

The Insolvency Act 1986

Administrators' progress report

Name of Company:
William Anelay Limited

Company number:
00218686

In the:
High Court of Justice, Chancery Division,
Leeds District Registry
[full name of court]

Court case number:
793 of 2016

(a) Insert full name(s) and
address(es) of the
administrator(s)

1- We (a) Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

administrator(s) of the above company attach a progress report for the period

(b) Insert dates

from

to

(b) 8 September 2016

(b) 7 March 2017

Signed:

Joint Administrator

Dated:

31/03/17

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Begbies Traynor (Central) LLP

Fourth Floor, Toronto Square, Toronto Street, Leeds LS1 2HJ

Tel Number: 0113 244 0044

Fax Number: 0113 244 5820

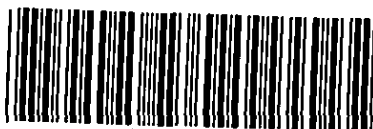
DX Number:

If you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

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COMPANIES HOUSE

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

William Anelay Limited (In Administration)

Progress report

Period: 8 September 2016 to 7 March 2017

Important Notice

This progress report has been produced to comply with our statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- ☐ Interpretation
- ☐ Company information
- ☐ Details of appointment of administrators
- ☐ Progress during the period
- ☐ Estimated outcome for creditors
- ☐ Pre-administration costs
- ☐ Remuneration and disbursements
- ☐ Expenses
- ☐ Assets that remain to be realised and work that remains to be done
- ☐ Other relevant information
- ☐ Creditors' rights
- ☐ Conclusion
- ☐ Appendices
 - 1. Account of receipts and payments
 - 2. Time costs and disbursements
 - 3. Statement of administrators' expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	William Anelay Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 8 September 2016
"the administrators" "we" "our" and "us"	Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. COMPANY INFORMATION

Trading name:	William Anelay
Date of Incorporation:	3 January 1927
Company registered number:	00218686
Company registered office:	Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of administrators' appointment:	8 September 2016
Court:	High Court of Justice, Chancery Division, Leeds District Registry

Court Case Number:	793 of 2016
Persons making appointment:	HSBC Bank plc, as Qualifying Floating Charge Holder
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings:	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 8 September 2016 to 7 March 2017.

RECEIPTS

Licence Fee – Heritage House, Murton Way, Osbaldwick, York ("Property")

Creditors will recall from our statement of proposals that a licence to occupy was granted to Heritage Building & Conservation (York) Limited ("HBC") for £8,750 per month. During the period of this report, the sum of £25,500 has been received. HBC are behind on the agreed licence fee and our solicitors have recently pursued this. We anticipate that payment of the outstanding licence fee will be made shortly.

Rent

Rental payments of £3,900 have been received from a tenant of the Property. The monthly rental fee is £650 and this has been paid fully up to date.

IT, Office Equipment and Plant & Machinery

Eddisons Commercial Limited ("Eddisons") were engaged to value and dispose of the Company's assets following our appointment. The IT, office equipment and plant & machinery were valued at £19,000. An offer of £35,000 was received for these assets from HBC which was accepted following our agents recommendation.

Motor Vehicles

Motor Vehicles owned by the Company were valued by Eddisons shortly after our appointment. An offer of £52,000 was received from HBC which was accepted in line with our agent's recommendation.

WIP, Debtor and Retention Payments

As advised in our statement of proposals, an offer was received from HBC for the assignment of the Company's WIP and debts which was completed on 21 September 2016. Immediately following completion of the assignment, the sums of £100,000 and £12,135 were received from HBC for the WIP and debtors respectively. Further consideration of 30% of the collected WIP and 25% of the collected debtors is due from HBC.

It was agreed that £72,810 would be paid by way of six monthly instalments and payment has been received to date. However, a number of amounts have been paid directly to the Company which have offset against this initial consideration.

A minimum payment was agreed with HBC whereby if the total consideration received by the Company is less than £400,000, the difference would be payable by HBC on or before 21 March 2017. Creditors will note from the receipts and payments account at appendix 2 that the total consideration received to date from HBC is £208,911. As such, discussions with HBC relating to the balancing payment of £191,089, which is required to achieve the £400,000 minimum payment, are ongoing and is anticipated to be received shortly.

Book Debts and Retentions

Book debts in the sum of £77,632 were received directly into the Company's bank account following our appointment as Joint Administrators. It was initially understood these debtors were separate from the assignment and the full amount was due to the Company. However, after discussions with Leslie Keats ("LK") and HBC, these debts were included in the assignment schedule therefore the Company is only entitled to 30% of WIP and 25% of the collected debtors in accordance with the assignment.

