
Joint liquidators' progress report
from 10 March 2017 to 9 March 2018

Vendside Limited
(in liquidation)

26 April 2018

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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 Vendside	Vendside Limited – in liquidation
Liquidators we our firm	Rachael Wilkinson, Lyn Vardy and David Matthew Hammond PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
CVL	Creditors' voluntary liquidation
HMRC	HM Revenue & 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
PPF	Pension Protection Fund
LBG	Lloyds Banking Group
SBS	Skipton Building Society
Energy Performance	Energy Performance and Sustainability Group Limited
our solicitors	DLA Piper UK LLP

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of Vendside Limited in the 12 months since our last report dated 21 April 2017.

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

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 £)
Secured creditors	100 paid	100 paid
Preferential creditors	n/a	n/a
Unsecured creditors	Unknown	Unknown

**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.

If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/vendside or you can get one by telephoning Kate Whitham on 0113 289 4162.

All creditors wishing to receive the anticipated dividend payment must submit a proof of debt.

Overview of what we've done to date

This is our third progress report. You may wish to refer to our previous reports which can be found at www.pwc.co.uk/vendside. As explained in our earlier reports, the position was as follows:

Properties

As at the date of my last report all properties had been sold and funds of £2,477,950 had been received.

All property-related realisations are now completed.

Rental income

Total rental income received up to the date of my last report was £43,583. No further monies will be received in this respect.

Bank interest

As at the date of my last report, total interest of £1,490 had been received.

Litigation progress

In our final progress report in the Administration, we outlined the background to ten claims against the Company where legal proceedings were ongoing. These claims were made by former miners with regard to the handling of their personal injury claims.

As per our last report, we intended to continue discussions with the solicitors representing the claimants in order to be able to formally agree the claims so that a distribution to creditors can be made and we describe later in this report the progress made.

In addition to the known litigation claims, the Company has had information requests from around 207 further potential claimants (of which 12 have been received since our appointment).

Investigations

We had spent time reviewing certain transactions which the Company was party to prior to the Administrators' appointment and had been in contact with those involved to seek further information on certain payments made by the Company. We were considering how to take this matter forward and again, details on progress are provided in this report.

We remain in office in order to agree unsecured creditor claims, pay a first and final dividend and effect and orderly closure of the liquidation, including issuing a final progress report to creditors.

Outcome for creditors

Secured creditors

SBS's lending to the Company as at the date of the prior Administration was c.£978,000 and was secured by a debenture dated 22 December 2008. This security gave SBS mortgage charges against a number of the Company's residential properties.

During the liquidation, we've paid SBS a further £977,862, bringing the total amount paid to £1,297,120, meaning that SBS has now been repaid in full, including interest and charges.

As per my last report, LBG's outstanding debts were repaid in full as a result of a credit balance in the account at the date of appointment of administrators.

Preferential creditors (mainly employees)

Preferential claims relate to arrears of wages, subject to statutory limits, and unpaid holiday pay. The only preferential claim received was from the Redundancy Payments Service in the sum of £155.36. This claim was paid in full in January 2017.

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.

In this case the prescribed part doesn't apply because the floating charge registered against the Company was created before 15 September 2003.

We think a dividend will be available to unsecured creditors but the level of this is currently unknown as it is materially dependent upon the final level of admitted claims.

As per earlier in my report, we've asked for outstanding claims from unsecured creditors so that we can agree them for dividend purposes.

If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/vendside or you can get one by telephoning Kate Whitham on 0113 289 4162.

Progress since we last reported

Realisation of assets – assets not specifically pledged

Bank interest

During the period since my last report, we have received bank interest of £94, bringing the total received to £1,584.

Sundry refunds

During the period since my last report, refunds totalling £259 have been received in respect of insurance, a utilities refund and a rates refund.

Other issues

Litigation progress

In our final progress report in the Administration, we outlined the background to ten claims against the Company where legal proceedings were ongoing. These claims are made by former miners with regard to the handling of their personal injury claims.

During the period of this report, we have sought to engage with the solicitors representing the majority of these claimants in order to obtain further information with which to properly adjudicate these claims in the liquidation. This was made more complicated by the fact that the original firm of solicitors was placed into administration in July 2017, following which its business was sold. We spent some time in ascertaining the correct party to be engaged with on these claims, and following this, have been in dialogue through our solicitors to obtain the further information we need.

