

Joint Liquidators' final account

*11 June 2021 to 18
May 2022*

26 May 2022

Gemma International Limited - in Liquidation

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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	Gemma International Limited
Joint Liquidators / we / us / our	Rachael Wilkinson and Zelf Hussain
Firm / PwC	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
HMRC	HM Revenue and Customs
CVL	Creditors Voluntary Liquidation
NOID	Notice of Intended Dividend
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the IA86 (Prescribed Part) Order 2003
Linmar	Linmar Executive Pension Scheme, a secured creditor
Secured creditor	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
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy and Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
SIP	Statement of Insolvency Practice
Unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by Rachael Wilkinson and Zelf Hussain 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/gemma. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Rachael Wilkinson and Zelf Hussain 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

We're writing to tell you that the Company's affairs are now fully wound up and to provide our final account of the Liquidation, including an update on the period since our last progress report.

You can still view our earlier reports on our website at www.pwc.co.uk/gemma. Please get in touch with James Crowther 0113 289 4000 or at crowther.james@pwc.com if you need any of the passwords to access the reports.

How much creditors have received

The following table summarises the outcome for creditors.

Class of creditor	Distributed (p in £)	Previous estimate (p in £)
Secured creditor	100p	100p
preferential creditors	100p	100p
Unsecured creditors	*7.9p	5-11p

*The quantum of the first and final distribution declared to the unsecured creditors was mid-range of the previous estimate because several substantial claims were received and admitted following the circulation of the NOID.

What you need to do

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

The enclosed Notice of Final Account gives details of creditors' rights in relation to requesting further information, challenging the Liquidators' remuneration and expenses and objecting to the Liquidators' release from liability.

More information in relation to creditors' rights can also be found in the guide below:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/liquidations-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by telephoning James Crowther on 0113 289 4000.

What we've done during the Liquidation

The Company was incorporated on 2 September 1977 and supplied greetings cards and other ancillary products, trading for many years from leased premises in Andover, Hampshire.

During early 2019, the Company experienced severe financial difficulties, which the directors advised was largely due to a sharp decline in the value of sterling against the US dollar which led to higher priced US denominated products, the loss of a large profitable contract and a challenging retail market.

In efforts to continue to trade, the directors implemented a number of cost saving measures and explored the possibility of obtaining funding, however, they were ultimately unable to do so. Consequently, in order to preserve the position for creditors and its 33 employees, the Company sought professional advice by contacting PwC to explore the possibility of a going concern sale of the business.

After an initial review, PwC marketed the business for sale. The marketing campaign generated interest but ultimately no offer materialised which would provide a greater return to creditors than the realisation of the Company's assets via liquidation.

On 30 May 2019, the majority of the Company's employees were informed of their impending redundancy, and on 11 June 2019, these staff were made formally redundant. The Company was placed into CVL and we were appointed as liquidators via a deemed consent procedure on that date.

Upon appointment we secured temporary occupation of the Company's leasehold property in order to take control of the business's plant and machinery, fixtures and fittings, work in progress, stock and finished goods. We also secured the Company's cash at bank and retained a number of employees to assist in the winding down of the Company's affairs, selling off remaining inventory, invoicing of completed/delivered goods and reconciliation of the Company's debtor ledger.

Operations were finally ceased on 31 July 2019 and all associated expenses incurred during this period, including payroll, rent, utilities and business rates, were discharged via the Liquidation estate.

The following is brief summary of how we've dealt with each of these matters in the liquidation. Later in this report we focus specifically on what has been done since we previously reported to creditors.

The directors' statement of affairs as at 21 May 2019 estimated that the Company's realisable assets totalled £552,000. To date, we have realised assets totalling £1,045,495; these assets include the following key realisations (amounts are shown within the receipts and payments account at appendix A):

- Recovery of the Company's cash at bank;
- Sale of plant and machinery;
- Sale of fixtures and fittings;
- Sale of the Company's residual stock; and
- Collection of the Company's book debts.