Miscellaneous Receipt

A number of miscellaneous receipts were received during the period which relate to prepayments made by the Company prior to the administration. These prepayments were therefore no longer required which resulted in total receipts in to the administration of £1,025

Motor Vehicle - Tax Refund

Following the change of vehicle ownership, forms were sent to the DVLA, and subsequently tax refunds totalling £110 have been received.

Rates Refund

The sum of £4,027 has been received from York City Council in respect of a business rates refund for the Property.

Utilities Refund

The sums of £3,138 and £421 have been received from Western Power Distribution and National Grid Gas Distribution respectively. These refunds were in respect of prepaid utilities in relation to agreed contracts which had not commenced at the date of our appointment.

PAYMENTS

Legal Fees & Disbursements

Our Solicitors, Irwin Mitchell LLP, were instructed to assist the administrators in undertaking the necessary steps to place the Company into administrators, assisting with the assignment of debts, preparing the various documentation relating to the sale of the Property including the licence to occupy, providing advice in respect of the Company's complex payroll structure and providing legal advice generally on matters arising throughout. For their assistance to date, the sums of £50,000 and £1,416 have been paid towards their fees and disbursements respectively.

Newtons Solicitors have been paid the sum of £3,954 in relation to their fees incurred in providing a report on a number of book debts that they were pursuing prior to our appointment.

Specific Bond

It is a statutory obligation that the duly appointed Insolvency Practitioners take out a bond in order to protect the interests of unsecured creditors in the potential realisations on a case. This is known as the bordereau premium and is detailed on the attached receipts and payments account, the sum of £320 has been paid in this respect.

Pre-Appointment Fee

In accordance with the approval obtained by a resolution of creditors passed by correspondence, the sum of £23,327 has been drawn in respect of the pre-appointment costs. Further details of the pre-administration costs are detailed at Section 6 of this report.

Administrators' Fees

In addition, a further resolution of creditors was passed by correspondence in respect of the Joint Administrators fees. In accordance with the approval obtained, the sum of £68,291 has been drawn to date. Further information is provided at Section 7 of this report.

Land Registry Fees

The sum of £11 has been paid to the Land Registry as part of our investigations into the assets owned by the Company at the date of our appointment. A search was carried out of the index in order to identify any property owned by the Company to ensure all registered Company property be included.

Quantity Surveyor Fees

LK were engaged to assess the value of the Company's WIP and equity and assist in recovering monies due to the Company. LK assisted with the assignment of WIP and debts due to HBC and are continuing to monitor collections, providing regular reports to the Joint Administrators. The sum of £40,000 has been paid to LK to date.

Agents Fees & Disbursements

As detailed above, Eddisons were instructed to value and dispose of the Company's assets following our appointment. Eddisons liaised extensively with the Company's appointed management fleet company, CLM Fleet Management, to determine which motor vehicles the Company owned. Following the valuation and disposal of the IT equipment, office equipment and plant & machinery, Eddisons were paid the sums of £37,500 and £1,296 for their fees and disbursements respectively.

Software Licence Fee

The total sum of £2,000 was paid to the Company's software provider Integrity Software for services provided during the administration period for a period of two months. This was required to enable the administrators to finalise the Company's payroll in order to bring a number of outstanding pension matters up to date.

Telephone & Fax

During the period of occupation of the Company's Property during the administration period, the sum of £414 was paid to 1823 Group Limited in respect of the provision of broadband and telephone services incurred during the administration period.

Utilities

Npower have been paid the sum of £547 in respect of the electricity incurred during the administrators' period of occupation of the Property.

Storage Costs

The sum of £67 has been incurred in obtaining a hard drive in order to store of the Company's electronic records.

Statutory Advertising

We have paid the sum of £85 to Courts Advertising Limited in respect of the advertising costs incurred issuing the notice of the administrators' appointment and the notice of the resolutions by correspondence which were advertised in the London Gazette.

Travel & Subsistence

Disbursements totalling £559 have been drawn in relation to travel and subsistence costs incurred by the administrators and their staff. Further details are included at Appendix 3.

Wages & Salaries

As detailed in our statement of proposals, a small number of key personnel were retained to assist the administrators for a short period following the appointment. The total sum of £13,578 has been paid to the retained employees.