We hope to have concluded our review of these claims in the coming weeks, following which we will liaise with the remaining claimants and also progress the claims agreement process generally in order to reach a position where a dividend can be paid.

Investigations

As previously noted, we had spent time reviewing certain transactions which the Company was party to prior to the Administrators' appointment and had been in contact with those involved to seek further information on certain payments made by the Company. In April 2017 the rights to this claim were sold to a third party for consideration of £1 with the agreement that should any net recoveries be received above £35,000 a sum equal to 50% would be payable to the liquidators within 10 business days. To date, no funds have been received in this respect, however, we continue to monitor the position.

Statutory and compliance

In the period since our last report we have drafted and issued the second progress report to creditors, submitted a VAT reclaim to HMRC, completed and submitted tax returns for the relevant periods and obtained tax clearance.

Investigations and actions

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 from 10 March 2017 to 9 March 2018.

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.

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:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by telephoning Kate Whitham on 0113 289 4162.

What we still need to do

Once the litigation claims have been agreed we intend to declare and pay a first and final dividend to unsecured creditors, following which we will proceed with bringing the liquidation to an end.

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 Kate Whitham on 0113 289 4162.

Yours faithfully
For and on behalf of the Company



Rachael Wilkinson
Joint liquidator

Rachael Wilkinson, Lyn Vardy and David Matthew Hammond have been appointed as joint liquidators of Vendside Limited. Both are licensed in the United Kingdom to act as an Insolvency Practitioner 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 are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the liquidation.

Appendix A: Receipts and payments

	Total for the period from appointment to 9 March 2017	10 March 2017 to 9 March 2018	Total for the period from appointment to 9 March 2018	Estimated outcome - total
	£	£	£	£
Receipts				
Assets specifically pledged to SBS				
Freehold properties	2,477,950.00	-	2,477,950.00	2,477,950.00
	2,477,950.00	-	2,477,950.00	2,477,950.00
Assets not specifically pledged				
Bank interest	1,489.77	94.49	1,584.26	1,584.26
Book debt realisations	95,500.00	-	95,500.00	95,500.00
Pre-administration bank balance	40,000.00	-	40,000.00	40,000.00
Rental income	43,582.70	-	43,582.70	43,582.70
Energy refund	820.73	-	820.73	820.73
Surplus from administration	283,334.56	-	283,334.56	283,334.56
Tax repayment	7,650.03	-	7,650.03	7,650.03
Third party funds	1,667.64	259.13	1,926.77	1,926.77
Vehicle recharge	217.20	-	217.20	217.20
Wages recharge	5,998.67	-	5,998.67	5,998.67
	480,261.30	353.62	480,614.92	480,614.92
Payments				
Administrators' fees	(326,355.42)	-	(326,355.42)	
Administrators' disbursements	(2,160.59)	-	(2,160.59)	
Agents' fees	(23,869.50)	-	(23,869.50)	
Bank charges	(75.00)	-	(75.00)	
Corporation tax	(109.69)	-	(109.69)	
Council tax payments	(11,041.85)	-	(11,041.85)	
Insurance	(12,707.69)	-	(12,707.69)	
Legal disbursements	(3,564.68)	-	(3,564.68)	
Legal fees	(111,062.08)	-	(111,062.08)	
Liquidators' fees	(100,000.00)	(120,000.00)	(220,000.00)	
Liquidators' expensive	-	(927.68)	(927.68)	
Property management fee	(11,543.75)	-	(11,543.75)	
Refunds	(349.70)	-	(349.70)	
Repairs and maintenance	(10,261.81)	-	(10,261.81)	
Irrecoverable VAT	(46,753.67)	(5,940.72)	(52,694.39)	
Statutory advertising	(76.72)	-	(76.72)	
Storage costs	(12,826.92)	(4,386.63)	(17,213.55)	
Telephone & fax	(337.86)	-	(337.86)	
Utilities	(2,865.87)	(179.75)	(3,045.62)	
	(675,962.80)	(131,434.78)	(807,397.58)	
VAT control account	-	(404.38)	(404.38)	
Less: amount paid to secured creditors	(1,297,119.59)	-	(1,297,119.59)	
Less: amount paid to preferential creditors	(155.36)	-	(155.36)	
Balance held on high interest current account	984,973.55	(131,485.54)	853,488.01	

