

Joint liquidators' progress report from 20 October 2019 to 19 October 2020

**Ernest Nortcliffe and Son Limited (in compulsory
liquidation)**

10 December 2020

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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 / ENSL	Ernest Nortcliffe and Son Limited
Liquidators	Dan Yoram Schwarzmann (from 20 October 2014 to 8 November 2016) Zelf Hussain (from 20 October 2014) Toby Scott Underwood (from 20 October 2014) All three had previously been appointed provisional liquidators on 2 September 2014
firm	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
CVL	Creditors' voluntary liquidation
HMRC	HM Revenue and Customs
prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
preferential creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by Zelf Hussain and Toby Scott Underwood as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/nortcliffe. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain and Toby Scott Underwood have been appointed as Joint Liquidators of the Company. Both are licensed in the United Kingdom to act as 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 website or by contacting the Joint Liquidators.

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Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of the Company in the 12 months since our last report dated 13 December 2019.

You can still view our earlier reports on our website at www.pwc.co.uk/nortcliffe.

How much creditors have received

Please note that, based on what we know currently, there is no possibility of any dividend being paid to any class of creditors.

What you need to do

This report is for your information and you don't need to do anything.

Overview of what we've done to date

This is our sixth progress report. You may wish to refer to our previous reports which can be found at www.pwc.co.uk/nortcliffe. As explained in our earlier reports, the Company traded as a skip hire and waste management/disposal business. In 2014, as part of a wider investigation into VAT irregularities, HMRC petitioned for the provisional liquidation of the Company.

HMRC presented a winding up petition against the Company on 2 September 2014. As a consequence, on the same day, Dan Schwarzmann, Zelf Hussain and Toby Underwood were appointed as joint provisional liquidators of the Company under S122 IA86. The orders were sealed on the same day and searches at the Company's premises took place on 3 September 2014, at which point the Company ceased trading.

The provisional liquidators were subsequently appointed joint liquidators of the Company on 20 October 2014 by the Secretary of State.

Please note that due to the nature of these appointments, the information in this report is necessarily limited.

We remain in office because we have yet to pay the provisional liquidators' fees and expenses and obtain the necessary clearances prior to the closure of the liquidation. This is the key outstanding matter in the liquidation.

Provisional liquidators' fees and disbursements

The provisional liquidators' time costs totalled £164,050, against which we have received the sum of £50,000 paid under the terms of an indemnity provided by the petitioning creditor. In our previous report we stated that the balance of the provisional liquidators' time costs would be determined by the court, with the intention that they be paid as expenses of the compulsory liquidation, where funds are available.

Our solicitors are making an application to Court to approve the basis of these costs, together with disbursements. A summary of these costs are as follows:

	£
Balance of provisional liquidators' time costs	114,050.00
Disbursements *	241.49
Total	114,291.49

*Our last report showed disbursements as £40.00 in error

Outcome for creditors

Secured creditors

Fixed and floating charges were registered against the Company's assets, and realisations have been made from assets subject to a floating charge. However, these realisations have been insufficient to meet the expenses of the liquidation, so no funds will become available to the charge holder.

Preferential creditors (mainly employees)

The Company has no preferential creditors.

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. We anticipate that the costs of the liquidation will exceed the funds realised and therefore there will be no funds available for the unsecured creditors.

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.

The prescribed part applies in this case as there is a floating charge created after 15 September 2003. However, as the costs of liquidation exceeds realisations, the net property and hence the prescribed part will be nil.

No dividend will be paid to the unsecured creditors of the Company.

Progress since we last reported

Statutory and compliance

Annual progress report

We prepared the annual progress report for the period ended 19 October 2019, which we uploaded to the website, together with a notice of general use of a website to deliver documents.

Provisional Liquidators' fees, expenses and discharge

We had previously instructed our solicitors to make an application to Court in respect of the recovery of our fees and expenses as provisional liquidators from the funds held in the liquidation as well as seeking the Court's approval to our discharge as provisional liquidators. During the period covered by this report we have finalised various detailed time cost analysis schedules in support of this application, and have also reviewed and signed the accompanying affidavit and finalised the application ready for submission to Court.

In order to mitigate costs, we have requested that the application be heard in the London Court in conjunction with other related matters. We have made the necessary application and are awaiting the transfer of the proceedings from the Manchester County Court, where the case is currently listed. Once the case has been transferred our solicitors will then submit the application in respect of the recovery of our fees and expenses as provisional liquidators. We anticipate being in a position to update creditors on the outcome of the court application in our next report.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 20 October 2019 to 19 October 2020..

Our expenses

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

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 Sandra Andrews on 0113 289 4926.

What we still need to do

We need to obtain Court approval to pay the provisional liquidators' fees and expenses and discharge the Court order dated 2 September 2014 prior to the closure of the liquidation.

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 Sandra Andrews on 0113 289 4926.