Security Costs

Eddisons were engaged to arrange and provide security for a number of sites throughout the UK in order to protect the assets of the Company immediately following our appointment. The sum of £17,888 has been paid to Eddisons in respect of their fees incurred to date.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2.

General case administration and planning

The joint administrators have formulated an appropriate strategy, with the help of the directors and retained staff, in order to realise the Company's property and assign the outstanding contracts to a third party purchaser. We are also required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case. Costs in this respect will fall under the above heading.

Compliance with the Insolvency Act, Rules and best practice

There are certain tasks which the joint administrators have a statutory obligation to undertake during the administration. We have notified the various bodies of our appointment, including creditors, and advertised our appointment in the London Gazette.

This progress report has been prepared during the period which will provide creditors with a detailed update of the progress made during the administration, the assets that remain to be realised and the dividend prospects for creditors.

Investigations

As explained in our Statement of Proposals, we have undertaken an assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. We do not anticipate realising any funds as a result of these investigations for the benefit of the Company.

Realisation of assets

It has been necessary to liaise with a number of creditors in respect of third party hired goods and retention of title claims following our appointment. It was therefore necessary to review the validity of these claims and liaise with the site owners in order to arrange collection of the hired goods or goods with successful retention of title claims.

Assignment of Debts

As detailed above, an assignment of the debts to HBC was completed on 21 September 2016. It has been necessary for the joint administrators to liaise with both HBC and LK in respect of the ongoing debt collection.

Freehold Property

The Company owns freehold property from which it traded. The property was valued shortly after our appointment and exchange of contracts have taken place. Completion of the sale is due to complete imminently.

IT, Office Equipment and Plant & Machinery

The Company's chattel assets were valued and sold to the purchaser, HBC, for the sum of £35,000 during the period and were sold in accordance with agent's advice.

Dealing with all creditors' claims (including employees), correspondence and distributions

The joint administrators retained a small number of key personnel to assist with the accounting functions, staff/payroll and IT. This was essential in order to collate the information to assist the employees making their claims to the Redundancy Payments Service ("the RPS"). In addition, as the Company records were paperless, staff were utilised to extract the relevant documentation for the administrators.

As a result of the administration, 118 staff were immediately made redundant with the remaining 14 staff being made redundant on or before 4 October 2016. The claims and queries of the employees have been dealt with by the administrators and The Insolvency Service.

Due to the nature of the Company's business and the amounts outstanding to a number of large creditors, there have been a significant number of enquiries from the creditors requesting further information in respect of the insolvency. Dealing with the correspondence and claims submitted is very time intensive and is necessary to keep creditors informed as matters progress.

Other matters which includes meetings, tax, litigation, pensions and travel

Discussions and meetings have been held with parties to establish the Company's current position, mainly in relation to sale negotiations.

It was necessary to liaise with the RPS in respect of a pension scheme operated by the Company which had contributions deducted from the employee's salaries which were not paid to the pension trustee. A claim has been made to the RPS to arrange for these outstanding contributions to be paid to the pension trustee.

The administrators and their staff were required to travel to and from the trading site in York during the period whilst contract novations were finalised. This was essential in order to oversee the post appointment operations and assist with decision making processes and day to day management of the Company.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

The Bank holds a fixed and floating charge debenture over the assets and undertakings of the Company, created on 4 April 2011 and registered at Companies House on 8 August 2011. The amount outstanding to the Bank as at the date of appointment was £952,961.

As part of its security, the Bank holds a fixed charge over the Property. It is envisaged that the Bank's indebtedness will be discharged in full from fixed charge realisations following the sale of the Property.

Preferential creditors

We consider that there are likely to be sufficient funds for a dividend to be paid to preferential creditors. Based upon the claim submitted to us by the RPS currently, their preferential claim in the Administration totals £121,918, however this is subject to change should further employee claims be received. In addition, employees' preferential claims against the Company are currently estimated to be £29,851.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals.

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act.

Unsecured creditors

A dividend to unsecured creditors in this matter will be wholly dependent upon the realisations made following the assignment of the book debts and WIP to HBC. A further update will be provided in our next progress report to creditors.

