

AM10

Notice of administrator's progress report



Companies House

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03/11/2017

#286

COMPANIES HOUSE

1 Company details

Company number 0 0 8 2 8 2 0 0
Company name in full George Hurst & Sons Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Gareth David
Surname Rusling

3 Administrator's address

Building name/number Kendal House
Street 41 Scotland Street
Post town Sheffield
County/Region
Postcode S 3 7 B S
Country

4 Administrator's name ①

Full forename(s) Joanne Louise
Surname Hammond

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Kendal House
Street 41 Scotland Street
Post town Sheffield
County/Region
Postcode S 3 7 B S
Country

② Other administrator
Use this section to tell us about
another administrator.

Notice of administrator's progress report

From date	^d 1	^d 3	^m 0	^m 4	^y 2	^y 0	^y 1	^y 7
To date	^d 1	^d 2	^m 1	^m 0	^y 2	^y 0	^y 1	^y 7

☒ I attach a copy of the progress report

Administrator's
signature

Signature _____

X

Distamined.

X

Signature date

d	d	m	m	y	y	y	y
0	1	1	1	2	0	1	7

AM10

Notice of administrator's progress report



Presenter information

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

Contact name	Kirsty Kineavy
Company name	Begbies Traynor (SY) LLP
Address	Kendal House
	41 Scotland Street
Post town	Sheffield
County/Region	
Postcode	S 3 7 B S
Country	
DX	
Telephone	0114 2755033



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

George Hurst & Sons Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 13/04/2017 To 12/10/2017 £	From 13/04/2017 To 12/10/2017 £
	SECURED ASSETS		
185,000.00	Don Pottery & 16 Windermere	NIL	NIL
(88,000.00)	Natwest	NIL	NIL
55,000.00	26 Victoria Street	NIL	NIL
(55,000.00)	Messrs. Dyson & Grierson	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	ASSET REALISATIONS		
19,600.00	Chattel Assets	NIL	NIL
362,500.00	Book Debts	61,492.56	61,492.56
	Cash at Bank	9,529.92	9,529.92
	Utilities Refunds	245.50	245.50
		<u>71,267.98</u>	<u>71,267.98</u>
	COST OF REALISATIONS		
	Specific Bond	1,110.00	1,110.00
	Administrators' Fees		
	Pre Appointment Fees	7,298.00	7,298.00
	Post Appointment Fees	36,666.67	36,666.67
	Debt Collection Costs	10,000.00	10,000.00
	Disbursements		
	Mileage	121.23	121.23
	Storage	188.40	188.40
	Subcontractors	225.00	225.00
	Statutory Advertising		
	Advertising	70.00	70.00
	Wages & Salaries	577.01	577.01
	Bank Charges	24.00	24.00
	Employee Advice	2,604.75	2,604.75
		<u>(58,885.06)</u>	<u>(58,885.06)</u>
	PREFERENTIAL CREDITORS		
(52,056.44)	RPO re Arrears/Holiday Pay	NIL	NIL
(15,387.24)	Employees re Arrears/Hol Pay	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(1,728,608.25)	Trade Creditors	NIL	NIL
(24,033.69)	Employees	NIL	NIL
(545,123.80)	RPO	NIL	NIL
(104,602.00)	HMRC (VAT)	NIL	NIL
Uncertain	Messrs. Dyson & Grierson	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(10,000.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(2,000,711.42)		12,382.92	12,382.92

REPRESENTED BY

Vat Receivable	(8,663.47)
Bank 1 Current	1,012.66
Vat Control Account	20,033.73
	<hr/>
	12,382.92
	<hr/>

Joanne Hammond

Joanne Louise Hammond
Joint Administrator

Gareth David Rusling and Joanne Louise Hammond were appointed joint administrators on 13 April 2017

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.

