23 June 2016

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 07 MAY 2015 to 06 MAY 2016

Creative Digital Solutions Ltd
(In Liquidation)
Joint Liquidators' Abstract of Receipts & Payments

Statement of Affairs	From 07/05/2015 To 06/05/2016	From 07/05/2015 To 06/05/2016
ASSET REALISATIONS		
Book Debts	1,198 90	1,198 90
Bank Interest Gross	13 94	13 94
Surplus from Administration	40,500 51	40,500 51
	<u>41,713 35</u>	<u>41,713 35</u>
	41,713.35	41,713.35
REPRESENTED BY		
Bank 1 Current		41,713 35
		<u>41,713 35</u>

Lloyd Biscoe
Joint Liquidator

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Table of time spent and charge-out value for the period from 07 May 2015 to 06 May 2016

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

OFFICE HOLDERS EXPENSES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories.

- *Category 1 expenses (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 expenses (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors may be charged by some offices and is charged at the rate of £100 (London £150) per meeting. External meeting room usage is charged at cost.
- Car mileage is charged at the rate of 45 pence per mile.

- *Expenses which should be treated as Category 2 disbursements (approval required)* – in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as Category 2 disbursements. The

following items of expenditure which relate to services provided by entities within the Begbies Traynor Group are to be charged to the case (subject to approval)

- Storage of books and records (when not rechargeable as a *Category 1 expense*) is charged by Archive Facilities (Southend) Limited, an associated company. The rates applying as at the date of this report are: Minimum charge of £40 per quarter for up to three boxes, Four to Two Hundred Boxes charged at £11 per quarter per box, over two hundred boxes are charged at half the aforementioned price, (£5.50 per box per quarter). Mileage for collection of books and records is charged at 55p per mile. Provision of cardboard box charged at £2.75 per box. Where Archive Facilities (Southend) Limited are required to physically pack the books and records, there is a minimum charge of 2 hours at £15 per hour per person required, and at £15 per hour for each hour thereafter. All figures stated are net.

- BTG Asset Consulting may be engaged to undertake valuations and/or disposal of assets. BTG Asset Consulting is a part of Begbies Traynor Group plc and is therefore an associated company. Their charges are based on 15% of realisations or time costs at a Partner rate of £125 per hour and Manager rate of £100 per hour. A separate charge will be levied for any valuations to be provided at a fixed fee of £500 + VAT. Disbursements are charged at cost and mileage is recovered at 40p per mile. All figures stated are net of VAT.

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Southend-on-Sea office are as follows.

Charge-out Rate (£ per hour)

Grade of staff	From 01 May 2011	01 July 2008 to 01 May 2011
Partner	495	450
Partner 2	N/A	395
Director	395	375
Senior Manager	365	350
Manager	315	300
Assistant Manager	270	250
Senior Administrator	235	220
Administrator	185	180
Junior Administrator	160	150
Support	160	150

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff. Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007).
² Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007).

SIP9 Creative Digital Solutions Ltd - Creditors Voluntary Liquidation - 03CR139.CVL : Time Costs Analysis From 07/05/2015 To 06/05/2016

Staff Grade	Partner	Director	Sr Mngr	Mngr	Asst Mngr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	1.0	1.9		2.0						4.9	1,830.50	373.57
				0.5			1.5			2.0	435.00	217.50
	1.0	1.9		2.5			1.6			6.9	2,265.00	328.33
Compliance with the Insolvency Act, Rules and best practice												0.00
	0.1						5.7		0.5	6.3	1,174.00	186.35
												0.00
							0.2			0.2	37.00	185.00
Investigations	0.1						5.9		0.5	6.3	1,211.00	196.31
							0.3			0.3	55.50	185.00
							0.3			0.3	55.50	185.00
							7.1			7.1	1,313.50	185.00
Realisation of assets				0.3						0.3	94.50	315.00
												0.00
												0.00
				0.3			7.1			7.4	1,403.00	190.27
Trading												0.00
												0.00
												0.00
												0.00
Dealing with all creditors claims (including employees) correspondence and distributions				1.4			0.2			1.6	478.00	298.75
												0.00
												0.00
												0.00
Other matters which includes meetings tax litigation pensions and travel				1.4			0.2			1.6	478.00	298.75
												0.00
												0.00
												0.00
Total for Other matters				0.7			1.0			1.7	405.50	238.53
												0.00
												0.00
												0.00
Total time cost by staff grade	1.1	1.9		4.9			16.0		0.5	24.4		
	489.50	750.50		1,543.50			2,960.00		90.00		5,623.50	
	445.00	395.00	0.00	315.00	0.00	0.00	185.00	0.00	160.00			238.67
											0.00	

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Statutory Advertising	The Stationery Office	154 00	-	154 00
Photocopies & faxes	Begbies Traynor	8 00	-	8 00
Telephone, postage & stationery	Begbies Traynor	25 20	-	25 20