

# 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

5631431

Name of Company

Photologic (UK) Limited

I / We

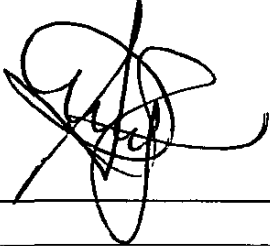
Henry Anthony Shinnars  
25 Moorgate  
London  
EC2R 6AY

Anthony Cliff Spicer  
25 Moorgate  
London  
EC2R 6AY

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 30/08/2012 to 29/08/2013

Signed



Date

29/10/13

Smith & Williamson LLP  
25 Moorgate  
London  
EC2R 6AY

Ref PH251/LC5/JP

WEDNESDAY



A06 \*A2K2P3YG\* 30/10/2013 #66  
COMPANIES HOUSE

**Photologic (UK) Limited  
(In Liquidation)  
Joint Liquidators' Abstract of Receipts & Payments**

Statement of Affairs	From 30/08/2012 To 29/08/2013	From 30/08/2011 To 29/08/2013
<b>ASSET REALISATIONS</b>		
	NIL	979 00
1,500 00	NIL	3,050 00
81,140 00	928 99	2,185 42
	NIL	614 34
	NIL	5,079 90
118,275 00	NIL	NIL
19,889 00	NIL	NIL
28,310 13	(2,324 00)	25,986 13
NIL	NIL	NIL
1,772 00	NIL	NIL
	55 08	116 52
	2,691 51	2,691 51
	<u>1,351 58</u>	<u>40,702 82</u>
<b>COST OF REALISATIONS</b>		
	2,691 51	2,691 51
	105 00	105 00
	31,074 50	31,074 50
	3 80	3 80
	NIL	500 00
	NIL	464 33
	NIL	873 63
	33 00	33 00
	407 32	407 32
	75 00	138 50
	0 13	0 13
	<u>(34,390 26)</u>	<u>(36,291 72)</u>
<b>PREFERENTIAL CREDITORS</b>		
(5,648 00)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<b>UNSECURED CREDITORS</b>		
(1,757,057 00)	NIL	NIL
(58,725 00)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<b>SHAREHOLDERS</b>		
(100 00)	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<b>(1,570,643.87)</b>	<b><u>(33,038 68)</u></b>	<b><u>4,411.10</u></b>
<b>REPRESENTED BY</b>		
		2,322 77
		5,146 13
		(3,057 80)
		<u><b>4,411.10</b></u>

**Note**

The bank account was made non interest bearing on the 15 January 2013

**Photologic (UK) Limited  
(In Liquidation)  
Joint Liquidators' Abstract of Receipts & Payments**

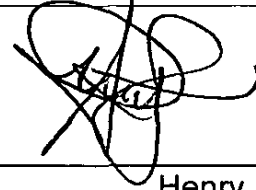
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**Statement  
of Affairs**

**From 30/08/2012  
To 29/08/2013**

**From 30/08/2011  
To 29/08/2013**

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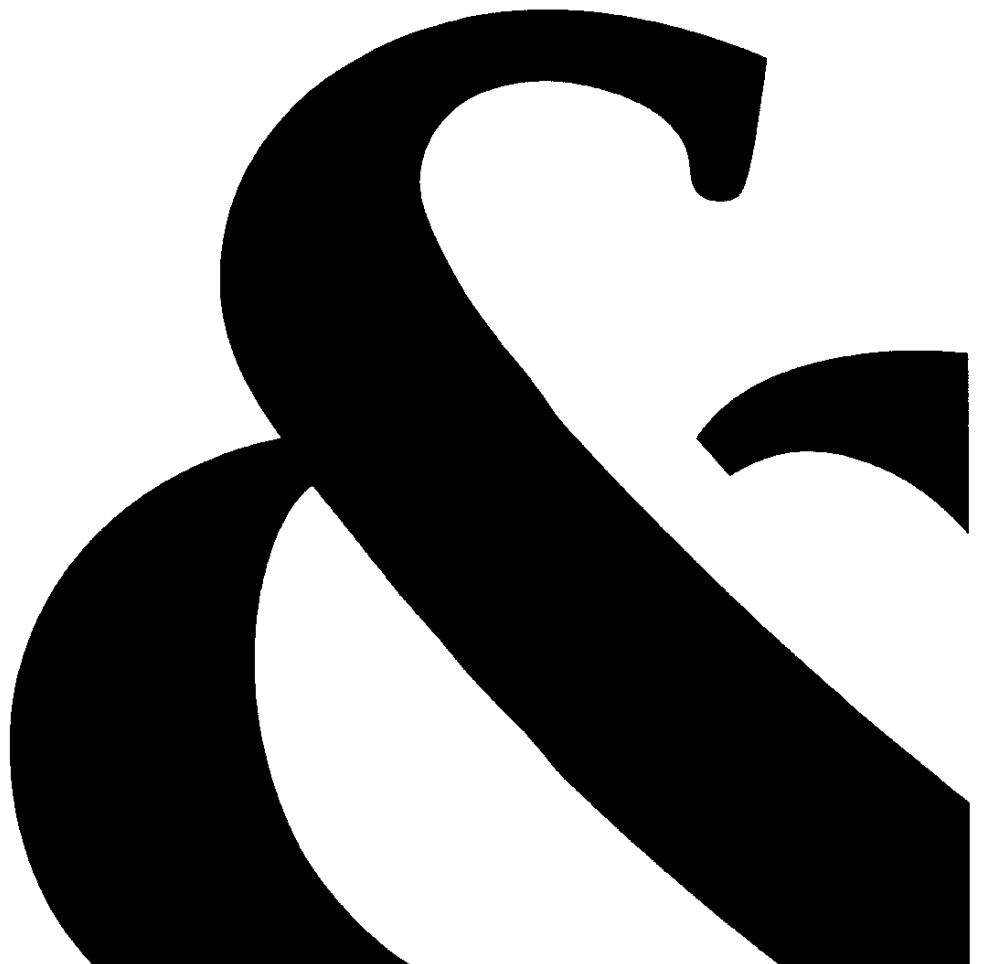
**Henry Anthony Shinnars  
Joint Liquidator**

