

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

02846003

Name of Company

Farnrise Construction Limited

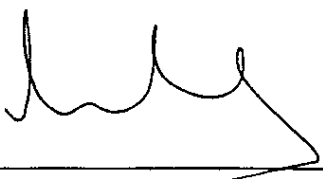
I / We

David J Dunckley, 30 Finsbury Square, London, EC2P 2YU

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 30/06/2015 to 29/06/2016

Signed



Date

19/8/16

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

Ref F30200813/DJD/ZLC/BLA/JET

Software Supplied by Turnkey Computer Technology Limited Glasgow

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COMPANIES HOUSE

Our Ref DJD/ZLC/BLA/JET/F30200813/

To the creditors and members

22 August 2016

Dear Sirs

Recovery and Reorganisation

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

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Farnrise Construction Limited - In Liquidation (the Company)

1 Introduction

1.1 Following my appointment as liquidator of the above Company on 30 June 2015, in accordance with section 104A of the Insolvency Act 1986 I now report on the progress of the liquidation for the year ended 29 June 2016 and attach

- Appendix A, an account of my receipts and payments for the year ended 29 June 2016
- Appendix B, a statement of the remuneration charged by the liquidator in the period 30 June 2015 to 29 June 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)

1.2 Please note I am authorised by the Insolvency Practitioners Association to act as an insolvency practitioner

2 Statutory information

2.1 The Company's statutory details are as follows

Registered number 02846003

Registered office c/o Grant Thornton UK LLP,
4 Hardman Square, Spinningfields,
Manchester, M3 3EB

3 Progress report

Assets

3.1 No statement of affairs has been prepared for the liquidation. Surplus funds totalling £278,294 have been transferred from the administration. The difference between the amount shown in the final administration report and this report of £55 relates to bank interest posted following the conversion to liquidation.

Chartered Accountants

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Contracts and debtors

- 3 2 I appointed Naismiths Limited (Naismiths) to deal with contract and debtor negotiations on my behalf. The directors' statement of affairs estimated a realisable value of £1,473,051 for book debts, sales retentions and work in progress.
- 3 3 Realisations totalling £39,567 have been received during the period, bringing the total realisations to £121,242.
- 3 4 As previously reported, Naismiths estimates the total realisations are expected to be much lower than those estimated in the directors' statement of affairs. This is due to the level of contract disputes identified, the ageing of the balances and loss of the continuity and knowledge at the onset of insolvency. This view is unchanged and it is expected that the collection process may take a significant period of time to conclude which is partly due to the need to wait for contractual defects periods to expire. No further material realisations are anticipated.

Directors' loans

- 3 5 At the date of appointment the Company's books and records showed that c£231,000 was owed to the Company through various directors' loans.
- 3 6 During the administration, I received settlement in full from one director totalling £73,300. In the period I have received settlement from another director of £31,200 as shown in Appendix A.
- 3 7 Outside the period of this report I received settlement of £22,500 from the remaining director.

Freehold reversionary interests

- 3 8 The Company previously completed the development of two apartment blocks, with all apartments sold on long leaseholds. The Company retained the freehold reversionary interests at each property.
- 3 9 A sale of the one of the freehold interests was completed during the administration for £20,000.
- 3 10 A sale of the second freehold was completed in the period for £41,000.

Terminal loss relief claim and reclaiming Section 455 tax

- 3 11 I continue to liaise with HM Revenue & Customs (HMRC) regarding a terminal loss relief claim and a Section 455 tax reclaim which may reduce HMRC's unsecured claim or generate a realisation for the Company.

Other realisations

- 3 12 During the period a corporation tax refund totalling £2,697 has been received.
- 3 13 In addition, I have received a miscellaneous refund of £168 from Pitney Bowes.

Liabilities

Secured creditor

- 3 14 The Company's assets were pledged to the Bank via security including fixed and floating charges. At the date of the administration, the Bank had advanced a mortgage over the Company's freehold premises as well as an overdraft facility.
- 3 15 Following the sale of the freehold property, the Bank was paid £1,300,149 during the administration and has since confirmed its debt has been repaid in full.

Preferential creditors

- 3 16 Preferential creditors totalling £47,772 were paid in full on 3 September 2015.

Unsecured creditors

- 3 17 The directors' statement of affairs estimated that unsecured claims totalled £5.61 million. However, I have noted that a large number of claims received were not listed within the directors' statement of affairs and that individual claims received so far are higher than the Company's records reflect.
- 3 18 To date I have agreed unsecured claims totalling £3,351,609. Creditors yet to submit a claim or receive confirmation that their claim has been agreed are requested to do so using the enclosed claim form.
- 3 19 In addition, Naismiths anticipates further claims of c.£6,000,000 which it continues to pursue and mitigate.
- 3 20 I can confirm that there will be sufficient funds available to enable a distribution to be made to the unsecured creditors, however, based on current estimates I anticipate that the dividend will be less than 1p in the £.
- 3 21 A dividend will be paid once the agreement of all unsecured claims has been finalised.

4 Liquidator's remuneration and expenses

- 4 1 At a meeting of creditors held on 16 June 2014 the creditors resolved that I draw my remuneration by reference to my time costs.
- 4 2 Pursuant to rule 4.127(5A) of the Insolvency Rules 1986, this basis applies also in the liquidation.
- 4 3 You will note from the SIP 9 table attached at Appendix C that my time costs to date are £78,938 and from the receipts and payments account attached at Appendix A, that I am yet to draw any fees in respect of liquidation time. You will also note from Appendix A that in the period I have drawn £24,735 in respect of administration time and £1,012 in respect of expenses.
- 4 4 Time is charged in units of 6 minutes. 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.

