

AM10

Notice of administrator's progress report



Companies House

MONDAY



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27/04/2020

#331

COMPANIES HOUSE

1 Company details

Company number 0 1 1 9 9 3 4 3

Company name in full H. Waterhouse & Sons (Wakefield) Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Bob

Surname Maxwell

3 Administrator's address

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

4 Administrator's name ①

Full forename(s) Lee

Surname Lockwood

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

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6 Period of progress report

From date	^d 0	^d 5	^m 1	^m 0	^y 2	^y 0	^y 1	^y 9	
To date	^d 0	^d 4	^m 0	^m 4	^y 2	^y 0	^y 2	^y 0	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X <i>L. Lockwood</i> X								
Signature date	^d 2	^d 7	^m 0	^m 4	^y 2	^y 0	^y 2	^y 0	

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 **Ben Fallon**

Company name **Begbies Traynor (Central) LLP**

Address **Fourth Floor**

Toronto Square

Post town **Toronto Street**

County/Region **Leeds**

Postcode **L S 1 2 H J**

Country

DX

Telephone **0113 244 0044**



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



Bob Maxwell and Lee Lockwood were appointed Joint Administrators on 5 October 2018

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.

H. Waterhouse & Sons (Wakefield) Limited (In Administration)

Progress report of the Joint Administrators

Period: 5 October 2019 to 4 April 2020

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.

This report has been produced during the Covid-19 HM Government restrictions. As a result, our access to information within our physical case files has been limited as our firm has implemented remote working wherever possible in line with HM Government guidance in order to protect its employees and to limit the spread of the virus. Consequently, this report has been prepared from information we are able to access remotely. We have taken every reasonable step to ensure that the information is accurate, but if anything is incorrect or incomplete, we will provide an explanation and corrected information in our next progress report.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	H. Waterhouse & Sons (Wakefield) Limited (In Administration)
"the Administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 5 October 2018
"the Administrators" "we" "our" and "us"	Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Lee Lockwood 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 (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	H. Waterhouse & Sons (Wakefield) Limited
Date of Incorporation:	6 February 1975
Company registered number:	01199343
Company registered office:	Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the Administrators:	Bob Maxwell, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Lee Lockwood, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Date of Administrators' appointment:	5 October 2018
Court:	High Court of Justice, Business and Property Courts in Leeds, Insolvency and Companies List (ChD)
Court Case Number:	997 of 2018
Persons making appointment:	the directors 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.
EU Regulation on Insolvency Proceedings:	Regulation (EU) 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the Administration period:	The Administration period was extended with the consent of creditors for a period of 12 months to 4 October 2020.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 5 October 2019 to 4 April 2020.

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. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous reports contain details of the work undertaken since our appointment.

General case administration and planning

Time has been spent in populating and maintaining the physical and virtual electronic case files. We have continued to ensure that we have an accurate and complete record of how the case is being administered, including fully documenting the reasons for any decisions that have been made.

Regular internal meetings have been held between the case staff in order to carry out the following:

- Review the strategy in relation to realisations of the Company's remaining book debts and retentions;
- Review of the strategy in relation to the claim against a former director of the Company which was sold to Manolete Partners plc ("Manolete");
- Updating the estimated outcome statement to establish the impact and return for each class of creditor; and
- Carrying out internal case reviews to ensure all matters are being dealt with in accordance with statutory obligations and best practice and that matters are progressing.

Whilst this work is of no direct financial benefit to creditors, we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case. These meetings will assist with the realisation of the Company's assets and strategy in order to return monies to creditors.

Compliance with the Insolvency Act, Rules and best practice

The Act and Rules require that we produce interim progress reports on a six-monthly basis to provide an update to the creditors of the progression made during the Administration. The last report to creditors dated 30 October 2019 was prepared and circulated during the period covered by this report.

We have also monitored realisations during the period to ensure that the statutory bond is sufficient to cover the value of total realisations during the administration in order to protect the interests of the Company's creditors.