George Hurst & Sons Limited (In Administration)

Progress report of the joint administrators

Period: 13 April 2017 to 12 October 2017

Important Notice

This progress report has been produced by the administrators solely to comply with their 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.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	George Hurst & Sons Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 13 April 2017
"the administrators" "we" "our" and "us"	Gareth David Rusling of Begbies Traynor (SY) LLP, Kendal House, 41 Scotland Street, Sheffield, S3 7BS, Sheffield.North@Begbies-Traynor.com and Joanne Louise Hammond of Begbies Traynor (SY) LLP, Kendal House, 41 Scotland Street, Sheffield, S3 7BS
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (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. STATUTORY INFORMATION

Name of Company	George Hurst & Sons Limited
Trading name(s):	None
Date of Incorporation:	20 November 1964
Company registered number:	00828200
Company registered office:	Kendal House, 41 Scotland Street, Sheffield, S3 7BS

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators:	Gareth David Rusling, a Licensed Insolvency Practitioner of Begbies Traynor (SY) LLP, Kendal House, 41 Scotland Street, Sheffield, S3 7BS, Sheffield.North@Begbies-Traynor.com and Joanne Louise Hammond, a Licensed Insolvency Practitioner of Begbies Traynor (SY) LLP, Kendal House, 41 Scotland Street, Sheffield, S3 7BS
Date of administrators' appointment:	13 April 2017
Date of administrators' resignation:	Not applicable
Court:	High Court of Justice, Chancery Division. Leeds District Registry
Court Case Number:	394 of 2017
Person(s) making appointment / application:	Norman Fanthorpe in his capacity as director of the Company
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.
Extensions of the administration period	There have been no previous extensions to the administration period.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 13 April 2017 to 12 October 2017.

Receipts

- 4.1 Leslie Keats were instructed to assist with the collection of the contractual debts as well as liaising with site managers to arrange for the return of third party goods held onsite.

During the period of this report the sum of £61,492.56 has been realised in respect of book debts.

Leslie Keats have advised that best case scenario further realisations will be £500,000.00, worse case scenario £200,000.00.

- 4.2 Following our appointment, we contacted the Company's former bankers to arrange for post appointment receipts held in the Company's account to be transferred into our account. The sum of £9,529.92 was realised.
- 4.3 A utilities refund of £245.50 has been received.

Payments

- 4.4 The sum of £1,110.00 has been paid in respect of the specific bond. This is an insurance policy that protects monies realised in the Administration.
- 4.5 We have drawn pre-appointment fees of £7,298.00 in accordance with the fee resolution detailed in section 6 of this report.
- 4.6 We have also drawn post-appointment fees of £36,666.67 in accordance with the resolution detailed in section 7 of this report.
- 4.7 Leslie Keats have been paid £10,000.00 for their services detailed in section 4.1 of this report.
- 4.8 We have been repaid our disbursements of £309.63 which is made up of £121.23 mileage costs and £188.40 of storage costs.
- 4.9 The Company previously employed a Quantity Surveyor on a subcontractor basis, upon our appointment a hand over of the contracts was required and the sum of £225.00 was paid for this work.
- 4.10 A couple of members of staff were asked to assist us following our appointment with gathering the necessary information. The sum of £577.01 has been paid for these services.
- 4.11 Bank charges of £20.00 have been applied to our account.
- 4.12 UK Employment Law Consultants ("UKELC") were instructed to assist the Company's former employees with making their claims. They have been paid £2,604.75 for their services.

Other Matters

- 4.13 The Company owned three freehold properties, Don Pottery Yard, 16 Windermere Close and 26 Victoria Street. Eddisons were instructed to value and sell these properties.

The properties at Don Pottery Yard and 16 Windermere Close were charged to National Westminster Bank plc ("NatWest") and were thought to have a combined value of £185,000.00.

The property at 26 Victoria Street was thought to have a value of £55,000.00. This property is charged to Nicholas Ralph Dyson and Robert McMorrairie Grierson as trustees for the estate of the Company's former owner ("Dyson & Grierson").

The sale of Don Pottery Yard has since completed and was sold for the sum of £110,000.00. The sale of 26 Victoria Street has also completed and was sold for the sum of £37,500.00.

16 Windermere Close is due to complete on the 1 November and at this time we can not disclose the amount.

The Company was indebted to NatWest in the sum of £84,346.07 and therefore their indebtedness was repaid in full following the sale of Don Pottery Yard. NatWest subsequently released their charge over 16 Windermere Close and the sales proceeds will therefore be available to the Administration estate. The sum of £32,946.00 was paid to Dyson & Grierson following the completion of 26 Victoria Street.

- 4.14 As advised in our proposals, Eddisons were instructed to value and oversee the sale of the Company's plant and machinery. An auction was carried out and realisations achieved in this respect were £19,642.72. Eddisons are currently holding these funds, they will deduct their costs detailed below and send the proceeds in due course.
- 4.15 Eddisons were instructed to assist us with various matters on site. Following our appointment, Eddisons took the necessary steps to secure the Company's assets and the third party vehicles that were held there. They incurred time liaising with the various Finance Company's and hire company's to arrange the inspection and collection of the vehicles.