Effect of administration on limitation periods under the Limitation Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

6. PRE-ADMINISTRATION COSTS

On 10 November 2016, the following amounts in respect of unpaid pre-administration costs were approved by a resolution of creditors passed by correspondence:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	23,326.50	4,665.30	27,991.80
Our disbursements incurred	Begbies Traynor	104.85	20.97	125.82
Legal costs	Irwin Mitchell	7,453.50	1,490.50	8,944.00
Legal disbursements	Irwin Mitchell	78.00	5.60	83.60
Quantity Surveyor fees	Leslie Keats	6,000.00	1,200.00	7,200.00
TOTAL PRE-ADMINISTRATION COSTS		36,962.85	7,382.37	44,345.22

7. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by a resolution of creditors passed by correspondence, by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate. We are also authorised to draw disbursements for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 8 September 2016 to 7 March 2017 amount to £192,306 which represents 838 hours at an average rate of £229 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 2:

- ☐ Time Costs Analysis for the period 8 September 2016 to 7 March 2017
- ☐ Begbies Traynor (Central) LLP's charging policy

To 7 March 2017, we have drawn the total sum of £68,291 on account of our remuneration, against total time costs of £192,306 incurred since the date of our appointment.

Time Costs Analysis

Please note that the analysis provides details of the work undertaken by us and our staff following our appointment only.

As can be seen from the information above, we are fairly close to the limit of our fees estimate. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reasons why the estimate is likely to be exceeded are mainly due to the large number of employee queries following our appointment as Administrators. The Company operated a complex pay structure therefore it has been necessary to liaise with the employees, our solicitors and the RPS in order to correctly process these redundancy claims. This matter is ongoing.

In addition, it has been necessary for the Joint Administrator to liaise directly with HBC in relation to the assignment of the book debts and WIP. A large number of queries relating to retention of title claims and third party hired goods were received. It was therefore necessary to review the validity of these claims and liaise with the site owners in order to arrange collection of the hired goods or goods with successful retention of title claims.

Disbursements

To 7 March 2017, we have also drawn disbursements in the sum of £890.

Category 2 Disbursements

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn since the necessary approval was obtained in the total sum of £55,880.64 are as follows:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Travel and Subsistence	558.58
TOTAL	558.58

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any ass has an interest	
Type and purpose	Amount £
Eddisons Commercial Limited – Agent's valuation and sale fees	37,500.00
Eddisons Commercial Limited – Site security costs	17,888.42
TOTAL	55,388.42

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2015' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the administration would total £227,057.83. Unfortunately, we consider that, the expenses that we have incurred so far have exceeded that estimate on a number of matters. The reasons why the estimate has been exceeded are as follows:

- The Agent's valuation and sale fees have increased due to the additional work associated with the reconciliation of the leased vehicles schedules and arranging collection of the various vehicles owned by the Company; and

- Legal fees and disbursements are higher than anticipated due to their involvement in pursuing HBC in relation to the amounts due pursuant to the assignment of the book debts and WIP. Our solicitors were also required to review a number of novation agreements relating to the novation of various contracts from the Company to HBC. In addition, our solicitors incurred significant time associated with the sale of the Company's Property. It was necessary for our solicitors to liaise with the purchaser in order to progress the sale of the Property due to delays in exchanging sale contracts.

9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

As detailed above, a sale of the Company's freehold property is due to complete imminently. It is envisaged that the Bank's indebtedness will be discharged in full from fixed charge realisations following the sale of the Property. However, a further update will be provided in the next report to creditors.

With the assistance of LK, the collections of the assigned WIP and debts will continue to be monitored in order to ascertain whether any further funds will be due to the Company over the £400,000 minimum payment.

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

As the administration progresses, updates will need to be made to the strategy dependant upon the outcome of the realisations and investigations. This will include meetings between members of staff to formulate a revised strategy going forward. As detailed above, we are also required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case on an ongoing basis.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require that the joint administrators produce interim progress reports on a 6 monthly basis to provide an update to the creditors of the progression made during the administration.

In addition, a final progress will have to be produced once the administration has reached its conclusion. This will provide creditors with an overview of the administration, including all realisations, costs and the final outcome for creditors.

Should the administration need to be extended beyond its statutory term of 12 months, the administrators have a duty to seek an extension, firstly from the creditors and subsequently by Order of the Court, should a further extension be required.

Progress reports and the other statutory documentation detailed above must also be filed with the Registrar of Companies under the Insolvency Act. The joint administrators will also periodically monitor realisations and compare to the statutory bond level to ensure that sufficient cover is in place at all times in order to protect the interests of the company's creditors.

Realisation of assets

Assignment of Debts

As detailed above, the joint administrators will continue to collect and monitor the outstanding consideration payments in respect of the book debts and WIP assigned to HBC with the assistance of LK.

Freehold Property

The sale of the Company's freehold property is due to complete imminently. Further details of the sale will be provided in our next progress report.