Smith &  
Williamson

# Photologic (UK) Limited

In creditors' voluntary liquidation  
Joint liquidators' annual progress  
report to creditors and members

28 October 2013



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## 1. Introduction and statutory information

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This report provides an update on the progress in the liquidation of Photologic (UK) Limited (the "Company") for the year ended 29 August 2013. By way of reminder, we, Henry Anthony Shinnars and Anthony Cliff Spicer, were appointed joint liquidators of the Company on 30 August 2011, replacing the former joint administrators, Anthony Hyams and Llyod Hinton of Marriotts Recovery LLP, Allan House, 10 John Princes Street, London, W1G 0AH, Pursuant to paragraph 83 of Schedule B1 of the Insolvency Act 1986

The business of Smith & Williamson Limited was transferred to Smith & Williamson LLP on 1 May 2012 as part of an internal reorganisation. For work conducted up to and including 30 April 2012 references in the report are to Smith & Williamson Limited. Any references to work or policies from 1 May 2012 refer to Smith & Williamson LLP.

I enclose the relevant statutory information in respect of the Company as Appendix I

## 2. Realisation of assets

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Attached at Appendix II is our receipts and payments account for the period from 30 August 2012 to 29 August 2013. This account includes cumulative figures for the period from 30 August 2011 to date

The receipts and payments account also includes a comparison with the former administrators' final analysis of the residual assets to realise in the liquidation. A copy of the former joint administrators' final receipts and payments account which includes the director's Statement of Affairs values is attached as Appendix III

### 2.1. Cash at bank

The former joint administrators Anthony Hyams and Lloyd Hinton of Marriotts Recovery LLP, Allan House, 10 John Princes Street, London, W1G 0AH ("Marriotts") detailed in their final receipts and payments account, attached as Appendix III, that £9,666.58 was transferred to the joint liquidators upon appointment.

A further £18,643.55 was also transferred from Marriotts, being the VAT reclaim submitted by the administrators for the period of the administration, these funds were received in to their account prior to the funds being transferred of to the joint liquidators.

Prior to administration the Company's debtors were subject to a Debt Purchase Agreement in favour of Bank of Ireland Finance ("BoIF") The former administrators' final report indicated that the balance due to BoIF had been paid in full and that the surplus was available to the Company.

From our dealings with the Company's book debt ledger, it transpired that £2,324.00 of the funds received from the joint administrators were not due to the Company. These funds were incorrectly paid in to the BoIF debtor account, and then transferred to the former joint administrators when their liability was satisfied

The joint liquidators have subsequently refunded the relevant parties, payments total £2,691.51, of which £2,324.00 had been previously recorded as cash at bank

## 2.2. Book debts

As stated above, prior to administration, the Company's debtors were subject to a Debt Purchase Agreement in favour of BoIF. The former administrators' final report indicated that the balance due to BoIF had been paid in full, and that the surplus was available to the Company. Marriotts' final report also indicated that £81,140 remained due to the Company in respect of its book debt ledger on conversion to liquidation. This figure does not take in to account the adjustments outlined in the previous section.

Upon appointment the joint liquidators requested all of Marriotts' records relating to the Company's book debt ledger. Marriotts provided the joint liquidators with a summary of the ledger at their appointment and on 26 August 2011, and informed us that they had no further records relating to the ledger and that the relevant records were with their agents Charter Medical Group who had been dealing with collection on their behalf. Charter Medical Group is a connected entity to the Company, and its principle director John Gallagher is also a director of the Company.

The joint liquidators contacted Charter Medical Group and the Company's director to provide the necessary documentation to commence collections. After some delay we were informed that all records relating to the ledger and general accounting records had been accidentally destroyed, due to issues with Charter Medical Group storage, and a move of their electronic data.

In an attempt to retrieve some records relating to the ledger, we also approached Magrath LLP the lawyers appointed by Marriotts to assist Charter Medical Group with collections. They have also been unable to provide any records to assist in this matter.

Our analysis of the ledger provided by Marriotts indicated that only 15 of 50 accounts detailed had balances of over £1,000. Of these 15 accounts (which represent 82% of the ledger) we have been able to confirm that £33,286 should have been written off prior to the handover of the ledger, as these accounts are subject to set off or insolvency proceedings.

During the first period, £1,256.43 was realised in respect of the ledger, £952.88 from BoIF being a transfer of the residual funds in their designated account, and £303.55 from the liquidator of LSUK 2009 Limited (in liquidation) being the total dividend received on the Company's claim of £24,092.67.

