

Liquidator's Progress Report**Pursuant to section 92A, 104A, and 192 of the
Insolvency Act 1986****S. 192**

To the Registrar of Companies

Company Number

05062832

Name of Company

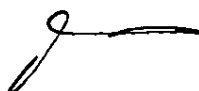
(a) Insert full name
of company

(a) VINE SYSTEMS LIMITED - IN LIQUIDATION

(b) Insert full name(s)
and address(es)I ^(b) Paul Appleton of David Rubin & Partners, 26-28 Bedford Row, London
WC1R 4HEthe liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 26 May 2013 to 25 May 2014

Signed



Date

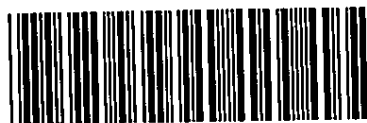
17/6/14

Presenter's name,
address and reference
(if any)David Rubin & Partners LLP
26 - 28 Bedford Row
London WC1R 4HE

Tel 020 7400 7900

DX Number 267 DX Exchange London/Chancery Lane

WEDNESDAY



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COMPANIES HOUSE

IN THE MATTER OF
VINE SYSTEMS LIMITED - IN LIQUIDATION
AND
THE INSOLVENCY ACT 1986

**THE LIQUIDATOR'S THIRD ANNUAL PROGRESS REPORT
PURSUANT TO SECTION 104A OF THE INSOLVENCY ACT 1986
AND
RULE 4.49C OF THE INSOLVENCY RULES 1986
FOR THE YEAR ENDED 25 MAY 2014**

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VINE SYSTEMS LIMITED - IN LIQUIDATION
Annual Progress Report pursuant to Section 104A of the Insolvency Act 1986

(a) Introduction

The Company was placed into liquidation by a Special Resolution of the members followed by a meeting of the creditors convened pursuant to Section 98 of the Insolvency Act 1986 on 26 May 2011. This report provides an update on the progress in the Liquidation for the year ended 25 May 2014.

Rule 4.49C-CVL(5): Progress Report

(b) Statutory Information

Company name	Vine Systems Limited
Registered office	1st Floor, 26 - 28 Bedford Row, London, WC1R 4HE
Company number	05062832
Trading address	163 Lansbury Drive, Hayes, Middlesex, UB4 8RR

(c) Liquidator's Names and Address:

Paul Appleton of David Rubin & Partners, 26 - 28 Bedford Row, London WC1R 4HE was appointed Liquidator of the Company on 26 May 2011

(d) Basis of Liquidator's Remuneration

Basis of remuneration

- 1.1 At the first meeting of Creditors held on 26 May 2011, a resolution was passed approving that the basis of my remuneration as Liquidator be fixed by reference to the time properly spent by my staff and myself in attending to matters arising in the winding-up
- 1.2 In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), a schedule of my firm's charge-out rates was issued to creditors at the time the basis of the Liquidator's remuneration was approved. Aside from an increase to Senior/Managing Partner charge-out rates with effect from 1 November 2013, there has not been any increase in the rates during this appointment. The current hourly charge-out rates, which are charged in units of 6 minutes, exclusive of VAT, are as follows -

	£
Senior / Managing Partners	450
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

(d) **Basis of Liquidator's Remuneration ... cont/d**

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance

1.3 *Staff allocation and the use of subcontractors*

My general approach to resourcing assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment, and additional staff may be allocated to meet the demands of the case.

I have not utilised the services of any subcontractors in this case.

(e) **Liquidator's Remuneration**

My time costs for the year under review are £10,195. This represents 44 hours and 42 minutes at an average rate of £228 per hour. I attach, as Appendix B, a Time Analysis, which provides details of the activity during the year, analysed by staff grade, in respect of this firm's remuneration fixed by reference to time properly spent by my staff and myself in managing the Liquidation.

I have also reviewed my cumulative time costs for the period from 26 May 2011 to 25 May 2014 and would report that my total time costs are £66,064 for 294 hours and 42 minutes, which equates to an average cost of £224 per hour. A breakdown of my cumulative time charges is also set out in Appendix B.

To date, no fees have been paid on account of my outstanding time costs.

To view an explanatory note concerning Liquidators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website at www.drpartners.com/cases, using the following log-on details:

USERNAME v756 vin@sharesrvr.com PASSWORD niv657V*

Alternatively, please contact this office to arrange for a copy to be sent to you.

