

The Insolvency Act 1986

Liquidator's Progress Report

S.192

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

To the Registrar of Companies

For Official Use

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Company Number

07576345

Name of Company

VIA SMS UK Limited

~~/~~ We
Darren Terence Brookes
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

Colin Thomas Burke
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

the liquidator(s) of the company attach a copy of my/our progress report
under section 192 of the Insolvency Act 1986

Signed

Date

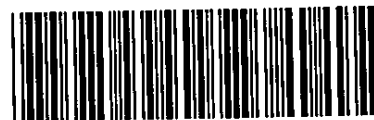
15.5.14

Milner Boardman & Partners
The Old Bank
187a Ashley Road
Hale
Cheshire
WA15 9SQ

Ref VI2174/DTB/CTB/JF

Insolvency

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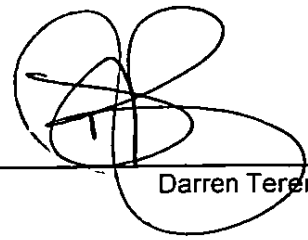
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COMPANIES HOUSE

**VIA SMS UK Limited
(In Liquidation)
Liquidators' Abstract of Receipts & Payments**

Statement of Affairs		From 24/04/2013 To 23/04/2014
	ASSET REALISATIONS	
	Furniture & Equipment	619 00
23,402 00	Loan Book	23,402 00
18,310 00	Cash at Bank (HSBC)	44,662 69
	Rent	4,115 00
7,951 00	Cash at Bank (Santander)	7,951 97
	Rates Rebate	NIL
	Bank Interest Gross	0 30
		<u>80,750 96</u>
	COST OF REALISATIONS	
	Specific Bond	180 00
	Preparation of S of A	10,000 00
	Office Holders Fees	25,000 00
	Travel Expenses	388 00
	Room Booking	208 33
	Agents/Valuers Fees (1)	1,660 00
	Agents Disbursements	59 28
	Legal Fees (1)	2,400 00
	Irrecoverable VAT	8,101 13
	Re-imburse Associated Company	27,955 90
	Books & Records Removal & Storage	624 20
	Statutory Advertising	253 80
	Bank Charges	10 00
	ERA Work	300 00
		<u>(77,140 64)</u>
	PREFERENTIAL CREDITORS	
(4,909 00)	DE Arrears & Holiday Pay	NIL
(23,115 00)	Employees - Wage Arrears	NIL
		<u>NIL</u>
	UNSECURED CREDITORS	
(31,039 00)	Trade & Expense	NIL
(3,736 00)	Employees - Notice Pay	NIL
(10,717 00)	HM Revenue & Customs (PAYE/NIC)	NIL
(73,467 00)	Associated Company loan	NIL
(2,330,771 00)	Shareholder Investment	NIL
		<u>NIL</u>
	DISTRIBUTIONS	
(100 00)	Ordinary Shareholders	NIL
		<u>NIL</u>
(2,428,191 00)		<u>3,610.32</u>
	REPRESENTED BY	
	Current Account	3,610 32
		<u>3,610.32</u>

A handwritten signature in black ink, consisting of a large, stylized 'D' and 'B' with a horizontal line through the middle, positioned above a horizontal line.

Darren Terence Brookes
Liquidator



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

VIA SMS UK LIMITED - IN LIQUIDATION

Joint Liquidators' Progress Report In accordance with Section 105 of the Insolvency Act 1986

**Covering the Period
24 April 2013 to 23 April 2014**

15 May 2014

**Milner Boardman and Partners
The Old Bank
187A Ashley Road
Hale
Cheshire
WA15 9SQ**

Our Ref DTB/JF/2149/24

**Joint Liquidators'
Progress Report**



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- 1 Milner Boardman and Partners' Time Analysis
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1. Statutory Information and Background