Further funds have been transferred from BoIF within the period totalling £928.99 bringing the total collection within the liquidation to £2,185.42.

As stated previously without any further records to validate the balances due and enable action / pursuit of these balances, it is the joint liquidators' opinion that the balance on the book debt ledger of circa £48,010.58 is irrecoverable.

## 2.3. Pre administration VAT refund

The joint administrators submitted the final pre administration VAT returns within the administration, this return indicated that a VAT refund of £19,889.00 was due to the Company.



HM Revenue & Customs subsequently notified the joint liquidators in December 2011 indicating that a refund of £19,361.32 was due to the Company, but this amount has been set off against amounts owing to other departments within HM Revenue & Customs ("HMRC") as is their right.

As a result this asset is deemed irrecoverable.

## 2.4. Terminal loss relief claim

The joint administrator's final report illustrated a terminal loss relief claim of circa £177,000 was available to the Company. At the time of their report they believed that this claim was subject to set-off of an estimated liability of £58,725 in respect of corporation tax, and would require the Company's accounts being completed up to the date of administration.

Through the joint liquidator's correspondence with HMRC, we have been able to establish that the Company has only submitted tax returns up to the year ending 30 June 2008. For this period up to June 2008 and the year prior, a total of £64,781.84 had been paid in tax by the Company and no tax had been paid / due for the period ending 30 June 2006.

Draft returns for the period ending 30 June 2009 have also been retrieved, and the joint liquidators instructed Goodman Jones LLP (the Company's former auditors) to finalise certain elements of their previous reviews in order to assist with producing the outstanding returns and accounts. However, based on the limited financial records available, due to the issues with Charter Medical Group, the recreation of the Company's pre-administration tax position was difficult.

The joint liquidators have undertaken extensive forensic work on the Company's electronic records and historic servers, as part of their investigations, in part to uncover further information that may be useful in this claim.

However, as stated above any terminal relief claim will be subject to HMRC set off. At present we have received claims of £139,346.58 in respect of outstanding PAYE/NIC and VAT (after taking in to account the set off of £19,361.32 detailed in the previous section of this report). This claim does not include any liability for corporation tax which the joint administrators stated in their report could be in the region of £58,725.

Smith & Williamson LLP's corporation tax department have reviewed the limited records available, and the additional work undertaken by Goodman Jones LLP, in order to establish if such an extensive claim for terminal relief is valid. It is their analysis that the claim did not have a benefit to the liquidation due to the extent of HMRC claims.

Based on this analysis the joint liquidators have concluded that there is no economical benefit to the Company's creditors in pursuing this claim and as a result any future recovery has been deemed irrecoverable.

## 2.5. Intercompany balances

The Company directors' Statement of Affairs shows that the Company is intercompany balances from Photologic Limited and Axis Healthcare Limited ("Axis") in the amounts of £1,317,008 and £41,164, respectively.

### 2.5.1 Photologic Limited

In May 2011 Photologic Limited was placed into liquidation. Based on initial communications with the liquidator, based in Ireland, it was anticipated that that there would be no return to creditors. However, recently we have been notified that the liquidator is taking actions against the directors of the company, and therefore there is a possibility of a small dividend in respect of this intercompany balance

### 2.5.2 Axis Healthcare Limited

As mentioned in our previous report, Axis is also in liquidation, and correspondence received from the liquidator highlighted a potential dividend of £1,772.00 due to the Company

The liquidator of the company was withholding the dividend due to questions over how the intercompany debts had occurred, and raising a claim of £168,790 against the Company by way of a preference under section 239 of The Insolvency Act 1986

The joint liquidators have limited access to the Company's books and records, due to the former administrators not retrieving the documentation prior to a flood at the storage facility where the records had been stored by the Company's directors.

The joint liquidators as part of their duty to investigate the affairs of the Company, undertook extensive forensic analysis of the data retrieved from the Company's computer servers. This work failed to uncover any additional supporting evidence in respect of the management and service charge apportionments associated with the intercompany balances

Following consultation with the creditors' committee, it was agreed that based on the records available the joint liquidators could not substantiate the Company's claim in any greater detail than had already been submitted. Based on this position, and the extensive costs incurred on the matter, the joint liquidators agreed to release the Company's claim against Axis. This was on the basis that the liquidator of Axis would also drop their action against the Company, in order to prevent the position for the both companies' creditors from worsening further

As a result of this agreement no realisation in this matter will be nil.

### 2.6. Sales to connected parties

There have been no assets sold to connected parties during the course of the liquidation

### 2.7. Further Asset Recovery

I do not envisage any further asset realisations in the winding up other than the outstanding elements detailed above. If, however, there are any further assets not detailed above, or as shown in my receipts and payments account, that creditors believe should be brought to my attention please let me have details as soon as possible

### 3. Investigations

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Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Innovation and Skills on the conduct of all those persons who were directors at the date of liquidation or who held office at any time during the three years immediately preceding the liquidation.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors and responses to our request to complete an investigation questionnaire.

As stated above, the vast amount of the Company's records were not retrieved by the former joint administrators, this and the subsequent lack of records from Charter Medical Group has significantly hampered the joint liquidators' investigations.