We have undertaken the following work, concerning the Company's creditors: -

- Notified all creditors of our appointment and invited them to submit their claims in the Liquidation;
- Lodged all claims received and responded to queries;
- Validated Linmar's security over the Company's property;
- Provided reports to Linmar concerning the likely outcome of the Liquidation;
- Made three distributions to Linmar under the terms of its floating charge;
- Dealt with all employee termination claims and facilitated the submission of the same to the RPS, where applicable;

- Issued a NOID to preferential creditors;
- Adjudicated on all preferential claims received from employees and the RPS and paid a dividend of 100p in the £;
- Issued a NOID to unsecured creditors; and
- Adjudicated claims and paid a distribution of 7.9p in the £ to unsecured creditors.

Some of the work undertaken during the Liquidation was required by statute, and does not necessarily bring any financial benefit to creditors, these matters include:

- The ongoing administration of the Liquidation, including periodic progression reviews, preparation and issue of the Joint Liquidators' annual progress reports to members and creditors and Companies House, dealing with correspondence received from stakeholders.
- Cashiering, including; maintaining the Company's cash book processing payments, receipts, VAT returns, bank reconciliations.
- Liquidator's investigations as required under SIP 2 and the Company Director Disqualification Act 1986.

As detailed above, the strategy implemented has facilitated repayment to both secured and preferential creditors in full and a distribution of 7.9 p in the £ to unsecured creditors.

Outcome for creditors

Secured creditors

Linmar secured its debt by way of a debenture created on 15 July 2016 incorporating fixed and floating charges over all of the Company's assets. As at the date of Liquidation Linmar's indebtedness was in the region of £519,728 with interest accruing.

During the period of the Liquidation, Linmar has received three distributions totalling £555,975 under the terms of its floating charge. Linmar's indebtedness has been discharged in full via the Liquidation and their charge registered at Companies House has now been registered as satisfied.

Preferential creditors (mainly employees)

In their statement of affairs, the directors thought that preferential claims would total around £38,364. Claims were received from the RPS and the Company's former employees for amounts over and above the RPS statutory limit of £27,220 and £9,251 respectively.

A first and final distribution of £36,471, being 100p in the £, was declared to preferential creditors on 4 May 2020. This was paid on 28 August 2020, the delay in payment was due to the impact of COVID19.

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.

The prescribed part would be applicable in this case as there is a floating charge created after 15 September 2003. The amount of the prescribed part is calculated as:

- 50% of net property up to £10,000
- 20% of net property above £10,000
- Subject to a maximum of £600,000

However, in this particular case, sufficient asset realisations were achieved to enable payment to the secured creditor in full. The prescribed part provisions were therefore deemed not applicable in this instance. A distribution to the unsecured creditors equivalent to what the prescribed part would have been (after the associated costs of calculation and distribution if applied) was subsequently made.

We declared a dividend of 7.9% to the unsecured creditors on 24 September 2021. The dividend was subsequently paid on 29 September 2021. A total of £104,078 was paid to 66 unsecured creditors with admitted claims.

Progress since we last reported

At the time of the last report we remained in office to finalise the following outstanding matters:

- Payment of the dividend to the unsecured creditors and dealing with any uncashed dividend cheques;
- Payment of final office holders' fee and disbursements;
- Finalising the Company's VAT affairs; and
- Preparing the case for closure, issuing the final progress report, dealing with general and statutory closure processes.

Realisation of assets

Since our last report, one sundry debt in the sum of £5.68 has been received.

Asset realisation was complete during the previous reporting period. Please refer to the cumulative receipts and payment account at Appendix A and the Liquidators' previous progress report for information concerning the asset realisations achieved during the Liquidation which can be found at www.pwc.co.uk/gemma.

Connected party transactions

In accordance with Statement of Insolvency Practice 13 we're required to disclose the disposal of assets to a director or any other party related to the Company which occurred during the Liquidation (or shortly prior to the Liquidation). For the avoidance of doubt, no assets were sold to a connected party during the Liquidation.

