
Joint liquidators' progress report
from 13 August 2018 to 12 August
2019

***Brilliant Independent Media
Specialists Limited***
(in liquidation)

7 October 2019

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Company	Brilliant Independent Media Specialists Limited
Liquidators	Toby Scott Underwood and Ian David Green
firm	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
United Carpets	United Carpets (Northern) Limited – in liquidation
Holdings	Brilliant Media Holdings Limited – in liquidation
Manchester	Brilliant Independent Media Specialists Manchester Limited – in liquidation
Birmingham	Brilliant Independent Media Specialists Birmingham Limited – in liquidation
Begbies	Begbies Traynor (Central) LLP
CVL	Creditors' voluntary liquidation
HMRC	HM Revenue & Customs
Investment	Investment in Big Screen Productions 13 LLP
Administrators	Robert Maxwell and Rob Sadler of Begbies Traynor (Central) LLP

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation the Company in the 12 months since our last report dated 3 October 2018.

How much creditors may receive

The following table summarises the possible outcome for creditors*, based on what we currently know.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Preferential creditors	N/A	N/A
Unsecured creditors	25p in £	25p in £

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

What you need to do

We've asked for outstanding claims from unsecured creditors so that we can agree them for dividend purposes.

We anticipate being in a position to give notice of our intention to pay a final dividend shortly, so any creditor who has still not submitted a claim should do so by completing and returning the statement of claim form which is attached Appendix E of this report. The completed form should be posted to the offices of PricewaterhouseCoopers LLP, 8th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL, marked for the attention of Adam Thompson. Please provide full supporting documentation, including statements and copy invoices when you submit your statement of claim form.

Overview of what we've done to date

This is our seventh progress report. You may wish to refer to our previous reports when looking at this one.

We've realised the Company's assets as follows:

Actual realisations
£

Assets not specifically pledged to a creditor

Distributions from investment in Big Screen Productions 13 LLP	96,422
Receipt of funds held by former administrators	7,256,351
Director's loan account	130,000
Domain name	1,000
Bank Interest	72,685
Rates refunds	10,103
Distribution from Holdings	129,957
Distribution from United Carpets	26,939
	<hr/>
	7,723,457

Note that statement of affairs figures have not been included as they do not directly correlate to realisations made during the liquidation.

When we last reported, the key outstanding matters in the liquidation were as follows:

- Agreement of intercompany claims with other associated companies, namely Manchester, Birmingham and Holdings;
- Distribution from Holdings; and
- Final distribution to the Company's creditors.

Progress on these matters is set out later in this report.

Outcome for creditors

Secured creditors

There are no secured creditors in the liquidation, as they were settled in full in the administration.

Preferential creditors (mainly employees)

There are no preferential creditors. We rejected a claim that had been made in a previous period.

Unsecured creditors

Dividends become available for unsecured creditors when there are sufficient funds (after costs of the liquidation) to pay the secured and preferential creditors in full, with an amount left over. In certain circumstances, part of the amount available for secured creditors may be ring-fenced for the benefit of unsecured creditors. This prescribed part is paid out of 'net property', which is floating charge realisations after costs, and after paying - or setting aside enough to pay - preferential creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003.

At the start of the administration, there were secured creditors with floating charges over all the assets of the Company. We estimate that the Company's net property is £6,651,450, which means that the prescribed part is set at the statutory maximum of £600,000. The secured creditors were repaid in full during the administration, and there are surplus funds available for distribution to the unsecured creditors other than from the prescribed part. There is no difference in creditors qualifying for distributions from the prescribed part and the surplus, so these funds have been treated as one pot of funds available for distribution purposes.

We paid an interim dividend of 15p in the £ in March 2013. The amount distributed to creditors totalled £2,175,540. A further distribution of 5p in the £ was paid in January 2016, which included equalising or catch-up dividends to those creditors whose claims had been adjusted in the intervening period. The amount distributed totalled £2,130,162.