Through our investigations we have been able to retrieve the Company's servers which were due to be sold by auctioneers appointed by the former administrators. A significant amount of work has been undertaken by the joint liquidators' staff and the forensic accounting department of Smith & Williamson LLP to recover and review the electronic records recovered from the devices.

In light of the recent developments in respect of Photologic Limited liquidation as detailed in section 2.5.1 of this report, our investigations have are still on-going. We are currently working with the creditors' committee and the liquidators of connected parties in order to establish if further actions can be undertaken.

### 4. Creditors

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#### 4.1. Secured creditors

As stated above, BoIF had established a Debt Purchase Agreement over the Company's book debt ledger. At the date of the liquidation BoIF's indebtedness in respect of the Company's book debt ledger had been repaid in full. As such there are no outstanding claims in this regard.

#### 4.2. Prescribed Part

The Company did not grant any floating charges to a secured creditor. Accordingly, there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors.

### 4.3. Preferential creditors

A summary of preferential claims is detailed below

Preferential claims	Statement of Affairs claims £	Agreed claims £	Claims yet to be agreed £
Employee claims (Total number of claims = 9)	NIL	2,051.55	NIL
Department for Business Innovation & Skills ("BIS")	£5,648 00	£4,179.52	NIL

The joint liquidators have a number of queries with BIS in respect of their claim, once these are resolved it is envisaged that a dividend may be declared in respect of these claims against the Company. The extent of the dividend is dependant on further recoveries from the intercompany positions outlined in section 2.5

### 4.4. Unsecured creditors

We have received claims totalling £1,921,139 40 from 37 creditors to date, we have yet to receive claims from 26 creditors whose debts total £195,728 31 as per the director's Statement of Affairs

As asset realisations are still on-going as such these claims against the Company have not been formerly adjudicated by the joint liquidators. However, if no further recoveries are made it is highly likely that due to the extent of the preferential claims against the Company no dividend to its unsecured creditors will be possible.

## 5. Joint liquidators' remuneration

The liquidation committee at the first formal meeting of the committee on 30 November 2011, approved that the basis of the liquidators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the liquidation

In the period of 30 August 2012 to 29 August 2013, the joint liquidators and their staff spent 97.20 hours dealing with the administration of the winding up at a cost of £22,102.25 representing an average charge out rate of £227.39 per hour. Attached as Appendix IV is a time analysis, which provides details of the activities carried out during this period of managing the winding up

Attached as Appendix V is a cumulative time analysis for the period from 30 August 2011 to the 25 July 2013 and, this provides details of our time costs since appointment. To date the joint liquidators and their staff have spent 341.60 hours dealing with the winding up at a cost of £77,390 75 representing an average charge out rate of £226 55 per hour

During this reporting period we have drawn joint liquidators' fees of £31,074.50, being the entirety of fees drawn by the joint liquidators to date

Pre-liquidation costs of £2,664.50 as reported in the joint liquidators' time analysis have not been paid

As the attached time analysis show, a significant amount of the time accrued relates to the joint liquidators' investigations in to the affairs of the Company, this time also includes the extensive work undertaken to retrieve electronic records to assist with the attempted realisation of the residual balances on the Company's book debt ledger

A description of work undertaken in the administration to date is as follows. Items marked with the asterisk (\*) have been undertaken in the period 30 August 2012 to 29 August 2013.

#### **Administration and planning**

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters. This work includes the following.

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Dealing with routine correspondence\*
- Maintaining physical case files and electronics case details on IPS (case management software) \*
- Case reviews (including 6 month reviews)\*
- Case bordereau and reviews\*
- Case planning and administration\*
- Maintaining and managing the joint liquidators' cash book and bank accounts\*
- Ensuring statutory lodgements and tax lodgements obligations are met\*
- Submitting VAT returns and Corporation Tax returns (when due)\*

#### **Investigations**

Investigations include work carried out as a consequence of the obligation placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors. This work includes the following:

- Review and limited books and records retrieved from former joint administrators\*
- Forensic retrieval of accounting records, and available email files, from the Company's server\*
- Detailed analysis of electronic records retrieved, and correlation with connected companies liquidators records\*
- Forensic retrieval of Company bank account statements, and subsequent analysis to investigate possible recoveries from antecedent / misfeasance actions\*
- Investigating the reasons for the failure of the Company\*

- Discussions and correspondence with relevant personnel, and connected company liquidators\*

### **Realisation of assets**

This section is in relation to the realisation of the Company's assets. The work includes the following:

- Actions undertaken to try and retrieve book debt ledger records\*
- Recoveries of debtors funds from BoIF\*
- Resolving issues relating to receipt of third party funds\*
- Discussions with liquidator of Axis Healthcare Limited on deferred dividend and preference actions\*
- Reviewing additional accounting records retrieved from Goodman Jones LLP, and liaising with Smith & Williamson LLP corporation tax team on possible terminal loss relief claim. (A significant amount of time charged against this category, is recorded within the sub category of corporate tax) \*

### **Creditors**

Work under this section includes correspondence and other contact with the creditors of the Company. The work includes the following:

- Dealing with creditor correspondence via email and telephone \*
- Resolving issues relating to receipt of third party funds\*
- Maintaining creditors' information on IPS\*
- Communications with the creditors committee\*

A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from the following address:

[http://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Liquidators\\_Fees\\_Nov2011.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Liquidators_Fees_Nov2011.pdf)

Details of our charge out rates and policies in relation to the use of staff are provided at Appendix VI

## **6. Joint liquidators' expenses**

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Pursuant to Rule R4.49B(1)(f) of the Insolvency Rules 1986 the joint liquidators are required to provide creditors with a statement of the expenses incurred by the joint liquidators during the period of the report, irrespective of whether payment was made in respect of them during that period.