In order to get the Company's assets ready for auction, they incurred time compiling the auction catalogue, photographing the lots and uploading them to the auction.

As the site, Don Pottery Yard, was to be sold, Eddisons arranged for the clearance of the site ahead of the sale.

As a result, Eddisons have an outstanding invoice of £11,514.37 plus VAT, this will be deducted from the sales proceeds in due course.

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

Time has been spent periodically reviewing the case to establish what work remains outstanding and what matters require further progression. As well as this, the Administration strategy has also been reviewed to ensure that the Administration is running to plan and assessing whether changes to the strategy are required.

In addition, time has been spent reviewing the Company's books and records, boxing the records up for storage and producing an inventory.

Effective case management and planning benefits the Company's creditors as it ensures that the Administration is progressed in a strategic manner. Extracting and maintaining relevant information enables us to perform our duties correctly and efficient planning will ensure all assets are realised for the benefit of creditors.

Compliance with the Insolvency Act, Rules and best practice

Time has been spent notifying the relevant parties of our appointment which has included statutory appointment letters, advertising our appointment in the London Gazette and preparing and circulating our proposals.

In addition, time was spent arranging for the Administration to be bonded and periodically reviewing the bond to ensure that the cover in place is adequate.

We have carried out regular bank reconciliations of our account to ensure that all postings are allocated.

This work is not financially beneficial to the creditors but the work is required by the Insolvency Act and Rules.

Investigations

As detailed in 10, the Joint Liquidators have fulfilled their duties to enquire into the Company's affairs to determine whether any actions should be undertaken. In addition, the conduct of the Company's directors has been considered in order to make the required submission to the Department for Business Energy and Industrial Strategy as required by the Insolvency Act and Rules.

There has been no financial benefit however, the work is required by the Insolvency Act and Rules.

Realisation of assets

A significant amount of time has been spent assisting with the collection of the contract debts, this has included reviewing Leslie Keats' strategy for collection, attending on-site meetings, reviewing the Company's books and records and reviewing the Company's former bank account for payments.

In addition, we have liaised with Eddisons in respect of the sale of the Company's chattel assets and monitoring the auctions.

A review of the charges held on the freehold properties was carried out to ensure that they were valid and time was spent liaising with Eddisons to establish a sales strategy for these properties.

This work has been financially beneficial to the creditors as realisations have been achieved and NatWest have been repaid in full.

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

A significant amount of time has been spent dealing with the high volume of creditor queries received following our appointment.

In addition, time has been spent liaising with NatWest in respect of the charges held over the property.

We have assisted UKELC with dealing with the employee claims as the employees were made redundant following our appointment.

There is no financial benefit to the creditors but corresponding with creditors and dealing with any queries will benefit creditors by helping them understand the process and allowing them to be engaged in it.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel

We have incurred time preparing and submitting post appointment VAT returns as and when they fall due.

There is no financial benefit to the creditors but the work is of a statutory nature.

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.

Secured creditors

As detailed in section 4 of this report, the Company has two secured creditors.

NatWest hold a fixed and floating charge debenture over the Company's assets and were owed £84,346.07.

Dyson & Grierson hold a fixed charge over the property situated at 26 Victoria Street to support the indebtedness due to the Company's former owner.

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated at £67,443.68.

Unsecured creditors

Claims of unsecured creditors were estimated at £2,402,367.74

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 creditors

NatWest have been repaid their indebtedness in full.

Dyson & Grierson to date have been paid the sum of £32,946.00. It is not anticipated that a further secured distribution will be available to Dyson & Grierson and therefore the balance of their claim is likely to be unsecured.

Preferential creditors

A distribution to the preferential creditors is wholly dependant on further recoveries being made from the book debts.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property;
- ☐ 20% of net property thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the prescribed part of net property if:

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

In these circumstances, as NatWest have been repaid in full under their fixed charge, we do not envisage a floating charge distribution and therefore the prescribed part provision will not apply.

Unsecured creditors

A distribution to the unsecured creditors is wholly dependant on further realisations in respect of book debt recoveries.