Included in the work undertaken by me and my staff is, *inter alia*, the following:-

- i) Dealing with creditors' enquiries, both by correspondence and by telephone, and noting their claims,
- ii) Instructing and liaising with agents in respect of the valuation of the Company's business and assets,
- iii) Extensive correspondence with my agents and the purchaser in respect of the sale of the Company's business and assets,

(e) Liquidator's Remuneration ... cont/d

- iv) Analysis of the Company's books and records in respect of the overdrawn Director's Loan Account and extensive correspondence, attendances and telephone exchanges with the Director in respect of the settlement of the same,
- v) Correspondence with the Director and the Company's former accountant in connection with the delivery up of the books and records,
- vi) Extensive correspondence, attendances and telephone exchanges with the Director, the former accountant and HMRC in respect of issues relating to the Company's pre-liquidation financial statements and tax computations,
- vii) Carrying out all necessary investigations, including the examination of the Company's statutory books and books of accounts and records in order to enable me to prepare and submit my report on the conduct of the Director pursuant to the requirements of the Company Directors Disqualification Act 1986,
- viii) Correspondence and telephone exchanges with the Insolvency Service in respect of its investigations into the conduct of the Director,
- ix) Filing the appropriate documents relating to the Liquidation at Companies House,
- x) Publishing the necessary statutory advertisements in respect of the Liquidation proceedings,
- xi) Opening a designated bank account and dealing with the movement of funds,
- xii) Preparation and submission to HM Revenue & Customs of the relevant VAT returns; and
- xiii) Sundry statutory and administrative duties

(f) Liquidator's Expenses

Expenses incurred in the liquidation are explained at (g) below in my comments on the Receipts and Payments Account

(g) Details of progress for the period under review:

1. Receipts

1.1 Director's Loan Account

Creditors will recall from the last report that a temporary arrangement was agreed with the Director whereby he would pay £100 per month for a period of four months whilst he attended to certain personal matters, which affected his ability to satisfy the original offer agreed of £2,000 per month

(g) Details of progress for the period under review: ... cont/d

Following the end of that period, I entered into correspondence with the Director and subsequently met with him in order to reassess his financial position and obtain his proposal to increase the monthly payments. It was apparent from that review that the Director's circumstances had not materially improved and that there was minimal capacity for the payments to be increased. Further, the Director's entity and the purchaser of the Company's business and assets, Vine Educational Solutions Limited, had ceased trading during the year, which also had an impact on the Director's finances.

In view of the circumstances, I agreed to extend the period of the temporary arrangement to enable him to address his financial situation but on the condition that payments would increase to £250 per month in the meantime. Pursuant to this arrangement, I can confirm that the Director has paid sums totalling £1,450 during the course of the year.

It should be noted that the Director has been unable to make payments in recent months due to his contract with Amazon coming to an end. However, he has since commenced a new contract with Sainsbury's and has agreed to recommence the payments from June 2014 onwards. The payment for this month is £200 and each consecutive month thereafter increasing by £100 up until September 2014 where his circumstances are to be reviewed again and a more appropriate payment plan agreed going forward. During the course of this period, I have requested that the Director explores the possibility of borrowing funds from a third party to propose a lump sum offer in full and final settlement in order to bring this long outstanding matter to a close.

1.2 Bank Interest Gross

Interest earned on the funds in hand amounts to £131.16

2. Payments

2.1 Specific Bond

The Specific Bond is the cost of insurance, based on the level of realisations by the Liquidator, as required by the Insolvency Practitioners Regulations 2005.

2.2 Meeting Costs

The first meetings of members and creditors were held at my offices for which my firm charged a nominal rental of £150 plus VAT for the provisions of the boardroom and ancillary facilities.

2.3 Statutory Advertising

The sum of £306 represents the costs for the publishing of statutory advertising in the London Gazette in respect of the first meetings of the members and creditors, the notice of the appointment of the Liquidator and to creditors to submit their claims in the liquidation.

2.4 Statutory Costs

A sum of £4 was paid in respect of fees for searches undertaken at Companies House

2.5 Corporation Tax

An amount of £19 08 has been paid to HM Revenue & Customs ("HMRC") in respect of Corporation Tax accrued on bank interest earned during the the second year of the liquidation. A further Corporation Tax liability is expected to arise in relation to the year covered by this report, which will be discharged in due course

2.6 Liquidator's Disbursements

It should be noted that disbursements have yet to be drawn in respect of expenses incurred in relation to Carriage & Archiving and Storage Costs

(h) Details of any assets that remain to be realised

The only asset remaining to be realised is the balance of the overdrawn Director's Loan Account

(i) Investigations

- 1 1 Creditors will recall from my previous report that pursuant to the Company Directors Disqualification Act 1986, I submitted a report on the conduct of the Director to the Department for Business Innovation & Skills (BIS). However, as this is a confidential report, I am not able to disclose the contents of the same
- 1 2 It will also be recalled that shortly after my appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors and, in particular, correspondence entered into with HMRC, and revealed a potential claim against the Director for Wrongful Trading. However, having considered the merits and cost implications of the same, it was concluded that the most cost effective manner to bring the Director to account, and ensure a successful outcome in this matter (i.e. a dividend becoming payable to creditors), would be to secure a commercial settlement whereby he repays the full balance of funds withdrawn from the Company via his Director's Loan Account, as detailed above and in previous reports