## 6.1. Subcontractors

We have utilised the services of the following subcontractors during the period covered by this report:

Provider / Service(s)	Basis of fee arrangement	Costs incurred in period £	Costs paid in total £
Philip Davies & Sons (Group) Ltd Auctioneers Fees	10% of asset realisation (established by joint administrators)	Nil	£464 33

## 6.2. Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement	Costs incurred in period £	Costs paid in total £
Goodman Jones LLP	Set fee	Nil	£500

Goodman Jones LLP were instructed by the joint liquidators to complete additional work relating to the pre-administration audit of the Company. This information was required to assist in our investigations and to validate the possibility of the terminal loss relief claim, as explained earlier in this report.

### 6.3. Liquidators' disbursements

We have paid and/or incurred the following disbursements in the current period:

Description	Incurred in period £	Paid in total £
Statutory advertising	£75 00	£138 50
Liquidators' bond	Nil	£105.00
Company searches	£7.00	£33 00
Travel	Nil	£3 80
Storage Costs	£407 32	£407 32
Category 2 disbursements (see below)	N/A	N/A
<b>Total</b>	<b>£489.32</b>	<b>£687.62</b>

### 6.4. Category 2 disbursements

Category 2 disbursements require approval by creditors. Disbursements that fall under category 2 generally comprise elements of shared or allocated costs. These include the provision of internal services such as photocopying, printing, room hire and document storage. It is not our intention to seek recovery of such category 2 disbursements in this matter.

### 6.5. Policies regarding use of third parties and disbursement recovery

Appendix VI provides details of our policies in relation to the use of subcontractors and professional advisors, and the recovery of disbursements.

## 7. Outstanding matters

The remaining actions to be concluded in the liquidation are as follows:

- Resolving issues relating to dividend from the liquidation of Photologic Limited.
- Obtaining tax clearance
- Payment of preferential creditor dividend if asset realisations allow
- Payment of unsecured creditor dividend if residual funds available permit



- Closure of the liquidation, including preparing and issuing draft final report, calling and holding final meetings, and preparing and issuing final report.

## 8. Creditors' rights

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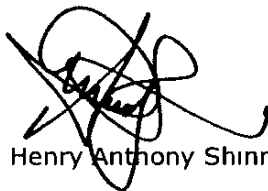
Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the liquidators provide further information about their remuneration or expenses which have been itemised in this progress report

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the liquidators, as set out in this progress report, are excessive

## 9. Next report

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We are required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation unless we have concluded matters prior to this, in which case we will write to all creditors with our final progress report ahead of convening the final meetings of creditors and members



Henry Anthony Shinnars and Anthony Cliff Spicer

Joint Liquidators

Date. 28 October 2013

## Appendix I: Statutory Information

<b>Company Name:</b>	Photologic (UK) Limited
<b>Previous Company Name:</b>	N/A
<b>Court Reference:</b>	2513 of 2011 in the High Court of Justice, Chancery Division, Companies Court, 2 <sup>nd</sup> Floor, Thomas Moore Building, Strand, London, WC2A 2LL
<b>Office Holders:</b>	Anthony Cliff Spicer and Henry Anthony Shiners
<b>Registered Number:</b>	05631431
<b>Date of Incorporation:</b>	21 November 2005
<b>Registered Office:</b>	25 Moorgate, London, EC2R 6AY
<b>Previous Registered Office:</b>	Allan House, 10 John Princes Street, London, W1G 0AH (until 06/09/11) Unit B Hemel Gateway, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7GY (until 08/04/11)
<b>Trading Address:</b>	Unit B Hemel Gateway, Boundary Way, Hemel Hempstead, Hertfordshire, HP2 7GY
<b>Director:</b>	John Gallagher (appointed on 22/11/05)
<b>Former Directors:</b>	Stephen Firman (01/02/06 – 12/01/10) John Flynn (01/02/06 – 31/08/07) Christopher Hoare (13/02/06 – 31/12/07) Michael O Farrell (22/11/05 – 01/02/06) Summerglen Ltd (21/11/05 – 31/08/07) Calum Thomson (22/04/08 – 16/04/10)
<b>Company Secretary:</b>	Stephen Crowley (appointed 01/09/07)
<b>Former Company Secretary:</b>	John Flynn (22/11/05 – 31/08/07)
<b>Authorised share capital:</b>	£100,000
<b>Allotted, issued and fully paid shares:</b>	100 Ordinary shares of £1 each
<b>Shareholders</b>	Photologic Limited £78 John Gallagher £22
<b>Charge holders:</b>	N/A