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 15 June 2017 the following amounts in respect of unpaid pre-administration costs were approved by decision of creditors sought via a Decision Procedure:

Details of recipient	Description of services provided	Amount
Begbies Traynor	Pre-appointment advice	£7,298.00 + VAT
Legal costs	Pre-appointment advice and appointment documentations	£884.50 + VAT

7. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by approval of the creditors on 15 June 2017 obtained via a decision procedure by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (SY) LLP in attending to matters arising in the administration 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 (SY) 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 13 April 2017 to 12 October 2017 amount to £97,256.00 which represents 338.7 hours at an average rate of £287.14 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 13 April 2017 to 12 October 2017
- ☐ Begbies Traynor (SY) LLP's charging policy

To 12 October 2017, we have drawn the total sum of £36,666.67 on account of our remuneration, against total time costs of £97,256.00 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 this is our first progress report since the basis of our remuneration was fixed, we are obliged to provide creditors with details of the costs incurred in the period since appointment and a description of the work undertaken for the period since our appointment, this is detailed in section 4 of this report.

As can be seen from the information above, we are extremely close to the limit of 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 as follows:

- We will continue to incur time liaising with our solicitors in respect of the remaining property sale.
- If and when we become in a position to make a distribution to the preferential creditors we will incur time reviewing the claims and making the distribution.

Disbursements

To 12 October 2017, we have also drawn disbursements in the sum of £309.63.

Why have subcontractors been used?

The choice of advisers and agents was based on the Joint Administrators knowledge of the professional advisers experience and known ability to perform the type of work to be undertaken and also taking into account the complexity and nature of the assignment and the basis of their fee arrangements.

Category 2 Disbursements

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn during the period of this report are as follows:-

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	121.23
Storage	188.40
TOTAL	309.63

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any asset has an interest	
Type and purpose	Amount £
Eddisons Commercial Limited, which is a member of the Begbies Traynor group, has provided their services in respect of the sale of the chattel assets.	£11,514.37 (unpaid)
Eddisons Insurance Services Limited, which is a member of the Begbies Traynor group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets.	Uncertain, the final bill will be received upon completion of the final property.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' 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 £67,668.00. That estimate has not been exceeded overall but there have been additional costs that were not envisaged. The details of these are as follows:-

- It was initially anticipated that the specific bond would cost £420.00, to date the sum of £1,110.00 has been paid in this respect. A higher level of bond was required due to the valuations received in respect of the debt collections and properties. This expenses can not be avoided as the bond is a statutory requirement.
- UKELC were instructed to assist with the redundancy of the staff and assist them with making their claims. It was initially envisaged that their costs would be £2,000.00 however, the sum of £2,604.75 has been paid to date. Unfortunately the work took longer than UKELC first envisaged. In addition, we have included an additional cost of £1,600.00 in the revised fee estimate in case we become in a position to make a preferential distribution as work will need to be carried out agreeing the preferential claims.

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

As advised in section 4.1 of this report, Leslie Keats remain instructed to continue with the collection of the book debts.

We are also awaiting the completion of 16 Windermere Close.

We continue to assist with a historic health and safety claim.

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

The Joint Liquidators will continue to progress the case, including performing periodic reviews to ensure that deadlines are met and that the case is passed for closure when possible. The case will also require ongoing banking duties to be completed.

Effective case management and planning benefits the Company's creditors as it ensures that the Liquidation is progressed in a strategic manner.

Compliance with the Insolvency Act, Rules and best practice

We will incur time preparing six monthly progress reports and possibly arranging for the extension of the Administration if required.

Time will also be spent periodically reviewing the bond to ensure that there is adequate cover in place.

In addition, we will continue to carry our regular bank reconciliation of our account.

There is no financial benefit to the creditors, however, the work is required by the Insolvency Act and Rules.

Investigations

It is not anticipated that any further time will be recorded against this category.

Realisation of assets

We will continue to liaise with Leslie Keats in respect of the ongoing book debt collections.

In addition, time will be spent liaising with our solicitors in respect of the completion of the remaining property sale.

This work is financially beneficial as it will lead to recoveries for the benefit of the creditors.

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

We will incur time dealing with creditor queries as and when received.

In addition, if and when we become in a position to make a distribution to the preferential creditors we will liaising with UKELC in respect of agreeing the preferential claims prior to declaring the dividend. This work would be financially beneficial as the preferential creditors would received a dividend.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

We will continue to incur time preparing and submitting the post appointment VAT returns as and when they fall due.

We will also continue to incur time dealing with a health and safety claim.