Our cashier has spent time in reconciling the bank account and processing receipts and payments within the period.

Whilst this work is of no direct financial benefit to creditors, it is necessary in accordance with the Act, Rules and best practice.

Investigations

We have continued to assist Manolete and their solicitors regarding the progression of the Company's claims sold for an upfront payment of £10,000 (received in a prior period), together with 50% of recoveries after payment of Manolete's legal costs and related expenses.

The former director who Manolete were pursuing issued a counter claim against Lee Lockwood and BTG Advisory LLP for the advice provided. Work was therefore required in order to resolve this issue, which was later dismissed.

As a result of the ongoing work associated with the claims, Manolete reached a settlement with the former director on 31 January 2020 for £90,000, which was paid on completion, and for all counter claims to be dropped. After payment of costs, we received an additional £32,187 from Manolete under the sale agreement. This brought total realisations from the sale of the claims to £42,187.

The sum of £19,203 has been paid to Eversheds Sutherland LLP for their assistance with the investigation work prior to the sale of the claims to Manolete, as well as £500 to a former employee for their time assisting with the assessment of the financial records and providing a witness statement.

Realisation of assets

Book Debts & Retentions

Our instructed quantity surveyors, Leslie Keats ("LK"), have continued to pursue the outstanding book debts and retentions due to the Company. An additional £1,364 has been realised in respect of book debts, together with £62,864 in respect of retentions falling due during the period.

As the remaining debtors have not yet paid the outstanding retentions, we have instructed Addleshaw Goddard LLP ("Addleshaws") to assist LK to pursue these debts. Addleshaws costs have been agreed at £3,000 to assess the debts and 10% of any recoveries made.

During the period, we have discharged LK's costs of £27,711 in accordance with the fee agreement.

Other Matters

We have received bank interest of £59 on the funds held in the Administration bank account.

Our agents, Eddisons Commercial, sold the remaining cherished number plates through an online auction, realising £575. Their costs of £58 plus disbursements of £186 associated with the sale have been discharged

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

We have continued to keep the Company's secured creditors, HSBC Bank plc ("HSBC"), apprised of the progress of the Administration, including formal reports.

In addition, time has been spent dealing with creditor queries as and when they arise in the Administration.

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

Time under this heading has been spent dealing with the Company's tax matters, including terminal tax loss relief, collating corporation tax information and completion of VAT returns.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliance progression of the Administration, which ensures that we carry out our work to high professional standards.

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

It is expected that HSBC may receive a distribution under its floating charge; however, it is likely to suffer a shortfall against its lending.

Preferential creditors

We consider that there will be sufficient funds for a dividend to be paid to preferential creditors. The quantum and timing of such a dividend will depend on the final quantum of realisations from the Company's book debts, applications and retentions.

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 and in previous progress reports.

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be £36,966 and the prescribed part of the Company's net property to be £10,393.

It is intended that we will distribute this amount to the unsecured creditors in the Administration, depending on the final quantum of realisations from the Company's book debts, applications and retentions.

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors, other than potentially by virtue of the prescribed part.

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. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed 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 5 October 2019 to 4 April 2020 amount to £10,521 which represents 48 hours at an average rate of £221 per hour. Further information in relation to our time costs is set out at Appendix 2 and provides details of the work undertaken by us and our staff following our appointment only.

To 4 April 2020, we have not drawn any fees on account of our remuneration, against total time costs of £105,811 incurred since the date of our appointment.

Time Costs Analysis

In addition to the time costs information disclosed at Appendix 2 for the period of this report, a cumulative Time Costs Analysis for the period from 5 October 2018 to 4 October 2019 is also attached at Appendix 2.

As can be seen from the information above, we have exceeded the limit of our previously approved estimate. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reasons why the previously approved estimate has been exceeded are as follows:

- We have undertaken an extensive amount of work in order to progress the claims against a former director of the Company to the point of sale to Manolete and eventual settlement, which was not previously envisaged;
- Additional work required to chase up and realise the Company's book debts and retentions; and
- Work required in order to agree the claims of the preferential creditors, as well as the secured and unsecured creditors if a floating charge distribution is made to HSBC.