## Appendix II: Receipts and payments account

Statement of Affairs £	From 30/08/2012 To 29/08/2013 £	From 30/08/2011 To 29/08/2013 £
	<b>ASSET REALISATIONS</b>	
	Computers	979 00
1,500 00	Motor Vehicles	3,050 00
81 140 00	Book Debts	2 185 42
	Sundry Refunds	614 34
	Refund of Agents Fees	5 079 90
118 275 00	Terminal Loss Relief Claim	NIL
19 889 00	Pre Administration VAT Refund	NIL
28 310 13	Cash at Bank	25 986 13
NIL	Inter-Company Debt - Photologic Ltd	NIL
1,772 00	Inter-Company Debt - Axs Healthcare	NIL
	Bank Interest Gross	116 52
	Third Party Funds	2 691 51
	<u>2 691 51</u>	<u>2 691 51</u>
	1,351 58	40 702 82
	<b>COST OF REALISATIONS</b>	
	Third Party Funds Refund	2,691 51
	Specific Bond	105 00
	Liquidator's Fees	31 074 50
	Liquidator's Expenses	3 80
	Professional Fees - Former Auditors	500 00
	Agents/Valuers Fees	464 33
	Agents/Valuers Expenses	873 63
	Company Search	33 00
	Storage Costs	407 32
	Statutory Advertising	138 50
	Bank Charges	0 13
	<u>(34 390 26)</u>	<u>(36,291 72)</u>
	<b>PREFERENTIAL CREDITORS</b>	
(5 648 00)	Employees Holiday Pay	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>UNSECURED CREDITORS</b>	
(1,757,057 00)	Trade & Expense Creditors	NIL
(58 725 00)	HM Revenue & Customs - PAYE	NIL
	<u>NIL</u>	<u>NIL</u>
	<b>SHAREHOLDERS</b>	
(100 00)	Ordinary Shareholders	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(1,570,643 87)</u>	<u>(33,038 68)</u>	<u>4,411 10</u>
	<b>REPRESENTED BY</b>	
	VAT Receivable	2 322 77
	Interest Bearing C/ANIB 15 1 13	5,146 13
	VAT Payable	(3 057 80)
		<u>4,411 10</u>

## Note

The bank account was made non interest bearing on the 15 January 2013

## Appendix III: Joint administrator's final receipts and payments account

Statement of Affairs £		24/05/2011 To 30/06/2011 £	31/03/2011 To 30/06/2011 £
	<b>HIRE PURCHASE</b>		
4,651 00	Hyundai Santa Fe	NIL	NIL
(4,651 00)	Hyundai Car Finance Limited	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
Uncertain	Building Sign	NIL	NIL
Uncertain	Plant & Machinery	760 00	760 00
Uncertain	Furniture & Office Equipment	981 00	981 00
Uncertain	Motor Vehicles	5,700 00	5,700 00
220 087 00	Stock	14,380 00	14,380 00
203 616 00	Book Debts	125 959 51	125 959 51
	Rates Refund	239 07	239 07
17,304 00	VAT Refund	NIL	NIL
	Insurance Refund	705 31	705 31
Uncertain	Inter Company Debt	NIL	NIL
	Bank Interest Gross	44 84	44 84
	Road Tax Refund	133 33	133 33
		148 903 06	148 903 06
	<b>COST OF REALISATIONS</b>		
	Specific Bond	330 00	330 00
	Office Holders Fees	30,000 00	30,000 00
	Transfer to Liquidation	9,666 58	9,666 58
	VAT Receivable	18,643 55	18,643 55
	Agents/Valuers Fees	14,310 00	14,310 00
	Debt Collection Fee	61,073 02	61,073 02
	Legal Fees	75 00	75 00
	Wages	10,102 87	10,102 87
	PAYE & NI	3,390 86	3,390 86
	Stationery & Postage	445 48	445 48
	Travel/Concours	468 68	468 68
	Storage Costs	124 25	124 25
	Re-Direction of Mail	81 72	81 72
	Statutory Advertising	188 55	188 55
	Rates	NIL	NIL
	Bank Charges	10 50	10 50
	Company Searches	2 00	2 00
		(148,903 06)	(148,903 06)
	<b>UNSECURED CREDITORS</b>		
(1,755,260 00)	Trade & Expense Creditors	NIL	NIL
(179 7 00)	Bank of Ireland Current Account	NIL	NIL
(52,482 00)	H M Revenue & Customs - PAYE	NIL	NIL
(1,760 00)	Pension	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(100 00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,370,392 00)		(0 00)	(0 00)
	<b>REPRESENTED BY</b>		
			NIL