Statutory and compliance

Since our last report, we have undertaken the following administrative work:

- Periodic case reviews to monitor the progression of the Liquidation and closure process;
- Internal strategy meetings;
- Cashiering: payments, receipts, bank reconciliations, VAT accounting;
- Correspondence received from stakeholders;
- Post-deregistration VAT returns;
- Ensured records are kept of all Company related correspondence and transactions; and
- Prepared this report together with the accompanying notice.

Investigations and actions

As detailed within our previous report, we have undertaken our statutory investigations into the Company's affairs surrounding its insolvency in accordance with SIP 2 - Investigations by office holders in insolvent Liquidations and Administrations, and Company Directors Disqualification Act 1986.

During the Liquidation, nothing came to our attention to suggest that we needed to do any more work in line with our duties. Therefore no investigatory work has been undertaken since our last report.

Creditors

Since our last progress report, we have undertaken the following work concerning the Company's creditors:

- Circulated the NOID; providing unsecured creditors with a final date for providing their debts;
- Adjudicated unsecured claims received;
- Subsequently issued a first and final dividend to unsecured creditors together with the associated documentation as required by IR16;
- Chased all creditors who have not yet cashed their dividend cheques (reissued cheques and made payment via BACs where requested); and
- Paid all unclaimed dividends to the insolvency service as required by insolvency legislation.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the Liquidation from 11 June 2021 to 18 May 2022 and for the Liquidation in total.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred in the period since our last report.

Our fees

We set out in Appendix C an update on our remuneration which covers our fees, expenses and other related matters in this case.

What we still need to do

The winding up of the Company is now complete. Following the end of the period within which creditors may object to our release, we will send a copy of this final account to the Registrar of Companies with a statement of whether any creditors of the Company objected. We will vacate office on sending the copy report and statement.

If you've got any questions, please get in touch with James Crowther, 0113 289 4000 or at crowther.james@pwc.com.

Yours faithfully



Rachael Wilkinson
Joint liquidator

Appendices

Appendix A: Receipts and payments

Directors' statement of affairs		11 June 2019 to 10 June 2021	11 June 2021 to 18 May 2022	11 June 2019 to 18 May 2022
(£)		(£)	(£)	(£)
	Receipts			
	Fixtures & Fittings	6,000.00	-	6,000.00
	Plant & Machinery	310.83	-	310.83
312,000	Book Debts	637,148.08	-	637,148.08
240,000	Stock	111,158.52	-	111,158.52
-	Property Rights/Patents	541.67	-	541.67
-	Bank Interest Gross	2,622.44	-	2,622.44
-	Cash in hand	287,656.52	-	287,656.52
-	Sundry Debts and Refunds	1,733.40	5.68	1,739.08
552,000	Total Receipts	1,047,171.46	5.68	1,047,177.14
	Payments			
*	Utility expenses	(1,766.06)	-	(1,766.06)
	Agents fees (book debt collections)	(557.60)	-	(557.60)
	Agents' Fees - Sale of stock commission	(44,634.90)	-	(44,634.90)
	Legal fees & Expenses	(750.00)	-	(750.00)
	Licenses, trade marks, royalties etc	(8,271.11)	-	(8,271.11)
*	Telephone & Fax	(104.00)	-	(104.00)
	Office costs, Stationery & Postage	(820.83)	-	(820.83)
	Finance / Bank interest & charges	-	(25.75)	(25.75)
	Storage Costs	(65.00)	(949.38)	(1,014.38)
	Statutory advertising	(154.00)	-	(154.00)
*	Rent	(15,616.44)	-	(15,616.44)
*	Property / Asset expenses	(264.00)	-	(264.00)
	Insurance	(387.28)	-	(387.28)
*	Wages & Salaries	(35,723.66)	-	(35,723.66)
*	PAYE/NIC and Pension Deductions	(10,106.95)	-	(10,106.95)
*	Employee/Subcontractor Costs & Expenses	(1,145.46)	-	(1,145.46)
	Office holders fees - time cost basis	(150,000.00)	(75,845.08)	(225,845.08)
	Office holders expenses	-	(3,290.98)	(3,290.98)
	Irrecoverable VAT	(174.57)	-	(174.57)
	Total Payments	(270,541.86)	(80,111.19)	(350,653.05)
	Net Floating Charge Realisations	776,629.60	(80,105.51)	696,524.09
	VAT control account	(569.40)	569.40	-
	Distribution to Secured Creditor	(555,975.28)	-	(555,975.28)
**	Preferential Dividend	(36,470.56)	-	(36,470.56)
***	Unsecured Dividend	-	(104,078.25)	(104,078.25)
	Balance held in none interest Bearing Current	183,614.36	(183,614.36)	-