As described earlier in this report, we expect to give formal notice of our intention to pay a final dividend in the near future. Any creditor who has not submitted a claim should do so as soon as possible. Claims received after the final date for proving will not be eligible to participate in the dividend.

Progress since we last reported

Realisation of assets in the period

Distribution from Holdings

During the period covered by this report, we received a first and final distribution of £129,957 from the liquidators of Holdings, being 1.71p in the £ against our admitted claim of £7,609,257.

Investment in Big Screen Productions 13 LLP

The latest distribution received totalled £3,642.45. As the realisations from this source have greatly diminished in value, we requested a valuation from The Ingenious Group, who manage this investment, in order to better understand any realisable sale value from this asset.

The valuation provided was very general and was not therefore beneficial in providing any indication of potential value. We have sought advice from valuation specialists within this firm, who confirmed the investment had a limited value and there was unlikely to be a market for it. Further to this advice, and bearing in mind the case brought against these type of investments by HMRC, we have determined that there is no benefit in expending costs in trying to sell this investment.

The next distribution from the investment is expected to be received in the final quarter of 2019, once received we intend to write off any future recoveries to allow payment of the final distribution.

Agreement of the intercompany claim position

During the period, we have continued to liaise with Begbies to discuss the intercompany claim position between the Company, Manchester and Birmingham, and the treatment of VAT within the Group. I am pleased to confirm that the interim claims of Manchester and Birmingham have been agreed in the liquidation. Creditors may recall from previous reports that we have accepted claims from creditors but checked to see whether any element of that claim related to trade with Manchester or Birmingham. We sought to reduce the intercompany claims from Manchester and Birmingham by the amount attributable to trading with those companies. As such, we have not completely finished this element of our work, as we'll need to further this process for any claims received after circulation of this report and issuing of our notice of intention to declare the final dividend.

Statutory and compliance

During the period we have completed the following statutory work:

- Prepared and submitted the annual tax return;
- Prepared and submitted the annual progress report to creditors;
- Conducted six monthly reviews of case progress;
- Continued to liaise with Begbies in relation to the treatment of the Group VAT liability and its impact on intercompany claims; and
- Responded to creditor queries.

Liquidation' committee

On 13 September 2012, creditors decided to form a liquidation committee consisting of the following members:

1. H M Revenue & Customs
2. News International
3. First Radio Sales
4. ITV Broadcasting Limited
5. Newsquest Group

We have not held a committee meeting during the period, however we are in the process of preparing to convene a meeting of the Liquidation Committee in order to formalise the final strategy for closure of the liquidation and payment of the final distribution.

Investigations and actions

We have reviewed the Company's affairs and taken into account any points raised by creditors in discharging our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2. At this time, nothing has come to our attention to suggest that we need to do any more work in line with our duties.

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as a liquidation expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

We set out in Appendix C an update on our fees, disbursements and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16. This information can also be found in the guide to fees at:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/creditors-guide-liquidators-fees-final.ashx?la=en>

You can also get a copy free of charge by telephoning Adam Thompson on 0113 289 4983.

What we still need to do

In order to complete our work in the liquidation, in brief, we still need to meet with the Liquidation Committee to seek approval of our outstanding fees for our work in the liquidation, agree the strategy for payment of the final distribution, issue notice of our intention to pay the final distribution (including agreement of any further claims received) and obtain tax clearance from HMRC. Once this work has been completed, we will circulate our final report to creditors and then file the relevant notices for leave office.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner.

If you've got any questions, please get in touch with Adam Thompson on 0113 289 4983.

Yours faithfully

For and on behalf of the Company



Toby Scott Underwood
Joint Liquidator

Toby Scott Underwood and Ian David Green have been appointed as joint liquidators of the Company. Both are licensed in the United Kingdom to act as an Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. The joint liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>. The joint liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint liquidators. Personal data will be kept secure and processed only for matters relating to the joint liquidators' appointment. Further details are available in the privacy statement on the [PwC.co.uk](https://www.pwc.co.uk) website or by contacting the joint liquidators.