Notes:

1. All items are stated excluding VAT
2. Funds are held in an interest bearing account with Barclays Bank PLC

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 9 March 2017	Incurred in the period under review	Paid in the period	Unpaid as at 9 March 2018	Estimated future
	£	£	£	£	£
Office holders' fees	152,282	34,811	120,000	67,093	42,500
Office holders' expenses	928	666	928	666	32
Legal fees	-	53,179	-	53,179	20,000
Utilities	-	180	180	-	-
Storage costs	-	4,387	4,387	-	8,233
Total	153,210	93,223	125,495	120,938	70,765

Appendix C: Remuneration update

During the Administration, creditors passed a resolution fixing the administrators' fees by reference to time properly given by the administrators and their staff in dealing with the Administration.

The fee basis agreed in the Administration will continue to apply in the Liquidation. This means that our fees as liquidators will be calculated by reference to the time spent.

From 10 March 2017 to 9 March 2018, we incurred time costs of £34,811.10 for 134 hours work, which works out at an average hourly rate of £259.

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

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £	Total time costs £
Strategy & Planning	-	-	1.50	1.00	2.50	-	-	5.00	1,493.20	298.64	26,656.70
Secured creditors	-	-	-	-	-	-	-	-	-	-	289.00
Trading	-	-	-	-	-	-	-	-	-	-	4,666.00
Assets	-	2.00	0.10	0.60	7.25	-	-	9.95	2,663.80	267.72	89,900.05
Investigations	-	1.50	-	0.50	-	1.80	-	3.80	1,372.50	361.18	6,630.00
Creditors	-	0.75	3.90	4.20	0.80	-	-	9.65	3,785.50	392.28	15,884.50
Accounting and treasury	-	-	0.40	0.50	14.35	5.95	-	21.20	4,147.60	195.64	38,759.60
Statutory and compliance	-	1.00	2.60	3.80	31.65	1.00	2.80	42.85	9,424.90	219.95	43,982.55
Tax & VAT	-	0.80	1.10	3.60	15.20	16.40	-	37.10	9,680.90	260.94	51,012.90
Employees & pensions	-	2.50	-	0.20	2.10	-	-	4.80	2,242.70	467.23	8,865.45
Closure procedures	-	-	-	-	-	-	-	-	-	-	446.50
Total for the period	0.00	8.55	9.60	14.40	73.85	25.15	2.80	134.35	34,811.10	259.11	287,093.25
Brought forward at 9 Mar 2017								902.75	252,282.15		
Total								1,037.10	287,093.25		

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	Maximum rate per hour 1 July 2015 to 30 June 2016 (£)	Maximum rate per hour 1 July 2016 to 30 June 2017 (£)	Maximum rate per hour 1 July 2017 to 9 March 2018 (£)
Partner	590	600	620
Director	490	500	525
Senior manager	425	435	450
Manager	340	345	355
Senior associate	255	260	268
Associate	165	170	175
Support staff	87	89	92

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	Specialist maximum rate per hour to 30 June 2017	Specialist maximum rate per hour from 1 July 2017
Partner	1,250	1,315
Director	1,150	1,210
Senior manager	1,110	1,230
Manager	345	735
Senior Associate / consultant	515	545
Associate / assistant consultant	255	270
Support staff	150	160