Yours faithfully



Zelf Hussain
Joint liquidator

Appendices

Appendix A: Receipts and payments

	For the period from 20 October 2014 to 19 October 2019	For the period from 20 October 2019 to 19 October 2020	Total for the period from 20 October 2014 to 19 October 2020	Estimated future movements	Estimated outcome
	(£)	(£)	(£)	(£)	(£)
Petitioning creditor's deposit	1,250.00	-	1,250.00	-	1,250.00
Plant & machinery - auction sales	62,235.00	-	62,235.00	-	62,235.00
Plant & machinery - insurance claim	15,300.00	-	15,300.00	-	15,300.00
Interest	1,088.86	171.10	1,259.96	-	1,259.96
Corporation tax refund	5.48	-	5.48	-	5.48
Total Receipts	79,879.34	171.10	80,050.44	-	80,050.44
Bank charges	2,840.60	88.00	2,928.60	66.00	2,994.60
Secretary of State ad valorem fees	14,500.61	20.53	14,521.14	-	14,521.14
Agent's fees	5,892.78	-	5,892.78	-	5,892.78
Professional fees - locksmith	311.00	-	311.00	-	311.00
Legal fees & expenses	4,770.64	-	4,770.64	4,505.28	9,275.92
Insurance premium	2,433.61	-	2,433.61	-	2,433.61
Corporation tax	215.40	34.22	249.62	-	249.62
Provisional Liquidators' fees & expenses	-	-	-	41,871.77	41,871.77
Liquidators' expenses	-	-	-	2,500.00	2,500.00
Total Payments	30,964.64	142.75	31,107.39	48,943.05	80,050.44
VAT control account	-	-	-	-	-
Balance held at ISA (interest bearing)	48,914.70	28.35	48,943.05	(48,943.05)	Nil

No statement of affairs was lodged in either the provisional or compulsory liquidations.

All items are stated net of VAT.

Appendix B: Expenses

	Total brought forward from preceding period (£)	Incurred in the period under review (£)	Cumulative (£)	Estimated future (£)	Anticipated total (£)
Bank charges	2,840.60	88.00	2,928.60	66.00	2,994.60
Secretary of State ad valorem fees	14,500.61	20.53	14,521.14	-	14,521.14
Agents' fees	5,892.78	-	5,892.78	-	5,892.78
Professional fees - locksmith	311.00	-	311.00	-	311.00
Legal fees & expenses*	4,770.64	4,505.28	9,275.92	-	9,275.92
Insurance premium	2,433.61	-	2,433.61	-	2,433.61
Corporation tax	215.40	34.22	249.62	-	249.62
Liquidators' expenses**	1,517.54	498.36	2,015.90	484.10	2,500.00
Total	32,482.18	5,146.39	37,628.57	550.10	38,178.67

*Total legal fees and expenses are expected to be limited to £9,275.92

**Brought forward figure includes £245.04 not included in last report

Appendix C: Remuneration update

We are making an application to Court regarding the recovery of our fees and costs as provisional liquidators. Should our application be successful, then there will be no funds available to meet the joint liquidators' costs. We therefore do not propose to take any action to fix the basis of the joint liquidators' fees at this time.

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 from 20 October 2019 to 19 October 2020

Aspect of assignment	Partner (Hrs)	Director (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Support (Hrs)	Total (Hrs)	Time cost £	Average hourly rate £	Cumulative £
1 Accounting and treasury	-	-	-	0.10	0.10	0.40	-	0.60	195.00	325.00	7,435.80
2 Assets	-	-	-	-	-	-	-	-	-	-	19,810.00
3 Closure procedures	-	-	-	-	-	-	-	-	-	-	1,072.00
4 Creditors	-	-	-	-	-	-	-	-	-	-	6,468.50
5 Employees and pensions	-	-	-	-	-	-	-	-	-	-	1,976.00
6 Insurance and claims management	-	-	-	-	-	-	-	-	-	-	26,134.00
7 Property	-	-	-	-	-	-	-	-	-	-	18,935.75
8 Provisional liquidators' fee application	1.00	-	2.00	21.40	50.00	-	-	74.40	33,666.50	452.51	58,656.50
9 Statutory and compliance	1.00	-	1.05	4.70	20.30	-	-	27.05	12,240.75	452.52	83,523.85
10 Strategy and planning	-	-	0.30	0.25	0.20	-	-	0.75	386.75	515.67	29,469.05
11 Team management	-	-	-	-	-	-	-	-	-	-	3,060.50
12 Tax/VAT	-	-	-	-	0.20	-	-	0.20	87.00	435.00	18,785.60
Total for the period	2.00	-	3.35	26.45	70.80	0.40	-	103.00	46,576.00	452.19	275,327.55
Brought forward at 20 October 2019									591.25	228,751.55	
Total									694.25	275,327.55	

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 2020 £	From 1 July 2020 £
Partner	910	955
Director	800	840
Senior Manager	605	665
Manager	525	575
Senior Associate	435	465
Associate	270	297
Support staff	140	155