Dealing with all creditors' claims (including employees), correspondence and distributions

Due to the nature of the Company's business and the amounts outstanding to a number of creditors, a significant number of enquiries from the creditors will continue to be received requesting further information in respect of the insolvency. If a dividend to creditors is likely, it will be necessary to liaise extensively with creditors in order to formally agree their claims against the Company in readiness for any dividend distribution.

We will be required to continue to liaise with employees in respect of queries relating to their redundancy.

Other matters which includes meetings, tax, litigation, pensions and travel

The Company has made a claim to the RPS in respect of pension contributions deducted by the Company from employee salaries that were not paid to the pension trustee. We are continuing to liaise with the RPS in respect of this claim.

Further travel costs are likely to be incurred meeting with the various parties involved in the joint administrators' investigations.

How much will this further work cost?

The cost of this further work will be dependent upon whether it will be necessary to agree creditor claims if a dividend distribution is likely. However, based upon the information currently available to me, I estimate that this work will cost £50,000.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the estimate of anticipated expenses sent to creditors on 25 October 2016 which included all of the expenses that we anticipate that we will incur throughout the administration.

10. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. We have complied with our duties in this respect.

Investigations completed

As explained in our Statement of Proposals, we have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. We do not anticipate realising any funds as a result of these investigations for the benefit of the Company.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, 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, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

12. CONCLUSION

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.



J N R Pitts
Joint Administrator

Dated: 31 March 2017

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 8 September 2016 to 7 March 2017

S of A £		£	£
	SECURED ASSETS		
Uncertain	Freehold Land & Property	NIL	
35,000.00	Leasehold Land & Property - Licence Fee	25,500.00	
	Rent	<u>3,900.00</u>	29,400.00
	SECURED CREDITORS		
(952,961.00)	HSBC Bank plc	<u>NIL</u>	NIL
	ASSET REALISATIONS		
35,000.00	IT, Office Equipment and P&M	35,000.00	
52,000.00	Motor Vehicles	52,500.00	
200,000.00	WIP Payment	100,000.00	
200,000.00	Debtor and Retention Payment	31,279.01	
65,977.37	Book Debts and Retentions	77,631.87	
	Miscellaneous Receipt	1,024.55	
	Motor vehicle - Tax Refund	110.00	
	Rates Refund	4,026.54	
	Utilities refund	<u>3,558.89</u>	305,130.86
	COST OF REALISATIONS		
	Legal Disbursements	1,146.00	
	Specific Bond	320.00	
	Pre-Appointment Fee	23,326.50	
	Administrators' Fees	68,290.56	
	Land Registry Fees	11.00	
	Quantity Surveyor Fees	40,000.00	
	Agents Fees	37,500.00	
	Agents Disbursements	1,295.88	
	Legal Fees	53,954.00	
	Software Licence Fee	2,000.00	
	Telephone & Fax	413.56	
	Utilities	546.83	
	Storage Costs	66.66	
	Statutory Advertising	169.20	
	Travel & Subsistence	558.58	
	Wages & Salaries	13,577.83	
	Security Costs	<u>17,888.42</u>	(261,065.02)

S of A £		£	£
	PREFERENTIAL CREDITORS		
(132,540.35)	RPO re Arrears/Holiday Pay	NIL	
(29,488.09)	Employees re Arrears/Hol Pay	NIL	
			NIL
	UNSECURED CREDITORS		
(12,432,023.24)	Trade Creditors	NIL	
(38,647.68)	Employees	NIL	
(509,443.00)	RPO - Redundancy & PILN	NIL	
(298,063.00)	HMRC (non VAT)	NIL	
Uncertain	HMRC (VAT)	NIL	
			NIL
	DISTRIBUTIONS		
(110,000.00)	Ordinary Shareholders	NIL	
			NIL
(13,915,188.99)			73,465.84
	REPRESENTED BY		
	Bank 1 Current		11,718.10
	Bank 2 Current		28,750.00
	Vat Control Account		32,997.74
			73,465.84

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy; and
- b. Time Costs Analysis for the period from 8 September 2016 to 7 March 2017.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

- **Category 2 disbursements (approval required)** - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of Eddisons Commercial Limited to provide valuation appraisal advice in relation to the Company's premises, plant and machinery, office furniture and equipment and to appraise the finance agreements of the motor vehicles. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

RemoteZone, a trading style of Eddisons Commercial Limited, are also instructed to provide and arrange security to the various sites throughout the UK. Their charges for providing these services will be £17 per hour.

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates set out above.