- 1 1 On 22 March 2013, in the absence of the directors, Starline Capital Limited ("SCL") exercised its powers as 100% shareholder to take steps to place the Company into Creditors' Voluntary Liquidation
- 1 2 Accordingly, on 24 April 2013, SCL, by written resolution, appointed Darren Brookes and Colin Burke as Joint Liquidators
- 1 3 At a meeting of the Company's creditors held on 24 April 2014 creditors passed a resolution confirming the appointment of Darren Brookes and Colin Burke as Joint Liquidators
- 1 4 The Liquidation is being handled by Milner Boardman & Partners, situated at The Old Bank, 187A Ashley Road, Hale, Cheshire, WA15 9SQ
- 1 5 The principal trading address of the Company was Abbey House, 18-24 Stoke Road, Slough. The former registered office was Abbey House, 18-24 Stoke Road, Slough, SL2 5AG
- 1 6 The registered office of the Company is c/o Milner Boardman & Partners, The Old Bank, 187A Ashley Road, Hale, Cheshire, WA15 9SQ and its registered number is 07576345
- 1 7 It is considered that the EC Regulation in Insolvency Proceedings applies to these proceedings which are main proceeding as defined in Article 3 of the EC Regulations

2. Case Overview

- 2 1 The Company's primary business activity was that of a credit granting facility providing short term loans to individuals
- 2 2 The main reason for the failure of the Company is attributed to the fact that the business model was not successful in the UK, compared to other countries where the model had succeeded. The bad debt ratio was approximately 70%, which was significantly higher than anticipated and therefore resulted in the Company incurring significant losses. As a result of the losses the shareholder, SCL withdrew its support and unfortunately the Company could no longer continue to trade viably.
- 2 3 According to the director's statement of affairs, the assets of the Company related to its loan book and cash at bank

3. Asset Realisation and Actions Since Appointment

- 3 1 **Loan Book:** On 18 March 2013, prior to the appointment of Joint Liquidators, the Company's loan book was sold to Engaged Solutions Limited ("ESL") a 'non associated' company, in the sum of £23,402. Upon appointment, the Joint Liquidators appointed Cerberus Receivable Management Limited ("CRM") to carry out a valuation of the loan book and confirm that the sale was at a fair price. Following a protracted investigation, CRM were able to provide a valuation report concluding that the sale was in line with market value. In accordance with the sale agreement the funds were subsequently transferred to the Joint Liquidators on 25 June 2013.
- 3 2 **Cash at Bank - HSBC Bank Plc ("HSBC"):** The Company operated a current bank account with HSBC. According to the director's statement of affairs, a credit balance of approximately £18,310 remained in the account. Following the appointment of the Joint Liquidators, HSBC forwarded an amount of £44,662.69 to the Joint Liquidators. It subsequently became apparent that £27,955.90 of this balance belonged to ESL under the terms of the sale agreement. Following investigations by the Joint Liquidators, it was confirmed that the funds rightly belonged to ESL and therefore £27,955.90 was reimbursed leaving a balance of £16,706.79 credited to the Liquidation account.
- 3 3 **Cash at Bank – Santander Bank Plc ("Santander"):** The Company operated a second bank account with Santander. According to the director's statement of affairs a balance of approximately £7,951 remained in the account at the cessation of trade. Upon appointment Santander forwarded the balance of £7,951 to the Joint Liquidators.
- 3 4 **Furniture & Equipment:** A small amount of office furniture belonging to the Company was discovered following the appointment of the Joint Liquidators. The furniture was subsequently delivered to Eddisons Commercial Limited ("Eddisons"), agents and valuers, to dispose of at auction. An amount of £619 was subsequently realised.
- 3 5 **Rent Deposit Refund:** Following appointment, the Joint Liquidators were made aware of a security deposit due to the Company of approximately £4,115, in respect of a flat rented by the Company for an employee. An amount of £4,115 was subsequently refunded and forwarded to the Joint Liquidators from the letting agents.
- 3 6 No further asset realisations are anticipated in this matter.
- 3 7 The case remains open in order to finalise a number of administrative matters. It is expected that these matters will be completed shortly and we will therefore move to close the case accordingly.

4. Receipts & Payments

- 4 1 A receipts and payments account for the year ended 23 April 2014 is enclosed with this report at appendix 3.