Appendix A: Receipts and payments

	Total for the period from appointment to 12 August 2018 £	13 August 2018 to 12 August 2019 £	Total for the period from appointment to 12 August 2019 £
Receipts			
Director loan account	130,000.00	-	130,000.00
Balance at bank	65.40	-	65.40
Release of funds to Liquidators	7,256,350.89	-	7,256,350.89
Distribution from United Carpets	26,939.11	-	26,939.11
Distribution from Holdings	-	129,957.37	129,957.37
Investment income	92,779.37	3,642.45	96,421.82
Domain name	1,000.00	-	1,000.00
Interest received	58,141.54	14,543.82	72,685.36
Rates refund	10,102.58	-	10,102.58
	7,575,378.89	148,143.64	7,723,522.53
Payments			
Legal fees (in relation to former administrators' remuneration application)	(228,639.14)	-	(228,639.14)
Former administrators' legal fees	(93,332.45)	-	(93,332.45)
Legal fees	(18,903.00)	-	(18,903.00)
Legal disbursements	(4,699.87)	-	(4,699.87)
Motor and travel expenses	(49.50)	-	(49.50)
Storage costs	(1,434.18)	-	(1,434.18)
Office holders' fees*	(687,793.85)	-	(687,793.85)
Office holders' expenses	(3,853.79)	-	(3,853.79)
Advertising costs	(73.62)	-	(73.62)
Pre-appointment fee	(55,581.90)	-	(55,581.90)
Corporation tax	(25,588.86)	(2,508.76)	(28,097.62)
Bank charges	(320.64)	-	(320.64)
Bank interest	(1,146.04)	-	(1,146.04)
Unsecured creditors (15p / £ paid March 2013)	(2,175,540.32)	-	(2,175,540.32)
Unsecured creditors (5p / £ paid January 2016)**	(2,130,161.54)	8,440.42	(2,121,721.12)
Reissued dividend due to trade creditor	(21,990.29)	-	(21,990.29)
Cancelled catch-up dividend to Manchester & Birmingham	452,791.56	-	452,791.56
	(4,996,317.43)	5,931.66	(4,990,385.77)
VAT control	(91.24)	-	(91.24)
Balance at bank as at 12 August 2019 (interest bearing account)	2,578,970.22	154,075.30	2,733,045.52
All items are stated net of VAT			

*Note 1: fees calculated by reference to the time properly given.

Note 2: statement of affairs figures have not been included as they do not directly correlate to realisations made during the liquidation.

The rules regarding the prescribed part apply in this case but as the secured creditors were repaid in full during the administration it has not been applied.

**Note 3: the credit is cancelled distribution cheques that were not cashed

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Unpaid expenses as at 12 August 2018	Incurred in the period	Expenses paid in the period	Unpaid expenses as at 12 August 2019	Future expenses
	£	£	£	£	£
Liquidators' Fees	219,394.20	19,984.76	-	239,378.96	37,260.00
Liquidators' disbursements	4,839.31	1,593.94	-	6,433.25	3,187.88
Storage costs	-	-	-	-	-
Legal fees	-	-	-	-	5,000.00
Bank charges	-	-	-	-	200.00
Total	224,233.51	21,578.70	-	245,812.21	45,647.88

Appendix C: Remuneration update

The Liquidation Committee is responsible for fixing the liquidators' remuneration and has agreed that our fees as liquidators will be calculated by reference to time properly given by the liquidators and their staff in attending to matters arising in the liquidation. We agreed that we would provide details of each fee request to the liquidation committee for approval in advance of drawing a fee.