## Appendix IV: Time analysis for the reporting period

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner	Associate director	Manager/ Assistant Manager	Senior Administrator/ Administrator	Assistants & support staff			
<b>Administration and planning</b>								
Statutory returns reports & meetings	0 85	0 00	6 65	0 00	0 00	7 50	2,129 75	283 97
Initial post appointment notification letters including creditors	0 00	0 00	0 00	0 00	0 40	0 40	64 00	160 00
Cashiering general including bonding	0 00	0 00	0 85	0 00	1 80	2 65	458 00	172 83
Job planning reviews and progression (inc 6 month reviews and planning meetings, checklists & diary)	0 00	0 40	0 85	0 00	0 00	1 25	352 75	282 20
Post-appointment taxation (VAT PAYE/NIC, Corp Tax that are not trading related)	0 00	0 00	4 45	0 00	0 00	4 45	1 159 25	260 51
Protection of company records (incl electronic)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Filing, file and information management	0 00	0 00	3 50	0 25	0 00	3 75	965 50	257 47
Filing Administration and planning	0 00	0 00	1 55	0 00	0 00	1 55	441 75	285 00
Director/manager review approval and signing	1 20	0 00	0 05	0 00	0 00	1 25	550 00	440 00
Other	0 00	0 00	3 80	1 50	0 00	5 30	1,247 00	235 28
<b>Investigations</b>								
Directors correspondence & conduct questionnaires	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Creditor & shareholder complaints	0 00	0 00	3 55	0 00	0 00	3 55	940 75	265 00
Statutory books and accounting records review	0 00	0 00	14 05	0 00	0 00	14 05	3,723 25	265 00
Investigation of legal claims	0 00	0 00	1 00	0 00	0 00	1 00	265 00	265 00
SIP2 and SIP4 obligations (inc CDDAB6 forms)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Asset tracing (e.g Land Registry and Company Searches)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Enquiries of advisers	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Other	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
<b>Realisation of assets</b>								
Debtors not financed (includes reassigned debtors)	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
Director/manager review approval and signing	0 35	0 00	0 00	0 00	0 00	0 35	154 00	440 00
Other	0 00	0 00	0 35	0 00	0 00	0 35	92 75	265 00
<b>Creditors</b>								
Employees & pension (other) (incl Jobcentre/CSA etc)	0 00	0 00	2 25	0 00	0 00	2 25	596 25	265 00
Unsecured creditors	0 20	0 00	2 70	0 00	0 00	2 90	803 50	277 07
Creditors committee	1 10	0 00	7 30	1 00	0 00	9 40	2 578 50	274 31
Director/manager review approval and signing	0 15	0 00	0 00	0 00	0 00	0 15	66 00	440 00
Other	0 00	0 00	1 50	2 00	0 00	3 50	717 50	205 00
<b>AML/Compliance</b>								
AML - if done post appointment	0 00	0 00	0 00	0 00	0 00	0 00	0 00	
<b>Corporate Tax</b>								
Corporate Tax	3 00	0 00	1 10	25 00	0 00	29 10	4,484 25	154 10
<b>Forensics</b>								
Forensics	0 00	0 00	0 00	2 50	0 00	2 50	312 50	125 00
<b>Total</b>	<b>6 85</b>	<b>0 40</b>	<b>55 50</b>	<b>32 25</b>	<b>2 20</b>	<b>97 20</b>	<b>22,102 25</b>	<b>227 39</b>

## Appendix V: Time analysis for period to date

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner	Associate director	Manager/ Assistant Manager	Senior Administrator/ Administrator	Assistants & support staff			
<b>Administration and planning</b>								
Statutory returns reports & meetings	0 85	0 00	6 65	0 00	0 00	7 50	2 129 75	283 97
Initial post appointment notification letters, including creditors	0 00	0 00	1 10	0 00	0 40	1 50	322 50	215 00
Cashiering general, including bonding	0 00	0 00	2 85	0 50	4 05	7 40	1,298 00	175 41
Job planning reviews and progression (inc 6 month reviews and planning meetings, checklist & diary)	0 00	1 25	3 70	0 00	0 00	4 95	1,307 25	264 09
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0 40	0 00	4 45	0 00	0 00	4 85	1 335 25	275 31
Protection of company records (incl electronic)	0 00	7 00	0 00	1 00	0 00	8 00	2,505 00	313 13
Filing file and information management	0 00	0 00	9 50	0 25	0 00	9 75	2 375 50	243 64
Filing - Administration and planning	0 00	0 00	1 60	0 00	0 00	1 60	451 75	282 34
Director/manager review approval and signing	1 60	6 10	0 20	0 00	0 00	7 90	2,799 50	354 37
Other	0 00	2 25	14 00	1 50	1 00	18 75	4,473 25	238 57
<b>Investigations</b>								
Directors correspondence & conduct questionnaires	0 00	0 00	2 40	0 00	0 00	2 40	603 00	251 25
Creditor & shareholder complaints	0 00	0 00	3 55	0 00	0 00	3 55	940 75	265 00
Statutory books and accounting records review	0 00	0 00	43 15	43 70	0 00	86 85	17 464 25	201 09
Investigation of legal claims	0 00	0 00	2 75	0 00	0 00	2 75	728 75	265 00
SIP2 and SIP4 obligations (inc CDDA86 forms)	0 00	0 00	9 25	0 00	0 00	9 25	2 241 25	242 30
Asset tracing (e.g Land Registry and Company Searches)	0 00	0 00	2 45	0 00	0 00	2 45	575 75	235 00
Enquiries of advisers	0 00	0 00	0 75	0 00	0 00	0 75	176 25	235 00
Other	0 00	0 00	37 10	9 50	0 00	46 60	10,238 50	219 71
<b>Realisation of assets</b>								
Debtors not financed (includes reassigned debtors)	0 00	3 75	0 35	0 00	0 00	4 10	1 338 50	326 46
Director/manager review approval and signing	0 35	0 00	0 00	0 00	0 00	0 35	154 00	440 00
Other	0 00	3 75	0 70	0 00	0 00	4 45	1 431 25	321 63
<b>Creditors</b>								
Employees & pension (other) (incl Jobcentre/CSA etc)	0 00	0 00	2 60	0 00	0 00	2 60	678 50	260 96
Unsecured creditors	0 20	2 35	5 60	0 00	1 50	9 65	2,395 25	248 21
Creditors committee	4 75	0 50	19 70	1 00	0 00	25 95	7,266 00	280 00
Director/manager review, approval and signing	0 65	0 00	0 00	0 00	0 00	0 65	286 00	440 00
Other	0 00	0 00	2 95	2 00	0 00	4 95	1,095 75	221 36
<b>AML/Compliance</b>								
AML if done post appointment	0 00	0 00	0 75	0 00	0 00	0 75	176 25	235 00
<b>Corporate Tax</b>								
Corporate Tax	9 75	0 00	2 35	27 00	0 00	39 10	7 774 25	198 83
<b>Forensics</b>								
Forensics	0 00	0 00	0 00	22 25	0 00	22 25	2,828 75	127 13
<b>Total</b>	<b>18 55</b>	<b>26 95</b>	<b>180 45</b>	<b>108 70</b>	<b>6 95</b>	<b>341 60</b>	<b>77,390 75</b>	<b>226 55</b>
<b>Pre-Appointment</b>								
AML, Conflict & ethics checks engagement letters	0 00	0 00	1 00	0 00	0 25	1 25	251 25	201 00
Initial meetings	2 80	0 00	0 00	0 00	0 00	2 80	1,232 00	440 00
Appointment formalities	0 00	0 00	1 75	0 00	0 00	1 75	411 25	235 00
Director/manager review approval and signing	1 75	0 00	0 00	0 00	0 00	1 75	770 00	440 00
<b>Total</b>	<b>4 55</b>	<b>0 00</b>	<b>2 75</b>	<b>0 00</b>	<b>0 25</b>	<b>7 55</b>	<b>2,664 50</b>	<b>352 91</b>