Notes

- * In order to maximise the level of post appointment stock sales, we continued to operate from the Company's premises and engaged the Company's employees to assist. In doing so we incurred these costs.
- ** Declared on 4 May 2020, paid on 28 August 2020 at a rate of 100p/£
- *** Declared on 24 September 2021 at a rate of 7.9p/£ and paid on 29 September 2021
- Following the settlement of the secured creditor debt, the assets became uncharged. As such, the R&P account is no longer split under fixed and floating charge headings.
- All transactions are stated net of VAT
- Included within our expenses is £115.55, incurred in previous periods but paid in this period, which relates to 'Category 2' expenses in accordance with the policy explained in Appendix B.

Appendix B: Expenses

Expenses are amounts properly payable by us as Liquidators from the estate but exclude our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the general body of creditors) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The following table provides a breakdown of the Category 2 expenses have been incurred by us as Liquidators or our associates, together with details of the Category 1 expenses that have been incurred during the period by PwC and will be recharged to the case:

Category	Cost incurred by	Policy	Costs incurred (£)
2	PwC	Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	-
2	PwC	Mileage - For petrol, diesel and hybrid: at a maximum of 73 pence per mile (up to 2,000cc) or 91 pence per mile (over 2,000cc); or 72 pence per mile for fully electric vehicles or 12 pence per mile for bicycles	-
1	PwC	Postage	425.91
Total for this period			425.91
Brought forward from previous periods			2,865.07
Grand total			3,290.98

The expense policy set out above has been approved by the general body of creditors.

The table below provides details of the expenses incurred in the liquidation:

Nature of Expenses	Incurred in the period 11 June 2019 to 10 June 2021 (£)	Incurred in the period under review (£)	Total expenses incurred in the period 11 June 2019 to 18 May 2022 (£)	Estimated future (£)	Anticipated total (£)	Previous estimate (£)	Variance (£)
Utility expenses	1,766.06	-	1,766.06	-	1,766.06	1,766.05	(0.01)
Agents' Fees - Sale of stock commission	44,634.90	-	44,634.90	-	44,634.90	44,634.90	0.00
Agents' Fees - Book debt collection	557.60	-	557.60	-	557.60	557.60	0.00
Legal fees & Expenses	750.00	-	750.00	-	750.00	750.00	0.00
Finance / Bank interest & charges	-	25.75	25.75	-	25.75	-	(25.75)
Licenses, trade marks, royalties etc	8,271.11	-	8,271.11	-	8,271.11	8,271.11	0.00
Telephone & Fax	104.00	-	104.00	-	104.00	104.00	0.00
Office costs, Stationery & Postage	820.83	-	820.83	-	820.83	820.83	0.00
Storage Costs	65.00	949.38	1,014.38	-	1,014.38	215.00	(799.38)
Statutory advertising	154.00	-	154.00	-	154.00	254.00	100.00
Rent	15,616.44	-	15,616.44	-	15,616.44	15,616.44	0.00
Property / Asset expenses	264.00	-	264.00	-	264.00	264.00	0.00
Insurance	387.28	-	387.28	-	387.28	387.28	0.00
Wages & Salaries	35,723.66	-	35,723.66	-	35,723.66	35,721.75	(1.91)
PAYE/NIC and Pension Deductions	10,106.95	-	10,106.95	-	10,106.95	10,106.95	0.00
Employee/Subcontractor Costs & Expenses	1,145.46	-	1,145.46	-	1,145.46	1,145.46	0.00
Office holders' disbursements	2,865.07	425.91	3,290.98	-	3,290.98	3,332.36	41.38
Total	123,232.36	1,401.04	124,633.40	-	124,633.40	123,947.73	(685.67)

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.