5. Investigation

- 5 1 As part of our duties as Joint Liquidators, we undertook enquiries into the Company's previous trading activities. The purpose of this aspect of the investigation was to ascertain the existence and whereabouts of any Company assets, whether disclosed on the director's sworn statement of affairs or not.
- 5 2 This investigation necessitated an examination of the books and records maintained by the Company, together with Company correspondence either retained by the Company or provided to me subsequently by creditors.
- 5 3 We have also examined the conduct of the individuals concerned in the management of the Company and have, where necessary, interviewed the directors of the Company.
- 5 4 Following our appointment it was brought to our attention that a number of transactions had taken place just prior to the appointment of the Joint Liquidators. Our enquiries into these allegations included a thorough investigation of the books and records of the Company and also correspondence with all the parties involved in the transactions. It was concluded, after consulting with the major creditor that there were no matters which required any further action by the Joint Liquidators.
- 5 5 We have complied with our statutory duty under the Company Directors Disqualification Act 1986 by submitting an appropriate return to the Insolvency Service.

6 Joint Liquidators' Remuneration

- 6 1 At the initial meeting of creditors held on 24 April 2013, payment of £10,000 plus VAT was authorised for our assistance with preparing the statement of affairs and convening and holding the meetings of members and creditors. Additionally, creditors authorised that out of this, an amount of £2,000 should be paid to Accounts Unlocked LLP for their assistance with the statement of affairs. The fee was paid from realisations and is shown on the attached receipts and payments schedule.
- 6 2 Also at the initial meeting of creditors held on 24 April 2013, sanction was given for the remuneration of the Joint Liquidators to be calculated on a time costs basis and charged at the applicable rates of Milner Boardman & Partners and to be drawn as and when appropriate. The policy of Milner Boardman & Partners is to charge the time, directly to each case, of all staff with the exception of secretarial staff. The attached summary at appendix 1 is intended to provide a breakdown of time costs incurred to date. Please note that Milner Boardman & Partners record time in 6 minute units.
- 6 3 As you can see from the attached summary at appendix 1, the time costs to date are £26,209, which represents 120.20 hours at an average rate of £218.84 per hour. As is shown in the attached receipts and payments account an amount of £25,000 has been drawn in respect of Joint Liquidators' fees to date.

6.4 Attached at appendix 2 are details of creditor's rights in relation to the Liquidator's remuneration and expenses. A copy of "A Creditors Guide to Liquidators Fees" is available via "www.insolvency-practitioners.org.uk" or alternatively a hard copy may be requested from this office.

6.5 The main areas where time costs have been incurred are 'Administration and Planning', 'Investigations', 'Realisation of Assets' and 'Creditors'. These are discussed in more detail below.

6.6 Administration and Planning

6.6.1 A total of £13,161.50 has been spent on administration and planning, including time spent on meetings and telephone conversations with the director and the Company's accountants, complying with statutory duties, reporting to creditors and general administrative work.

6.7 Investigations

6.7.1 A total of £9,772 has been spent on dealing with investigations into the director's conduct and Company assets together with preparing a return pursuant to the Company Directors Disqualification Act 1986. The bulk of this time has been spent on investigating Company transactions prior to the appointment of the Joint Liquidators.

6.8 Realisation of Assets

6.8.1 A total of £2,231 has been spent on realising the assets of the Company including corresponding with HSBC and Santander in order to recover the credit balances in the Company bank accounts, realisation of the funds owed in respect of the sale of the loan book and liaising with Eddisons with regard to the recovery and sale of items of office furniture.

6.9 Creditors

6.9.1 A total of £1,044 has been spent on dealing with creditors. Work carried out relates to dealing with trade creditors, HM Revenue and Customs, employee claims, associated company debts and shareholders' investments, which includes advising of the appointment, and dealing with claims and any other queries.

7. Joint Liquidators' Disbursements

7.1 With regard to disbursements, specific expenditure relating to the administration of the insolvent's estate and payable to an independent third party is recoverable without creditor approval. Payments made in respect of the above are defined as "Category 1 disbursements". Category 1 disbursements in this case total £6,083.61, net of VAT, and are broken down as follows:

• Specific Bond	£180
• Travel Expenses	£388
• Room Booking	£208 33
• Agents and Valuers Fees	£1,660
• Agents Disbursements	£59 28
• Legal Fees	£2,400
• Books & Records recovery & Storage	£624 20
• Statutory Advertising	£253 80
• Bank Charges	£10 00
• ERA Work	£300