The time cost charges incurred in the period covered by this report are £19,985 which represents 76 hours work at an average hourly rate of 264.24. This amount does not necessarily reflect how much we will eventually draw as fees for this period.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates for the period 13 August 2018 to 12 August 2019

Aspect of assignment	Partner	Director	Senior Manager	Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £	Cumulative hours £	Cumulative time cost £
Strategy & Planning	-	-	-	-	1.50	0.20	3.20	-	7.55	1,695.81	224.61	559.80	127,017.66
Secured creditors	-	-	-	-	-	-	-	-	-	-	-	55.70	17,318.50
Assets	-	-	-	-	1.00	-	4.00	-	5.00	1,097.00	219.40	162.20	41,684.65
Investigations	-	-	-	-	-	-	-	-	-	-	-	1,419.55	350,114.45
Creditors	-	-	-	-	4.30	-	10.10	-	14.40	3,353.50	232.88	183.99	38,535.50
Accounting and treasury	-	-	-	-	0.20	1.30	3.85	-	5.35	1,155.50	215.98	417.50	117,566.35
Statutory and compliance	4.00	-	2.60	-	3.70	0.60	21.10	-	32.00	9,320.75	291.27	296.90	84,971.85
Tax & VAT	-	-	-	-	2.60	0.40	8.33	-	11.33	3,362.20	296.75	247.18	75,122.10
Employees & pensions	-	-	-	-	-	-	-	-	-	-	-	268.95	74,061.20
Pre-appointment work	-	-	-	-	-	-	-	-	-	-	-	1.50	299.75
Closure procedures	-	-	-	-	-	-	-	-	-	-	-	1.46	481.20
Total for the period	-	-	-	-	-	-	-	-	75.63	19,984.76	264.24	3,614.73	927,173.21
Brought forward at 12 Aug 2018										3,539.10			
Total										3,614.73			927,173.21

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the liquidation. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the liquidation.

Grade	Up to 30 June 2019 £	From 1 July 2019 £
Partner	640	690
Director	540	595
Senior manager	465	515
Manager	365	405
Senior associate – qualified	275	310
Senior associate – unqualified	200	230
Associate	180	210
Support staff	95	120

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	From 13 August 2018 to 30 June 2019 £	From 1 July 2019 £
Partner	1,315	1,385
Director	1,210	1,295
Senior manager	1,230	1,290
Manager	735	775
Senior Associate / consultant	545	575
Associate / assistant consultant	270	285
Support staff	160	170

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

We have made no payments to associates in the period covered by this report.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff.

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Strategy & planning	<ul style="list-style-type: none"> • Case planning and progression meetings • Case filing 	<ul style="list-style-type: none"> • To ensure orderly management and progression of the case 	<ul style="list-style-type: none"> • To ensure efficient management of the case
Assets	<ul style="list-style-type: none"> • Liaising with The Ingenious Group re Big Screen productions 13 LLP potential investment returns • Liaising with the liquidators of Holdings for updates & dividend time estimates • Receiving the distribution from the liquidators of Holdings 	<ul style="list-style-type: none"> • To maximise returns to creditors 	<ul style="list-style-type: none"> • Maximises potential returns to creditors
Creditors	<ul style="list-style-type: none"> • Responding to creditor queries • Issuing replacement dividend cheques to creditors • Liaising with the liquidators of Manchester and Birmingham to agree the position of the impact of joint and several liability to HMRC on intercompany claims 	<ul style="list-style-type: none"> • To deal with creditor queries • To distribute funds to creditors 	<ul style="list-style-type: none"> • Allows creditors to manage their assets • Distributing funds to creditors
Accounting & treasury	<ul style="list-style-type: none"> • Managing bank account • Performing bank reconciliations • Issuing payments and receiving receipts 	<ul style="list-style-type: none"> • To ensure management of the bank account is up to date 	<ul style="list-style-type: none"> • Secure stewardship of the estate funds
Statutory & compliance	<ul style="list-style-type: none"> • Preparing, drafting and issuing annual progress report • Completing statutory six monthly case reviews 	<ul style="list-style-type: none"> • To comply with statutory obligations 	<ul style="list-style-type: none"> • Required by statute or regulation
Tax / VAT & Pensions	<ul style="list-style-type: none"> • Preparing and submitting the annual tax return • Preparing the final tax return and clearance request 	<ul style="list-style-type: none"> • To comply with statutory obligations 	<ul style="list-style-type: none"> • Required by statute

Our future work

We still need to do the following work in the liquidation.