Our expenses have exceeded the estimate provided to all creditors before the basis of our fees was fixed. This was predominantly due to underestimated storage costs which occurred in this period.

Appendix C: Remuneration update

Our fees were approved on a time costs basis by the general body of creditors on 10 June 2020. This approval allows us to draw fees by reference to the time properly given by us and our staff in dealing with the liquidation.

We have drawn fees of £225,845.08 in line with the approval given, as shown on the enclosed receipts and payments account.

The time cost charges incurred in the period since our last report are £89,575.25 taking total time costs for the case to £369,439.60. We believe our future costs will be £5,000 bringing total costs to £374,439.60. This amount does not reflect how much was drawn as fees.

Our time costs have exceeded our initial estimate of £226,000, which was the amount approved by the general body of creditors as fee approving body. However, we will not seek further approval to draw more fees.

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

Our hours and average rates

The table below shows our time costs incurred from our appointment to 10 June 2021. The total cost reported in this table is £185 less than reported in our last report, although hours remain the same. This is due to a retrospective change in a charge out rate and has no impact on the return to any class of creditor.

	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Hours	Total Cost (£)	Average Hourly cost (£)
Accounting and Treasury			0.40	11.20	36.20	31.60	79.4	20,481.50	257.95
Assets	0.50	23.50		16.15	38.25	1.55	79.95	28,985.75	362.55
Closure Procedures					5.00		5	1,150.00	230.00
Creditors		0.50	9.80	7.05	97.35	29.40	144.1	45,892.00	318.47
Distributions				6.90	20.15	0.85	27.9	9,520.75	341.25
Employees and Pensions		0.75	13.40	12.60	22.40	39.90	89.05	32,919.00	369.67
Investigations	1.00		0.50	6.30	5.85	0.05	13.7	5,075.00	370.44
Secured Creditor		0.50		0.55			1.05	520.25	495.48
Statutory and Compliance	2.50	4.25	4.40	39.10	87.55	27.10	164.9	55,891.50	338.94
Strategy and Planning		2.00	0.15	16.75	101.20	0.80	120.9	32,427.00	268.21
Tax and VAT			2.30	18.10	43.15	25.77	89.32	34,436.35	385.54
Trading		4.25		4.20	38.00	0.15	46.6	12,475.25	267.71
Grand Total	4.00	35.75	30.95	138.90	495.10	157.17	861.87	279,774.35	324.61

The table below shows our time costs incurred from 11 June 2021 to 18 May 2022 and the cumulative costs for the case

	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Hours	Total Cost (£)	Average Hourly cost (£)
Accounting and Treasury				1.15	14.65	11.10	26.90	9,549.25	367.14
Closure Procedures					15.95		15.95	6,778.75	425.00
Creditors			5.70	1.40	42.65	0.80	50.55	22,184.25	438.86
Distributions			2.30	10.20	15.90	0.95	29.35	14,042.25	473.82
Statutory and Compliance	1.50	1.25	1.30	12.15	41.35		57.55	27,107.50	471.03
Strategy and Planning		0.25		2.95	12.95		16.15	7,166.75	443.76
Tax and VAT		0.50	0.25	1.30	2.15	1.50	5.70	2,746.50	627.78
Total for this period	1.50	2.00	9.55	29.15	145.60	14.35	202.15	89,575.25	443.11
Brought forward from previous period							861.87	279,774.35	324.61
Grand Total							1,064.02	369,349.60	347.13