## Appendix VI: Charging, subcontractor and advisor information

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Information in relation to the joint liquidators' use of staff, subcontractors and advisors, the recovery of disbursements, and details of the joint liquidators' charge out rates.

### **Policy**

Detailed below is Smith & Williamson LLP's policy in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

### **Staff allocation and the use of subcontractors**

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 constitution of the case team will usually consist of a partner and a partner or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

### **Use of professional advisers**

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

### **Disbursements**

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 our policy is to recover only one type of Category 2 disbursement, namely business mileage at HM Revenue & Customs' approved mileage rates at the relevant time. Prior to that, approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

### **Charge out rates**

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the liquidators' remuneration was approved. With effect of 1 July 2013 Smith & Williamson LLP's charge out rates were adjusted. Detailed below are schedules of Smith & Williamson LLP's current charge-out rates, and historic charge-out rates for this assignment.

Time is recorded in a minimum of three minute units at the charge out rate prevailing at the time the work is performed.



**Smith & Williamson LLP  
Restructuring & Recovery Services  
Charge out rates as at 1 July 2013**

	<b>London office £</b>	<b>Regional offices £</b>
<b>Partner</b>	480	350-375
<b>Associate Director</b>	370	295-325
<b>Managers</b>	235-310	190-285
<b>Other professional staff</b>	150-235	100-170
<b>Support &amp; secretarial staff</b>	85	28-75

**Notes:**

1. Time is recorded in units representing 3 minutes or multiples thereof
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual case.
3. The firm's cashing function is centralised and London rates apply

**Smith & Williamson LLP  
Restructuring & Recovery  
Historic Charge out rates listed by staff classification**

	<b>£</b>
<b>Partner</b>	440-500
<b>Associate Director</b>	335 - 420
<b>Senior Manager</b>	275-325
<b>Manager</b>	265-310
<b>Assistant Manager</b>	235-250
<b>Administrator</b>	140-200
<b>Assistants and support staff</b>	65-250

**Smith & Williamson LLP  
Corporate Tax  
Charge out rates listed by staff classification  
Charge out rates as at 1 July 2013**

	<b>£</b>
<b>Partner</b>	<b>470-535</b>
<b>Associate Director</b>	<b>350-360</b>
<b>Senior Manager</b>	<b>295</b>
<b>Manager</b>	<b>175 -245</b>
<b>Senior</b>	<b>85 -155</b>
<b>Tax Trainee</b>	<b>80-100</b>
<b>Support &amp; secretarial staff</b>	<b>50-60</b>

**Smith & Williamson LLP  
Corporate Tax****Historic Charge out rates listed by staff classification**

	<b>£</b>
<b>Partner</b>	455-520
<b>Associate Director</b>	340-350
<b>Senior Manager</b>	285
<b>Manager</b>	235
<b>Assistant Manager</b>	200
<b>Senior</b>	120-155
<b>Tax Trainee</b>	80-105

**Smith & Williamson LLP  
Forensics****Charge out rates listed by staff classification**

	<b>£</b>
<b>Partner</b>	<b>330-365</b>
<b>Senior Manager</b>	<b>190-200</b>
<b>Manager</b>	<b>175-200</b>
<b>Network Analyst</b>	<b>135</b>
<b>Assistant</b>	<b>80-95</b>
<b>Secretarial and support staff</b>	<b>75-85</b>

**Smith & Williamson LLP  
Forensics  
Historic Charge out rates listed by staff classification**

	<b>£</b>
<b>Partner</b>	335
<b>Associate Director</b>	260-295
<b>Senior Manager</b>	180-210
<b>Manager</b>	160-190
<b>Senior</b>	125-140
<b>Assistants and support staff</b>	65-140

**[www.smith.williamson.co.uk](http://www.smith.williamson.co.uk)**

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