Instruction of Eddisons Insurance Services Limited to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The costs of insurance cover for will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides. In accordance with standard insurance industry practice, Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leeds office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	60 -110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

The office holder may use the services of BTG Forensic during the course of the case. BTG Forensic is a specialist department of the office holder's firm which provides forensic accounting services. The current charge-out rates applying to work carried out by BTG Forensic are as follows:

Grade of staff	Charge-out rate (£ per hour)
Partner	250
Senior Manager	175

Staff Grade	Consolidated	Director	Sr Mgr	Mng	Asst Mng	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	19.5	0.6		4.8		24.2	0.7	6.6		53.4	13,052.00	244.42
Administration		0.1	0.4	14.3		3.0	2.5	77.7	1.0	99.0	13,467.50	136.04
Total for General Case Administration and Planning:	19.5	0.7	0.4	18.1		27.2	3.2	84.3	1.0	192.4	28,519.50	174.01
Compliance with the Insolvency Act, Rules and best practice	3.0			9.9		10.3		19.8	0.1	43.1	7,800.00	180.97
Appointment												
Banking and Bonding												
Case Closure												
Statutory reporting and statement of affairs	8.3	2.8		16.0		31.2	0.9	15.8		75.0	15,804.00	210.72
Total for Compliance with the Insolvency Act, Rules and best practice:	11.3	2.8		25.9		41.5	5.5	37.3	6.8	130.9	25,177.00	191.96
Investigations	9.0			2.2		5.0		0.6		16.8	4,209.00	250.54
CDDA and investigations												
Total for investigations:	9.0			2.2		5.0		0.6		16.8	4,209.00	250.54
Realisation of assets				8.0		9.0				17.0	3,695.00	217.35
Debt collection												
Property, business and asset sales	131.9	1.1		40.5		16.0		3.6		193.1	86,408.50	343.91
Retention of Title/Third party assets				7.2		23.4		1.0		31.6	6,113.00	193.45
Total for Realisation of assets:	131.9	1.1		55.7		48.4		4.6		241.7	76,216.50	315.34
Trading	0.3									0.3	118.50	395.00
Total for Trading:	0.3									0.3	118.50	395.00
Dealing with all creditors claims (including employees), correspondence and distributions	4.0	5.0		3.1		9.7				21.8	5,824.00	267.16
Secured												
Others	5.6	3.3		78.7		105.3	2.3	54.8		250.1	48,963.00	195.85
Creditors committee												
Total for Dealing with all creditors claims (including employees), correspondence and distributions:	9.6	8.3		81.8		115.0	2.3	54.8		271.9	54,807.00	201.57
Other matters which includes meetings, tax, litigation, pensions and travel				5.0		3.6				8.6	1,990.00	228.14
Meetings												
Other	0.5	0.2		3.0		9.5		0.3		13.5	2,757.00	204.22
Tax	1.0			0.3				0.3		2.0	561.50	280.75
Litigation												
Total for Other matters:	1.5	0.2		8.3		13.3	0.4	0.8		24.3	5,308.50	218.48
Total hours by staff grade:	180.1	13.1	0.4	193.0		250.4	11.4	192.3	7.8	838.3		
Total time cost by staff grade:	70,289.50	4,519.50	124.00	51,145.00		42,820.00	1,839.00	20,053.00	836.00		192,308.00	
Average hourly rate £:	390.17	345.00	310.00	265.00	0.00	175.00	132.00	110.00	110.00			229.40
Total fees drawn to date £:											88,290.58	

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Statutory Advertising	Courts Advertising Limited	169.20	169.20	0.00
Legal fees & disbursements	Irwin Mitchell LLP	83,289.00	55,100.00	28,189.00
Bordereau	Marsh Limited	320.00	320.00	0.00
Quantity Surveyor Fees	Leslie Keats	60,000.00	40,000.00	20,000.00
Staff Wages	Retained staff	13,577.83	13,577.83	0.00
Licence Fee	Integrity Software	2,000.00	2,000.00	0.00
Land Registry Fees	Land Registry	11.00	11.00	0.00
Utilities	Npower Limited	546.83	546.83	0.00
Telephone & Fax	1823 Group Limited	413.56	413.56	0.00
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
Agent's fees paid to Eddisons	Eddisons Commercial Limited	37,500.00	37,500.00	0.00
Travel & Subsistence	Begbies Traynor (Central) LLP	626.48	558.58	67.90
Security Costs	Eddisons Commercial Limited	17,888.42	17,888.42	0.00