The table below shows our cumulative time costs incurred from appointment to 18 May 2022, along with our initial estimate and the variance:

	Partner	Director	Senior Manager	Manager	Senior Associate	Associate/ Other	Hours	Total Cost (£)	Average Hourly cost (£)	Initial Estimate (£)	Variance
Accounting and Treasury			0.40	12.35	50.85	42.70	133.2	30,030.75	225.46	18,410.33	(11,620)
Assets	0.50	23.50		16.15	38.25	1.55	79.95	28,985.75	362.55	28,062.00	(924)
Closure Procedures					20.95		36.9	7,928.75	214.87	18,410.33	10,482
Creditors		0.50	15.50	8.45	140.00	30.20	245.2	68,076.25	277.64	30,000.00	(38,076)
Distributions			2.3	17.10	36.05	1.80	86.6	23,563.00	272.09	15,000.00	(8,563)
Employees and Pensions		0.75	13.40	12.60	22.40	39.90	89.05	32,919.00	369.67	25,343.00	(7,576)
Investigations	1.00		0.50	6.30	5.85	0.05	13.7	5,075.00	370.44	5,078.00	3
Secured Creditor		0.50		0.55			1.05	520.25	495.48	859.00	339
Statutory and Compliance	4.00	5.50	5.70	51.25	128.90	27.10	280	82,999.00	296.43	29,063.00	(53,936)
Strategy and Planning		2.25	0.15	19.70	114.15	0.80	153.2	39,593.75	258.44	18,410.33	(21,183)
Tax and VAT		0.5	2.55	19.40	45.30	27.27	100.72	37,182.85	369.17	25,158.00	(12,025)
Trading		4.25		4.20	38.00	0.15	46.6	12,475.25	267.71	12,477.00	2
Grand Total	5.50	37.75	40.50	168.05	640.70	171.52	1,266.17	369,349.60	291.71	226,271.00	(143,079)

In our initial estimate we grouped 'Closure Procedures', 'Accounting and Treasury' and 'Strategy and Planning' under one heading, 'Liquidation'. The initial estimate for 'Liquidation' was £55,231. For the purpose of showing the variance against the different work types in the table above, we have split the initial estimate equally across all three worktypes, showing an initial estimate of £18,410.33 for each. We also had one heading for 'Creditors' in our initial estimate, in which we reported an estimate of £45,859. For the purpose of this variance we have split this estimate across 'Creditors', 'Distributions' and 'Secured Creditor' in the table above.

Our time costs will exceed our initial estimate of £226k by approximately £143k. This is largely due to the following:

- Additional time costs incurred for statutory and compliance matters due to the liquidation going on longer than originally anticipated. We originally anticipated the liquidation to last between 1 and 2 years. The delay was predominantly due to HMRC delaying a VAT repayment and tax clearance, which held up the payment of the unsecured dividend and subsequent closure;
- Additional time costs incurred in responding to creditor enquiries and adjudicating claims;
- Additional time costs incurred in the preparation of the preferential dividend, including the review and adjudication of attachment of earnings claims. There was also a delay to the preferential dividend due to the Covid-19 pandemic which affected our ability to print and send cheques;
- Additional time costs incurred in the preparation and payment of the unsecured dividend. There were a number of foreign creditors who were unable to accept cheques, so dividends had to be reissued electronically. This incurred costs through additional checks and sanction screening.

We haven't sought further approval to exceed the fees estimate so our final fee for dealing with the liquidation is £225,845.08

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. The minimum time chargeable is three minutes (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 2021 (£)	From 1 July 2021 (£)
Partner	955	980
Director	720	740
Senior Manager	585	625
Manager	475	525
Senior Associate	390	425
Associate	245	280
Support staff	125	130
Offshore professionals	245	280

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	Up to 30 June 2021	From 1 July 2021
Partner	1,600	1,680
Director	1,465	1,540
Senior Manager	1,355	1,425
Manager	815	860
Senior Associate – Consultant	605	640
Associate – Assistant consultant	325	345
Support staff	180	190