- 7 2 I anticipate further costs in respect of statutory advertising, legal costs, books and records storage and agents fees
- 7 2 Expenditure incidental to the administration of the insolvent's estate, which by its nature includes an element of shared or allocated costs, are recoverable with creditors' approval. Payments in respect of this type of expense are referred to as "Category 2 disbursements". Category 2 disbursements require creditor authorisation before they can be drawn. Category 2 disbursements include staff mileage costs. Milner Boardman & Partners have not charged any Category 2 disbursements.
- 7 3 All disbursements are shown net of VAT. The company was not registered for VAT purposes and therefore VAT of £8,101 13 has been paid out and cannot be recovered for the benefit of the estate in this matter.
- 7 4 CRM were utilised to investigate the sale of the loan book, NJ Goodman & Co, solicitors, were instructed to assist with the preparation of the initial paperwork and indemnity documents and agents Eddisons were utilised to assist with the disposal of the Company assets. The professional advisers were selected on a basis of their experience, ability and cost. We have reviewed their fees and are satisfied that they are reasonable.

8. Creditors

8.1 Secured Claims

- 8 1 1 According to Companies House there are no charges registered against this Company.

8.2 Preferential Creditors

- 8 2 1 The statement of affairs anticipated that preferential claims would amount to approximately £28,024. This amount was approximately calculated based on figures provided by the Company for arrears of wages and holiday pay. These figures proved to be grossly over calculated as the preferential claim received from the Redundancy Payments Office amounted to £8,934 78. Based upon current information there will be insufficient funds in this matter to pay a dividend to preferential creditors.

8.3 Unsecured Creditors

- 8.3.1 The statement of affairs included £10,717 due to HM Revenue & Customs in respect of PAYE/NIC HMRC's final claim in this matter was £3,237.74
- 8.3.2 The statement of affairs also included unsecured creditors totalling £2.4 million which included trade and expenses creditors, unsecured employee claims, associated company loans and shareholder investments. A number of claims have been received in regard to trade creditors which appear to correspond with the estimated liabilities.
- 8.3.3 At the initial meeting of creditors, it was indicated that based on information presented to the meeting, it would seem unlikely that there would be sufficient funds available to distribute to unsecured creditors. Based upon current information, there are insufficient funds to enable a dividend to unsecured creditors.

8.4 Prescribed Part

- 8.4.1 Under Section 176A of the Insolvency Act 1986, where after 15th September 2003 a company has granted to a creditor a floating charge, a proportion of the net property realised, must be made available exclusively for the unsecured creditors.
- 8.4.2 In this case, the provision will not apply as no relevant charge is registered.

9. Conclusion

- 9.1 This concludes the Joint Liquidators' progress report for the year ended 23 April 2014. The next progress report is due within 2 months of the next year's anniversary i.e. before 23 June 2015, or earlier if the administration of the case has been finalised. The only outstanding matter is the completion of a number of administrative duties. It is expected that these duties will be completed shortly and we will therefore move to close the case accordingly.

Should you require further information please contact this office on 0161 927 7788

Yours faithfully
for and on behalf of
VIA SMS UK Limited



Darren Brookes
Joint Liquidator



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

Appendix 1

Milner Boardman & Partners' Time Analysis

Milner Boardman & Partners

TIME & CHARGEOUT SUMMARIES

VIA SMS UK Limited

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	11 10	17 30	0 00	34 90	63 30	13,161 50	207 92
Investigations	10 90	24 80	0 00	7 00	42 70	9,772 50	228 86
Realisation of Assets	4 30	0 00	0 00	5 50	9 80	2,231 00	227 65
Creditors	1 20	1 00	0 00	2 20	4 40	1,044 00	237 27
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	8,262 50	9,266 50	0 00	8,680 00		26,209 00	
Total Hours	27 50	43 10	0 00	49 60	120 20		
Average Rate	300 45	215 00	0 00	175 00			

1 November 2008

MILNER BOARDMAN & PARTNERS CURRENT CHARGE OUT RATE

PARTNER	From £295 to £370
MANAGER	£215
SENIOR ADMINISTRATOR/ASSISTANT/SUPPORT	£175

Basis of Charging Disbursements and Expenses

Certain costs may be incurred in relation to a case and in the first instance, paid by Milner Boardman and Partners and then recharged to the case. The amount recharged is the exact amount incurred. Examples are statutory bond, statutory advertising, land registry searches, insurance, travel and substances, archiving and storage costs.