There is no financial benefit to the creditors but the returns are a statutory requirement.

How much will this further work cost?

It is anticipated that further work will cost £27,744.00 in accordance with the increased fee estimate.

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 revised estimate of anticipated expenses attached at Appendix 2.

10. OTHER RELEVANT INFORMATION

Report on Director's 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 director. 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.

Connected party transactions

There have been no connected party transactions.

Proposed exit route from administration

The exit from Administration will be dependent upon whether or not funds become available from the collection of the contract debts for the Company's unsecured creditors.

In circumstances where we are of the opinion that the total amount which each secured creditor of the Company is likely to receive will be paid or set aside, and that a distribution will be made to the unsecured creditors of the Company then our proposed exit route will be via creditors voluntary liquidation.

We do not have the power to make a distribution to unsecured creditors in the Administration without the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrators.

In circumstances where we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors our proposed exit route will be via the dissolution of the Company. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the collection of contractual debts. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

11. CREDITORS' RIGHTS

Right to request further information

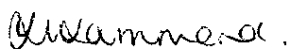
Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, 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 18.34 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 L Hammond
Joint Administrator

Dated: 1 November 2017

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 13 April 2017 to 12 October 2017

George Hurst & Sons Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 12/10/2017

S of A £		£	£
	SECURED ASSETS		
185,000.00	Don Pottery & 16 Windermere	NIL	
(88,000.00)	Natwest	NIL	
55,000.00	26 Victoria Street	NIL	
(55,000.00)	Messrs. Dyson & Grierson	NIL	
			NIL
	ASSET REALISATIONS		
19,600.00	Chattel Assets	NIL	
362,500.00	Book Debts	61,492.56	
	Cash at Bank	9,529.92	
	Utilities Refunds	245.50	
			71,267.98
	COST OF REALISATIONS		
	Specific Bond	1,110.00	
	Administrators' Fees		
	Pre Appointment Fees	7,298.00	
	Post Appointment Fees	36,666.67	
	Debt Collection Costs	10,000.00	
	Disbursements		
	Mileage	121.23	
	Storage	188.40	
	Subcontractors	225.00	
	Statutory Advertising		
	Advertisin	70.00	
	Wages & Salaries	577.01	
	Bank Charges	24.00	
	Employee Advice	2,604.75	
			(58,885.06)
	PREFERENTIAL CREDITORS		
(52,056.44)	RPO re Arrears/Holiday Pay	NIL	
(15,387.24)	Employees re Arrears/Hol Pay	NIL	
			NIL
	UNSECURED CREDITORS		
(1,728,608.25)	Trade Creditors	NIL	
(24,033.69)	Employees	NIL	
(545,123.80)	RPO	NIL	
(104,602.00)	HMRC (VAT)	NIL	
Uncertain	Messrs. Dyson & Grierson	NIL	
			NIL
	DISTRIBUTIONS		
(10,000.00)	Ordinary Shareholders	NIL	
			NIL
(2,000,711.42)			12,382.92

George Hurst & Sons Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 12/10/2017

S of A £	£	£
REPRESENTED BY		
Vat Receivable		(8,663.47)
Bank 1 Current		1,012.66
Vat Control Account		20,033.73
		<u>12,382.92</u>

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.
- ❑ *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.

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

- 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 two 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.

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

² Ibid 1

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by an entity 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 advice in relation to the Company's chattel assets, oversee the clearance of the Company's trading premises and facilitate the disposal of the freehold properties*. 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

Eddisons Limited estimate that their charges for providing the services will be between £10,000 and £15,000.

Instruction of *Eddisons Commercial Limited* to provide offer the Company's chattel assets for sale via an online auction. Their charges will be equivalent to 10% of realisations.

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 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

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 forecasted cost of insurance for the 3 month period immediately following appointment is £2,500 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods 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.

(B) 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

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 Sheffield 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	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.