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

Our work in the period since our last report

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 and treasury	<ul style="list-style-type: none"> Dealing with receipts, payments and journals not relating to trading; Carrying out bank reconciliations and managing investment of funds; and Sending uncashed dividend cheques to the Insolvency Service Account. 	<ul style="list-style-type: none"> Necessary to keep accurate records of receipts and payments Ensuring good stewardship of funds held on behalf of creditors 	<ul style="list-style-type: none"> Ensure proper stewardship of the funds held.
Creditors and Distributions	<ul style="list-style-type: none"> Receiving proofs of debt and maintaining register of claims; Dealing with proofs of debt and adjudicating claims, including requesting further information from claimants; Preparing correspondence to unsecured creditors announcing declaration of dividend; and Preparing and paying unsecured distribution. 	<ul style="list-style-type: none"> To ensure creditors are provided with the relevant information regarding their claims To properly adjudicate creditor claims prior to the distribution to the unsecured creditors 	<ul style="list-style-type: none"> Direct benefit to creditors through payment of dividends and provision of information.
Statutory and compliance	<ul style="list-style-type: none"> Preparing and issuing second progress report to creditors and filing at Companies House; and Updating checklists and diary management systems and filing documents on systems. 	<ul style="list-style-type: none"> To meet statutory duties 	<ul style="list-style-type: none"> To meet statutory duties. To provide creditors with the requested information.
Strategy and Planning	<ul style="list-style-type: none"> Monitoring fee budgets and costs; Holding team meetings not relating to trading and discussions regarding status of the liquidation; and Six monthly case reviews. 	<ul style="list-style-type: none"> To understand and control costs To ensure matters in the liquidation are progressed Assist in the timely, structured and efficient completion of the liquidation and return to creditors 	<ul style="list-style-type: none"> No direct benefit, however the work is necessary to ensure correct management and oversight of the liquidation.
Closure	<ul style="list-style-type: none"> Completing this report and circulating to creditors 	<ul style="list-style-type: none"> Ensure that the Company's affairs are wound down in an orderly manner. 	<ul style="list-style-type: none"> No direct benefit, however the work is necessary to ensure correct closure of the liquidation.

Tax and VAT	<ul style="list-style-type: none"> Reclaiming VAT receivable by way of Form VAT 426; and Liaising with HMRC to finalise outstanding VAT matters. 	<ul style="list-style-type: none"> This work ensured compliance with statutory tax obligations to HMRC To ensure all VAT paid has been reclaimed 	<ul style="list-style-type: none"> Submission of VAT returns are statutory duties Ensures VAT paid is refunded for the benefit of the liquidation
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Our future work

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

Area of work	Work undertaken	Estimated cost £	Whether or not the work will provide a financial benefit to creditors
Closure	<ul style="list-style-type: none"> Completing this report and circulating to creditors; Completing and filing LIQ14 form at Companies House 8 weeks after circulation of this report, provided no creditors object; Completing checklists and diary management system; and Closing down internal systems. 	5,000	<ul style="list-style-type: none"> Ensure that the Company's affairs are wound down in an orderly and compliant manner.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties were chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

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 out during the period of this report.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm/organisation	Reason selected	Basis of fees
Legal services, including: Security review	<ul style="list-style-type: none">Blake Morgan LLP	<ul style="list-style-type: none">Legal Knowledge	<ul style="list-style-type: none">Fixed Fee
Agents, including: Assisting with the collection of pre-appointment book debts	<ul style="list-style-type: none">Collection House Ltd	<ul style="list-style-type: none">Industry knowledge/ knowledge of the Company	<ul style="list-style-type: none">Percentage of realisations
Agents, including Assisting with the collection of pre-appointment book debts	<ul style="list-style-type: none">Rendezvous Works Ltd	<ul style="list-style-type: none">Industry Knowledge/ knowledge of the Company	<ul style="list-style-type: none">Percentage of realisations