Area of work	Work we need to do	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
Strategy & planning	<ul style="list-style-type: none"> • Case planning and progression meetings 	1,500	Ensures matters are progressed efficiently
Assets	<ul style="list-style-type: none"> • Finalising the realisations from Big Screen Productions investment and dealing with future income 	1,600	Realises optimal returns to creditors
Accounting & treasury	<ul style="list-style-type: none"> • Managing bank account • Performing bank reconciliations • Issuing payments and receiving receipts • Processing dividend payments • Account closure 	7,785	Secure stewardship of the funds Distributing funds to creditors
Statutory & compliance	<ul style="list-style-type: none"> • Preparing, drafting and issuing annual and final progress reports • Completing statutory six monthly case reviews 	5,500	Updates on the progress of the case and ensures matters are progressed. Certain activities are required by statute
Tax/VAT/Pensions	<ul style="list-style-type: none"> • Submitting the annual / final tax return • Obtaining tax clearance • Finalising the VAT position 	4,000	Required by statute and ensures maximum VAT recovery
Creditor claims & distributions	<ul style="list-style-type: none"> • Responding to creditor queries • Calculating funds available to distribute to creditors • Issuing notice of the intended final dividend • Agreement of intercompany claims (subject to receipt of any additional claims received into the liquidation) • Making final distribution to creditors 	12,000	Funds will be returned to unsecured creditors
Closure	<ul style="list-style-type: none"> • Requesting and obtaining clearance from agents • Reviewing and maintaining the case file • Preparing relevant notices to vacate office • Dealing with unclaimed dividends • Closure formalities 	4,875	To ensure proper conclusion of the liquidation

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the liquidation and has been approved by creditors' committee where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying – up to 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	-
2	Mileage - At a maximum of 67 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc)	-
1	Postage	1,593.94
	Total	1,593.94

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Details of subcontracted work

We have not subcontracted any work in the period covered by this report.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services	• DLA Piper	• Industry knowledge	• Time costs

Appendix D: Other information

Company's registered name:	Brilliant Independent Media Specialists Limited	
Trading name:	Brilliant	
Registered number:	02895403	
Registered address:	Central Square, 8 th Floor, 29 Wellington Street, Leeds, LS1 4DL	
Date of the Liquidators' appointment:	13 August 2012	
Liquidators' names, addresses and contact details:	Toby Scott Underwood Central Square 29 Wellington Street Leeds LS1 4DL	Ian David Green Central Square 29 Wellington Street Leeds LS1 4DL
Contact: Adam Thompson on 0113 289 4983		

Appendix E: Creditors' claim form

1) Name of creditor	
2) Address of creditor for correspondence	
3) Registered number (if creditor is a company) (If not registered in the UK, please state the country or territory it is registered in and any overseas company registration number)	
4) Total amount of your claim* (including VAT and outstanding capitalised interest) at the date the Company went into liquidation Less: - Total amount of any payments received by you in relation to the claim after the liquidators' appointment/[preceding administration date]; and - Total value (including VAT) of any monies due by you to the company in liquidation Balance of claim	(a) £ (b) £ (c) £ = a-b-c £
5) If the amount in 4) includes outstanding capitalised interest, please state amount	£
6) Particulars of how and when the debt was incurred (please attach a continuation sheet if more space is needed)	
7) Particulars of any security held, the date it was given and the value you put on the security	
8) Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates	
9) Details of any documents by reference to which the debt can be substantiated	
10) Information on any concerns you may have regarding the way in which the company's business has been conducted, and on potential recoveries for the liquidation resulting from the conduct of any party (please continue on a separate sheet if needed)	
Signature of creditor or person authorised to act on behalf of the creditor	
Name in block capitals	
Position with or relation to the creditor (e.g. director, company secretary, solicitor)	
Address of person signing (if different from 2 above)	
Date	

For office holder's use only – Brilliant Independent Media Specialists Limited

<i>If applicable</i> Admitted to vote for: £	<i>If applicable</i> Admitted for dividend for: £
Date	Date
Signed	Signed
Name	Name