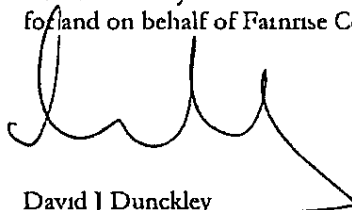
5 Other expenses incurred by the liquidator

- 5 1 In the period, I have paid £14,978 to Naismiths in respect of debt collection
- 5 2 I have paid £19,801 to Pinsent Masons LLP for its assistance in recovering the directors loan accounts and the sale of the remaining freehold
- 5 3 In addition I have paid £2,020 to Quastel Midgen LLP for advice in connection with the sale of the remaining freehold property
- 5 4 In the period, I have paid £2,046 to CAPA for the recovery of overpayments of business rates
- 5.5 I have paid £970 to Secure IT Disposal Limited for the safe destruction of the Company's IT equipment
- 5 6 I have also paid £1,769 to JLT Speciality Limited in respect of insurance
- 5 7 Details of other expenses incurred in the period can be found at Appendix B

6 Contact

- 6 1 Should you have any queries, please contact Will Bowden on 0161 953 6392

Yours faithfully
for and on behalf of Fairrise Construction Limited



David J Dunckley
Liquidator

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Farnrise Construction Limited - in liquidation
Liquidator's receipts and payments account
from 30 June 2015 to 29 June 2016

Receipts	Statement of Affairs (£)	Total (£)
Admin/Receivers Surplus		5,200 00
Chargeholder (1)		5,000 00
Freehold Land & Property		41,000 00
Admin/Receivers Surplus		273,093 75
Book Debts		39,566 89
Tax Refund		2,697 33
Misc Float Receipts		167 85
Directors Loan Accounts		31,200 00
Vat on Sales		6,512 37
HMRC - VAT received/paid		5,854 94
HMRC - Fixed VAT received/paid		935 00
		<hr/> 411,228 13 <hr/>

Payments

Telephone	278 15
Insurance	1,768 65
Hire of Equipment	80 00
Debt Collection costs	14,978 33
Legal Fees (1)	21,821 20
Professional Fees	3,016 17
Corporation Tax	3,967 17
Administrators Fees	24,735 05
Administrators Expenses	1,011 91
Repairs & Maintenance - Heritage Court	1,564 91
Statutory Advertising	84 60
Bank Charges	12 50
Preferential Creditors (All)	47,772 01
Vat on Purchases	12,367 31
Fixed Charge VAT on Purchases	935 00
	<hr/> 134,392 96 <hr/>

Balance - 29 June 2016	<hr/> 276,835 17 <hr/>
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Made up as follows

Floating Current Account NIB	<hr/> <hr/> 276,835 17 <hr/>
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B Remuneration charged and expenses incurred by the joint liquidators in the period

	Charged/incurred in period 30/06/2015 to 29/06/2016	Cumulative charged/incurred to 29/06/2016	Of which paid to 29/06/2016
	£	£	£
Administrator's fees			
Time costs	0	24,735	24,735
Liquidator's fees			
Time costs	78,938	78,938	0
Expenses	45	45	0
Professional fees:			
CAPA	2,046	2,046	2,046
Secure IT Disposals	970	970	970
Legal fees			
Pinsent Masons LLP	19,801	19,801	19,801
Quastel Midgen LLP	2,020	2,020	2,020
Agents/valuers fees			
Naismiths Limited	14,978	14,978	14,978
Insurance			
JLT Speciality Limited	1,769	1,769	1,769

C SIP 9 information

Introduction

The following information is provided in connection with the liquidators' remuneration and disbursements in accordance with SIP 9

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

Time costs

All partners and staff are charged out at hourly rates appropriate to their grade, as shown on the attached schedule. Details of the hourly charge-out rates are made available to creditors or committees at the time of fixing the basis of our fees. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

	From 01/07/13	From 01/07/14 to date
	£	£
Partners up to	600	740
Managers up to	455	470
Administrators up to	320	345
Assistants and support staff up to	220	230

Disbursements

Out of pocket expenses are charged at cost and mileage is charged at standard rates. VAT is added to disbursement charges as necessary.

Transaction period 30/06/2015 to 29/06/2016

Total fees billed to date (Time) £

TASKS	Incurred to date		
	Av Hrlly Rate	Hrs	£
STATUTORY AND ADMINISTRATIVE TASKS	253	129	32,624
File reviews Bank account administration and transactions Statutory reports to creditors Dealing with the conversion to liquidation Tax, VAT and PAYE compliance Liaising with The Insolvency Service Meeting by correspondence Estimated outcome statements Liaising with solicitors Statutory pension work			
REALISATION OF ASSETS	250	62	15,535
Liaising with debt collection agents Correspondence and work regarding the directors loan accounts Dealing with the sale of the freehold property Liaising with the tenants of the freehold property Dealing with repairs at the freehold property			
INVESTIGATIONS AND DIRECTORS	261	30	7,828
Letters to the directors Directors D form and investigations			
CREDITORS	191	120	22,952
Creditor correspondence Preferential dividend work and correspondence Reviewing and logging proofs of debts			
Total costs	231	341	78,938

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 creditors' voluntary liquidation

- (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

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