Appendix D: Other information

Company's registered name:	Gemma International Limited
Trading name:	Gemma International Limited
Registered number:	01328428
Registered address:	Currently: Central Square, 29 Wellington Street, Leeds, LS1 4DL Formerly: Linmar House, 6 East Portway, Andover, Hampshire, SP10 3LU
Date of the Liquidators' appointment:	11 June 2019
Liquidators' names, addresses and contact details:	Rachael Wilkinson of Pricewaterhouse Coopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, Berkshire, RG1 3JH and Zelf Hussain of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT Telephone: 0113 289 4000 Email: crowther.james@pwc.com

Appendix E: Notice of Final Account

In accordance with rule
6.28 of the Insolvency
(England and Wales)
Rules 2016

Notice of liquidators' final account before dissolution

(a) If the company is
incorporated outside the
UK or is an unregistered
company comply with
IR16 r1.6

Name of Company

Gemma International Limited

Company Number (a)
01328428

(b) Insert full names of
liquidators

We (b) Rachael Maria Wilkinson and Zelf Hussain

the joint liquidators of the company, give notice to creditors and members that:-

(c) Details of these rights
can be found overleaf

- the company's affairs are fully wound up;
- the creditors have the right to request information from the liquidator under rule 18.9 of the Insolvency (England and Wales) Rules 2016 (IR16) (c);
- the creditors have the right to challenge the liquidator's remuneration and expenses under rule 18.34 IR16 (c);
- a creditor may object to the release of the liquidator by giving notice in writing to the liquidator before the end of the prescribed period;
- the prescribed period is the period ending at the later of—
 - eight weeks after delivery of the notice, or
 - if any request for information under rule 18.9 IR16 or any application to court under that rule or rule 18.34 IR16 is made when that request or application is finally determined;
- the liquidator will vacate office under section 171 of the Insolvency Act 1986 (IA86) on delivering to the registrar of companies the final account and notice saying whether any creditor has objected to release; and
- the liquidator will be released under section 173 IA86 at the same time as vacating office unless any of the company's creditors objected to the liquidator's release.

Dated: 26 May 2022

The joint liquidators contact details are:

(d) postal address(es): 8th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL

email address: crowther.james@pwc.com

telephone number: 0113 289 4076

(d) insert a postal address
for the office-holder and
either an e-mail, or
telephone number, through
which the office holder may
be contacted

Creditors' right to request information under rule 18.9 IR16

The following may make a written request to the liquidator(s) for further information about remuneration or expenses set out in a final account—

- (a) a secured creditor;
- (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question); or
- (c) any unsecured creditor with the permission of the court.

A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the account by the person, or by the last of them in the case of an application by more than one member or creditor.

The liquidator(s), within 14 days of receipt of such a request respond to the person or persons who requested the information by—

- (a) providing all of the information requested;
- (b) providing some of the information requested; or
- (c) declining to provide the information requested.

The liquidator(s) may respond by providing only some of the information requested or decline to provide the information if—

- (a) the time or cost of preparation of the information would be excessive; or
- (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
- (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
- (d) the liquidator is subject to an obligation of confidentiality in relation to the information.

A liquidator who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.

A creditor who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—

- (a) the liquidator giving reasons for not providing all of the information requested; or
- (b) the expiry of the 14 days within which an liquidator must respond to a request.

The court may make such order as it thinks just.

Creditors' right to challenge the liquidator's remuneration and expenses under rule 18.34 IR16

An application to court may be made in a winding-up on the grounds that—

- (a) the remuneration charged by the liquidator(s) is in all the circumstances excessive;
- (b) the basis fixed for the liquidators' remuneration under rules 18.16 and 18.20 IR16 is inappropriate; or
- (c) the expenses incurred by the liquidator(s) are in all the circumstances excessive.

Such an application for one or more of the orders set out in rule 18.36 or 18.37 IR16 may be made by—

- (a) a secured creditor,
- (b) an unsecured creditor with either—
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court.

The application by a creditor must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question.