Other costs, which may be charged to the case, are room hire for meetings held at the office of Milner Boardman & Partners and the cost of sending out reports to creditors, if material. The costs recharged are based upon the actual cost of the materials used or the costs, which would have been incurred if that service had been sourced externally.

The current levels of costs recharged are detailed below

ROOM HIRE	£60.00
ENVELOPE	4.2p
PAPER (Photocopies per sheet)	1.75p
POSTAGE (Depending on weight)	31p
FILES AND DIVIDERS (Cost per 100 creditors)	£2.00
STORAGE OF ARCHIVE BOX FOR ONE QUARTER	£1.50



MILNER BOARDMAN
& PARTNERS
Corporate Recovery

Appendix 2

Creditor's Rights in relation to Liquidator's Remuneration

Milner Boardman & Partners – Information Sheet for Members

What if a member is dissatisfied with liquidation remuneration?

If a member believes that the liquidator(s) remuneration is too high, the basis is inappropriate, or the expenses incurred by the liquidator(s) are in all the circumstances excessive he may, provided certain conditions are met, apply to the court

Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the liquidator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported. If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the liquidator a copy of the application and supporting evidence at least 14 days before the hearing.

If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the liquidation.

Creditor's rights to information on the liquidator's remuneration and expenses

Within 21 days of receipt of a progress report (or 7 business days where the report has been prepared for the purpose of a meeting to receive the office holder's resignation) a creditor, or in the case of an MVL a member, may request the office holder to provide further information about the remuneration and expenses set out in the report. A request must be in the writing, and may be made by

- A secured creditor, or
- An unsecured creditor with the concurrence of at least 5% in value of the creditors (including that creditor) of the permission of the court,
- In the case of an MVL, by members of the company with at least 5 % of the total voting rights of the all members having the right to vote at general meetings, or
- With the permission of the court –
 - Any unsecured creditor
 - In the case of an MVL, any member

The office holder must provide the requested information within 14 days, unless he considers that

- The time or cost involved in preparing the information would be excessive, or
- Disclosure would be prejudicial to the conduct of the proceedings or might be expected to lead to violence against any person, or
- The office holder is subject of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the office holder's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

If any creditors have any queries, please contact 0161 927 7788



MILNER BOARDMAN
& PARTNERS
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Appendix 3

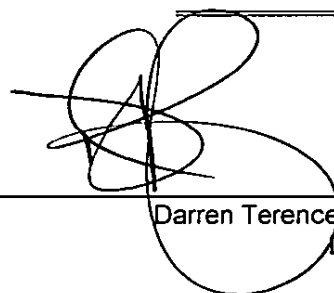
Receipts and Payments Account

**VIA SMS UK Limited
(In Liquidation)**

LIQUIDATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 24/04/2013 To 23/04/2014 £	From 24/04/2013 To 23/04/2014 £
RECEIPTS			
Furniture & Equipment		619 00	619 00
Loan Book	23,402 00	23,402 00	23,402 00
Cash at Bank (HSBC)	18,310 00	16,706 79	16,706 79
Rent		4,115 00	4,115 00
Cash at Bank (Santander)	7,951 00	7,951 97	7,951 97
Bank Interest Gross		0 30	0 30
		<u>52,795 06</u>	<u>52,795 06</u>
PAYMENTS			
Specific Bond		180 00	180 00
Preparation of S of A		10,000 00	10,000 00
Office Holders Fees		25,000 00	25,000 00
Travel Expenses		388 00	388 00
Room Booking		208 33	208 33
Agents/Valuers Fees (1)		1,660 00	1,660 00
Agents Disbursements		59 28	59 28
Legal Fees (1)		2,400 00	2,400 00
Irrecoverable VAT		8,101 13	8,101 13
Books & Records Removal & Storage Cos		624 20	624 20
Statutory Advertising		253 80	253 80
Bank Charges		10 00	10 00
ERA Work		300 00	300 00
		<u>49,184 74</u>	<u>49,184 74</u>
BALANCE - 23 April 2014			<u><u>3,610.32</u></u>

Note



Darren Terence Brookes
Liquidator