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

Grade	Up to 31 August 2020 £	From 1 September 2020 £
Partner	1,520	1,600
Director	1,395	1,465
Senior Manager	1,290	1,355
Manager	775	815
Senior Associate – Consultant	575	605
Associate – Assistant consultant	305	325
Support staff	250	230

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

Payments to associates

We have not made any payments to associates during 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
Accounting & treasury	<ul style="list-style-type: none"> Entering receipts and payments in the liquidators' accounting system. Carrying out bank reconciliations and managing the investment of funds. 	<ul style="list-style-type: none"> Ensuring that there is proper stewardship and accounting for the funds realised for the benefit of creditors. Enabling efficient payment of liabilities incurred. Complying with statutory and regulatory duties regarding the holding and accounting for funds. 	<ul style="list-style-type: none"> Required by statute and other legislation.
Provisional liquidator fee application	<ul style="list-style-type: none"> Liaising with solicitors re the court application in respect of the provisional liquidators fees, expenses and discharge of Court order. Preparation of schedules to support fee application. Reviewing, updating and finalising witness statements. 	<ul style="list-style-type: none"> For the proper management of the case. 	<ul style="list-style-type: none"> Required by statute and other legislation.

	<ul style="list-style-type: none"> • Liaising with solicitors regarding the transfer of the application from Manchester Court to London Court. 		
Statutory and compliance	<ul style="list-style-type: none"> • Dealing with general correspondence; providing information on compliance matters and dealing with matters required by other statutes and regulations. • Conduct six monthly case reviews. • Filing of documents. • Updating checklists and diary management system. • Preparing and circulating the annual report to creditors dated 13 December 2019. 	<ul style="list-style-type: none"> • To comply with statutory and other obligations placed on the liquidators. 	<ul style="list-style-type: none"> • Required by statute and other legislation.
Strategy and planning	<ul style="list-style-type: none"> • Team meeting and other discussions regarding progress of the liquidation. 	<ul style="list-style-type: none"> • For the proper management of the case. 	<ul style="list-style-type: none"> • Controls efficiencies, time costs and ensures continued case progression.

Our future work

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

Area of work	Work we need to do	Estimated future cost	What, if any, financial benefit the work provided to creditors or whether it was required by statute
Accounting and treasury	<ul style="list-style-type: none"> • Paying final expenses. • Closing the bank account. 	<ul style="list-style-type: none"> • £500 	<ul style="list-style-type: none"> • Required by statute and legislation; and • For the proper management of the case.
Statutory and compliance	<ul style="list-style-type: none"> • Progress reporting to creditors. • Assessment and payment of provisional liquidators' fees and expenses, via a court application. 	<ul style="list-style-type: none"> • £7,500 	<ul style="list-style-type: none"> • For the proper management of the case.
Closure procedures	<ul style="list-style-type: none"> • Preparation and issuing of final report. • Submission to Companies House. • File closure, updates to internal diary systems. • Case file archiving and case database closure. 	<ul style="list-style-type: none"> • £10,000 	<ul style="list-style-type: none"> • For the proper management of the case; and • To comply with statutory and other obligations placed in the liquidators.

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 but has not yet been approved where required..

The following disbursements arose in the period of this report.

Category	Description	Costs incurred (£)
2	Photocopying	217.00
1	Postage	45.56
1	Storage costs	235.80
Total		498.36

As with all previously incurred liquidation disbursements if the Court application is successful to draw provisional liquidators' fees and expenses, there will be insufficient funds to draw any outstanding liquidation disbursements.

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

The following work, which we or our staff would normally do, has been done by subcontractors.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Auctioneers and valuers	<ul style="list-style-type: none">Eddisons	<ul style="list-style-type: none">Expertise and industry knowledge	<ul style="list-style-type: none">Percentage of realisations
Legal advice	<ul style="list-style-type: none">Osbourne Clark	<ul style="list-style-type: none">Insolvency expertise and industry knowledge	<ul style="list-style-type: none">Time costs
Locksmith services	<ul style="list-style-type: none">Herring Security	<ul style="list-style-type: none">Expertise	<ul style="list-style-type: none">Fixed fee

The choice of professional advisor used was based upon my perception of the advisor's experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement. I have reviewed the fees charged and am satisfied that they are reasonable in the circumstances of the case.

Appendix D: Other information

Company's registered name:	Ernest Nortcliffe and Son Limited
Trading name:	As above
Registered number:	01280730
Registered address:	Floor 8, Central Square 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL
Date of the presentation of petition:	2 September 2014
Date of winding up order:	20 October 2014
Date of the Liquidators' appointment:	20 October 2014
Court Number:	Business and Property Courts in Manchester No 3437 of 2014
Liquidators' names, addresses and contact details:	Dan Yoram Schwarzmann (from 20 October 2014 to 8 November 2016) Zelf Hussain, (from 20 October 2014) PwC LLP, 7 More London, Riverside, London, SE1 2RT. Telephone 0113 289 4926 Toby Scott Underwood (from 20 October 2014) PwC LLP, Central Square 29 Wellington Street, Leeds, West Yorkshire, LS1 4DL. Telephone 0113 289 4926