(j) Creditors' rights – Rule 4.49E and Rule 4.131

- i) Within 21 days of the receipt of this report, a Secured Creditor, or an Unsecured Creditor (with the concurrence of at least 5% in value of the Unsecured Creditors), may request, in writing, that the Liquidator provides further information about his remuneration or expenses, which have been itemised in this progress report
- ii) Any Secured Creditor, or an Unsecured Creditor (with the concurrence of at least 10% in value of the Unsecured Creditors), may, within 8 weeks of receipt of this progress report, make an application to Court on the grounds that the basis fixed for the Liquidator's remuneration, the remuneration charged, or the expenses incurred by the Liquidator, as set out in this progress report, are excessive

(k) Other Relevant Information:

(i) (a) Secured Creditors

There are no Secured Creditors

(b) Prescribed Part

Section 176A of the Insolvency Act 1986 provides for a prescribed part of the Company's net property to be retained from distribution to the floating charge holder, where the Debenture was created on or after 15 September 2003 and made available for the satisfaction of unsecured debts

As there are no Secured Creditors, the provisions of Section 176A do not apply

ii) Preferential Creditors

There are no Preferential Creditors

iii) Unsecured Creditors

The claims of 3 Unsecured Creditors totalling £169,685 have been received compared to 6 creditors totalling £145,245 disclosed on the Director's Estimated Statement of Affairs. Based on current information, it is unlikely that funds will become available to distribute to Unsecured Creditors. However, this position may change depending on whether a significant recovery can be made in respect of the Director's Loan Account

(l) Next Report

I am required to provide a further report on the progress of the Liquidation within two months of the end of the next anniversary of the Liquidation, unless I have concluded matters prior to that, in which case I will write to all creditors with my final progress report ahead of convening the final meeting of creditors

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instance my Senior Manager, Adam Shama, or my colleague, Darren Ellis, at this office



PAUL APPLETON - LIQUIDATOR

DATE: 17 June 2014

VINE SYSTEMS LIMITED - IN LIQUIDATION
LIQUIDATOR'S RECEIPTS AND PAYMENTS ACCOUNT
FROM 26 MAY 2011 TO 25 MAY 2014

	<u>Estimated</u> <u>To Realise</u> <u>£</u>	<u>Realised</u> <u>To Date</u> <u>£</u>	<u>Year Ended</u> <u>25-May-14</u> <u>£</u>
<u>Receipts</u>			
Goodwill	Uncertain	100 00	
Work In Progress	-	9,400 00	
Office Furniture & Equipment	625 00	2,500 00	
Director's Loan Account	Uncertain	1,650 00	1,450 00
Cash Held on Appointment		7,200 00	
Bank Interest - Gross		211 31	131 16
		<u>21,061.31</u>	<u>1,581 16</u>
<u>Payments</u>			
Reporting Accountant's Fee		6,000 00	
Specific Bond		99 60	64 80
Agents Fees		500 00	
Meeting Costs		150 00	150 00
Statutory Advertising		306 00	306 00
Statutory Costs		4 00	4 00
Corporation Tax		19 08	19 08
		<u>7,078 68</u>	<u>543 88</u>
Receipts less Payments		<u>13,982 63</u>	<u>1,037 28</u>
Represented by:-			
Current Account		13,777 67	
VAT Receivable		204 96	
		<u>13,982 63</u>	

VINE SYSTEMS LIMITED - IN LIQUIDATION							
LIQUIDATOR'S TIME COSTS FOR THE YEAR ENDED 25 MAY 2014							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	02 00	02 30	18 42	03 00	26 12	5,447 50	207 92
Realisations of assets	04 36	02 54	11 00	00 00	18 30	4,747 50	256 62
Total hours and costs	06 36	05 24	29 42	03 00	44 42	10,195 00	228 08

LIQUIDATOR'S CUMULATIVE TIME COSTS FOR THE PERIOD 26 MAY 2011 TO 25 MAY 2014							
SIP 9 TIME SUMMARY							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Managers / Senior Managers	Administrators/ Senior Administrators	Cashiers	Total hours		
Statutory compliance, admin and planning	07 42	03 30	88 24	13 30	113 06	21,508 50	190 17
Investigations	12 30	05 30	52 00	00 06	70 06	16,222 00	231 41
Realisations of assets	28 30	08 06	57 24	00 00	94 00	23,390 50	248 84
Creditors	10 48	02 30	04 12	00 00	17 30	4,943 00	282 46
Total hours and costs	59 30	19 36	202 00	13 36	294 42	66,064 00	224 17

The above headings include *inter alia*

Administration and Planning

case planning
appointment notification
maintenance of records
statutory reporting and compliance
tax and VAT

Realisation of Assets

identifying and securing assets
debt collection
property, business and asset sales

Investigations

SIP2 review
reports pursuant to Company Directors Disqualification Act 1986
investigating antecedent transactions

Creditors

communications with creditors
creditors claims (including secured creditors, employees and preferential creditors)

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate

Postage and stationery circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

Meeting Costs Use of Meeting Room is charged at £150 per session

Storage and Archiving

We use a commercial archiving company for storage facilities for company's records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £30 per hour.

Mileage incurred as a result of any necessary travelling is charged to the estate at the HM Revenue & Customs approved rate, currently 45p per mile.