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

Payments to associates

No payments have been made to associates during the period of 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 and treasury	<ul style="list-style-type: none"> Accounting for receipts and payments Performing bank reconciliations Dealing with invoices relating to books and records Arranging payment of Liquidation fees 	<ul style="list-style-type: none"> Ensures proper management of funds 	<ul style="list-style-type: none"> Allows for proper calculation of funds available to creditors
Creditors	<ul style="list-style-type: none"> Agreeing strategy for review of claims Dealing with creditor enquiries Reviewing and considering litigation claims including internal meetings and meetings with DLA 	<ul style="list-style-type: none"> Required to return funds to creditors 	<ul style="list-style-type: none"> Required to return funds to creditors
Employees and pensions	<ul style="list-style-type: none"> Dealing with information requests in relation to pensions Updates to the PPF 	<ul style="list-style-type: none"> Some tasks required by statute 	<ul style="list-style-type: none"> Required by statute
Investigations & assets	<ul style="list-style-type: none"> Reviewing transactions involving the Company and carrying out further investigations where applicable Dealing with sale of the claim to a third party including telephone conversations and meetings 	<ul style="list-style-type: none"> Potentially provides further assets for the liquidation 	<ul style="list-style-type: none"> Potentially provides further assets for the liquidation
Statutory and compliance	<ul style="list-style-type: none"> Preparation of annual report and issuing to all known members and creditors Carrying out formal case reviews on a six monthly basis Other statutory and compliance matters (such as bonding) General case filing and administration 	<ul style="list-style-type: none"> Required by statute 	<ul style="list-style-type: none"> Required by statute
Strategy and planning	<ul style="list-style-type: none"> Team update calls Strategy meetings regarding creditor claims Reviews with appointees and senior management 	<ul style="list-style-type: none"> Incidental to proper case management 	<ul style="list-style-type: none"> Ensures progression of the case
Tax & VAT	<ul style="list-style-type: none"> Preparation and submission of VAT426 reclaim Preparation and filing of tax returns and obtaining clearance 	<ul style="list-style-type: none"> Required by statute 	<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
Accounting and treasury	<ul style="list-style-type: none"> Dealing with receipts and payments Ongoing management of the bank account 	2,000	<ul style="list-style-type: none"> Ensures proper management of funds Allows for proper calculation of funds available to creditors
Creditors	<ul style="list-style-type: none"> Dealing with enquiries from creditors Requesting creditor claims and adjudicating these Calculation and payment of dividend to creditors 	20,000	<ul style="list-style-type: none"> Required to return funds to creditors
Employees and pensions	<ul style="list-style-type: none"> Liaising with employees regarding unsecured distribution Liaising with PPF with updates and regarding dividend Obtaining pension clearances 	2,000	<ul style="list-style-type: none"> Required by statute
Statutory and compliance	<ul style="list-style-type: none"> Preparing annual progress reports Manager and appointee reviews Other statutory and compliance matters 	7,000	<ul style="list-style-type: none"> Required by statute Necessary for the effective management of the liquidation
Strategy and planning	<ul style="list-style-type: none"> Progress updates with appointment takers and senior management 	3,500	<ul style="list-style-type: none"> Ensures matters are progressed efficiently
Tax & VAT	<ul style="list-style-type: none"> Prepare and submit final VAT reclaim 	1,000	<ul style="list-style-type: none"> Required by statute
Closure	<ul style="list-style-type: none"> Planning for closure of case Obtaining clearances Drafting final report to creditors 	7,000	<ul style="list-style-type: none"> Ensures matters are progressed efficiently to closure Some tasks required by statute

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 approved by creditors where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Printing – costs for sending the annual report	15.97
1	Courier costs – Costs associated with sending investigation files to London	649.80
	Total	665.77

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.

Legal and other professional firms

We've instructed the following professionals on this case:

Name of firm / organisation	Service provided	Reason selected	Basis of fees
Energy Performance	Property management	Historical involvement and location	Set fee
DLA Piper LLP	Legal advice	Expertise	Time costs
Penningtons Manches LLP	Legal advice – property	Expertise	Time costs
Savills LLP	Property marketing and sales	Expertise	% of realisations

Our choice was based on the advisers' experience, the complexity and type of work and the basis of the fee arrangement. We're satisfied that the fees charged are reasonable.

Appendix D: Other information

Company's registered name:	Vendside Limited – in liquidation
Trading name:	Vendside Limited – in liquidation
Registered number:	03367773
Registered address:	c/o PwC, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the Liquidators' appointment:	10 March 2015
Liquidators' names, addresses and contact details:	Rachael M Wilkinson of PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH, Lyn Vardy of PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL and Matthew Hammond of PricewaterhouseCoopers LLP, One Kingsway, Cardiff, CF10 3PW Contact: Kate.whitham@uk.pwc.com or 0113 289 4162