SIP9 George Hurst & Sons Limited - Administration - 91GE197.ADM : Time Costs Analysis From 13/04/2017 To 12/10/2017

Staff Grade	Consultant/Partner	Director	Sr Mgr	Mngt	Asst Mngt	Sr Admin	Admin	Jr Admin	Support	Total Hours	Total Cost £	Average hourly rate £
General Case Administration and Planning		1.1				0.6		1.2		2.9	616.60	212.99
		40.3				5.0	4.5	2.2	9.7	51.7	18,210.00	282.72
		41.4				5.6	4.5	3.4	8.7	64.6	18,328.00	286.47
Compliance with the Insolvency Act, Rules and best practice	5.2									5.2	2,054.00	395.00
		3.8		0.5		0.4	2.9	0.2	8.2	16.0	2,828.00	176.81
												0.00
		11.6				6.0			3.4	21.6	5,522.00	255.60
		15.4		0.5		6.4	2.8	0.2	11.8	43.0	10,485.00	343.14
Investigations		7.9				2.2		0.4	0.3	10.8	3,172.50	293.75
		7.8				2.3		0.4	6.3	16.8	3,172.50	293.75
Realisation of assets		27.3				3.4				30.7	10,013.50	326.17
		67.6				1.0				68.1	30,004.50	352.58
		3.7				0.6				4.3	1,381.50	321.28
		16.3				5.8				128.1	41,396.50	344.71
Trading												0.00
												0.00
Dealing with all creditors (excluding employees, correspondence and distributions)												0.00
		5.9				3.1	9.9	23.5	4.0	97.3	24,595.00	252.77
												0.00
		5.8				3.1	9.9	23.5	4.0	97.3	24,595.00	252.77
Other matters which includes meetings, tax, litigation, petitions and travel												0.00
												0.00
							1.3			1.3	175.50	135.00
										1.6	632.00	395.00
										2.8	807.50	278.45
		21.4		0.5		22.3	18.6	27.5	25.6	138.7		
		72,940.00		132.50		3,802.50	2,811.00	3,021.00	1,848.00		97,236.00	
		345.00	0.00	285.00	0.00	175.00	135.00	110.00	76.02			287.14
											36,666.87	

GEORGE HURST & SONS LIMITED

**REVISED DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE
LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION**

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment and business of correspondence	148.00
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	1,110.00
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity	2,500.00
4.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	5,000.00
5.	Agents fees and disbursements	The fees of any agent or valuer instructed to assist the Insolvency Practitioner and their anticipated disbursements.	14,000.00
6.	Debt collection fees and disbursements	The fees of any third party instructed by the Insolvency Practitioner to assist with the collection of the debts of the insolvent entity and their anticipated disbursements	40,000.00
7.	Accountants fees	The fees of a third party incurred assisting with the provision of information and the preparation of the Statement of Affairs.	3,000.00
8.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	100.00
9.	Investigation expenses	Any sums paid to any third party that assists the Insolvency Practitioner with investigating the affairs of the insolvent entity	N/A
10.	Travel	Mileage to and from site	500.00
11.	Room hire	For meetings of creditors, with the directors or debtor etc.	N/A
12.	Employee Advice	The fees of a third party instructed to deal with employee matters such as employee claims and closing down pension groups.	4,204.75

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration.

THE ADMINISTRATORS' ESTIMATE OF THE INCREASED FEES THAT THEY WILL INCUR

Further to the information set out in the report, the Administrators anticipate that in addition to their fees estimate dated 30 May 2017 in the sum of £100,000 the following further fees will be incurred to conclusion of the administration. Please note that blended hourly rates have been used (as they were for the original estimate) which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column. Details of the hourly rates that will be charged for each level of staff working on the case form part of this appendix.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	37.5	7,500	200
Compliance with the Insolvency Act, Rules and best practice	37.5	7,500	200
Investigations	0	0	0
Realisation of assets	25	5,000	200
Trading	0	0	0
Dealing with all creditors' claims (including employees), correspondence and distributions	17.5	3,500	200
Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decisions procedures, meetings, tax, litigation, pensions and travel	7.5	1,500	200
Total hours	125		
Total time costs		25,000	
Overall average hourly rate £			200

The Administrators anticipate that the following specific work which was not envisaged at the outset of the administration (and which is included in the estimate above) will be undertaken:

- We will continue to work with Leslie Keats in respect of the ongoing book debt collections and to resolve the counter claims and disputes.
- If and when we are in a position to make a distribution time will be incurred placing the Company into Creditors Voluntary Liquidation.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>.

Dated: 1 November 2017

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				
Employment Advice	UKELC	2,604.75	2,604.75	0.00
Statutory Advertising	TMP (UK) Ltd	70.00	70.00	0.00
Debt Collection Costs	Leslie Keats	10,000.00	10,000.00	0.00
Bond	Willis	1,110.00	1,110.00	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	11,514.37	0.00	11,514.37