In light of the above, we are obliged to provide the secured and preferential creditors with details of the additional work that has been undertaken along with details of the time and cost of that additional work and to seek approval of our increased estimate from them.

Disbursements

To 4 April 2020, we have also drawn disbursements in the sum of £580.

Category 2 Disbursements

Details of the disbursements that should be treated as Category 2 disbursements that have been incurred during the period of this report in accordance with the approval obtained are as follows:

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any associate has an interest	
Type and purpose	Amount £
Eddisons Commercial Limited, which is a member of the Begbies Traynor Group, has provided auction services to dispose of the Company's remaining assets. This figure is inclusive of disbursements.	Fees - 57.50 Disbursements – 185.75
TOTAL	243.25

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.

7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement of expenses also appears at Appendix 3 which details the expenses incurred since the date of our appointment.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the Administration would total £74,671. That estimate has not been exceeded and we do not expect it to be exceeded if matters progress to conclusion as envisaged.

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

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

The principal matters to be dealt with are as follows:

- Finalise the realisation of the Company's book debts and retentions;
- Agreement of the claims of the preferential creditors, and if applicable the secured creditor and unsecured creditors, in anticipation of declaring dividends; and
- Deal with the formalities of exiting the Administration.

General case administration and planning

As the Administration progresses, updates will need to be made to the strategy dependent upon the outcome of the realisations. This will include meetings between members of staff to formulate the strategy moving forward and ensure that the strategy is achieved.

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. This will include compliance reviews, internal checklist updates, periodic case reviews and maintaining case files.

Whilst this work will not benefit creditors financially, it is necessary to ensure efficient progress of the case and is required in accordance with the law and by our regulatory body.

Compliance with the Insolvency Act, Rules and best practice

We are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the Administration, which ensures that we carry out work to high professional standards.

We will draft and issue interim progress reports on a six monthly basis to provide an update to the creditors of the progress made during the Administration. These documents will be filed to meet statutory requirements.

In addition, a final progress report 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 current term which is due to expire on 4 October 2020, we have a duty to seek an extension by Order of the Court.

We will also continue to 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.

Time will be spent in monitoring and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

Investigations

Our investigations and the realisations as a result of those investigations have now concluded.

Realisation of assets

We will continue to liaise with LK in relation to the continued collection of the outstanding book debts, retentions and applications.

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

We will continue to report to HSBC regarding the Administration in accordance with their reporting requirements.

Furthermore, as detailed in Section 5 of this report, we anticipate that we will be able to declare a distribution to the preferential creditors of the Company. Time will be spent reviewing the claims of the preferential creditors and subsequently declaring the dividend.

In addition, there may be sufficient funds to enable us to declare a distribution to HSBC in accordance with its floating charge security. If this is the case, we will also need to agree the claims of the unsecured creditors as we may be able to make a distribution under the virtue of the Prescribed Part. The time associated with this shall be incurred under this heading.

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

We will be seeking a decision from secured and preferential creditors on approval of our increased fee estimate.

Time will also be spent holding internal and external meetings.

In accordance with law and best practice we will also ensure submission of VAT and corporation tax returns to HMRC in respect of the Administration period.

Whilst the above work will not benefit creditors financially, it is necessary in accordance with statutory requirements and best practice.

How much will this further work cost?

As detailed in the increased fee estimate attached at Appendix 2, we estimate additional total time costs for the Administration to total £28,492, bringing total time costs in respect of this matter to £134,303. Please be advised that this is just an estimate based upon the time spent on similar historic cases.

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 17 November 2018.

9. 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.

Extension of Administration

The Administration has been extended for a period of 12 months with the consent of creditors until 4 October 2020.

Proposed exit route from Administration

Our proposed exit route remain in line with that set out in our Statement of Proposals.

Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

10. 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.

11. CONCLUSION

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

A handwritten signature in black ink, appearing to read 'L V Lochwood', written in a cursive style.

L V Lochwood
Joint Administrator

Dated: 27 April 2020

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 5 October 2019 to 4 April 2020

Statement of Affairs £		From 05/10/2019 To 04/04/2020 £	From 05/10/2018 To 04/04/2020 £
	HIRE PURCHASE		
15,500.00	Tangible Fixed Assets	NIL	NIL
(22,126.00)	Mann Island Hire Purchase	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Bank Interest Gross	58.72	166.58
240,000.00	Book Debts	1,364.27	132,972.60
110,408.00	Cash at Bank	NIL	NIL
11,914.00	Furniture, Plant and Equipment	575.00	19,174.00
	Petty Cash	NIL	413.17
	Retentions	62,863.71	68,832.17
	Sale of Claims	32,186.80	42,486.80
NIL	Stock	NIL	NIL
NIL	Susence & control accounts	NIL	NIL
	Vehicle Tax Refunds	NIL	140.00
		97,348.50	261,185.31
	COST OF REALISATIONS		
	Administrators' Expenses	NIL	303.69
	Agents/Valuers Disbursements	185.75	3,289.05
	Agents/Valuers Fees	57.50	13,057.50
	Debt Collection Costs	27,710.80	27,710.80
	Destruction of Records	NIL	750.00
	DVLA	NIL	800.00
	Insurance of Assets	NIL	2,787.12
	Investigation Costs	500.00	500.00
	Legal Fees	19,202.50	19,202.50
	Property Costs	NIL	42.09
	Accountancy Fees	NIL	3,000.00
	Registration Place Transfer Fee	NIL	66.67
	Security & Clearance Costs	NIL	4,210.00
	Server Back Up	NIL	171.86
	Specific Bond	NIL	210.00
	Statutory Advertising	NIL	84.60
	Travel	NIL	40.00
	Wages & Salaries	NIL	3,915.52
		(47,656.55)	(77,141.40)
	PREFERENTIAL CREDITORS		
(28,427.00)	Employees re Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	FLOATING CHARGE CREDITORS		
(99,509.00)	HSBC Bank	NIL	NIL
(80,634.00)	HSBC Security Bond	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(1,473,382.00)	Trade Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(11,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,337,256.00)		49,691.95	184,043.91

TIME COSTS INFORMATION

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 5 October 2019 to 4 April 2020;
- c. Cumulative Time Costs Analysis for the period from 5 October 2018 to 4 April 2020; and
- d. Estimated increase to our approved fee estimate.

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 physical 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;

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. 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):

Eddisons Commercial Limited

Instruction of Eddisons Commercial Limited to prepare a valuation of the chattel assets, oversee inspections from interested parties and conduct a sale of the assets. 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 Commercial Limited are also instructed to provide property management, in particular clearance of the Company's leasehold premises to be returned to the landlord. Their charges for providing these services will be calculated at the same charge out rates as those listed above.

Eddisons Commercial Limited (including work down under the Remotezone brand) estimates that total charges for providing its services will be in the region of £12,000. The costs incurred to date are set out in the main body of the report.

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

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.

Eddisons Insurance Services Limited

Instruction of Eddisons Insurance Services Limited ("EIS") 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.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the 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.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

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 this case are HSBC Bank panel rates, which are as follow:

Grade of staff	Charge-out rate (£ per hour) 1 May 2011 – until further notice
Partner	260
Director	260
Senior Manager	190
Manager	190
Assistant Manager	190
Senior Administrator	130
Administrator	130
Trainee Administrator	85
Support	85

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[illegible]

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 17 November 2018 in the sum of £94,798 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	48.0	6,180.00	128.75
Compliance with the Insolvency Act, Rules and best practice	51.0	8,535.00	167.35
Investigations	25.0	5,800.00	232.00
Realisation of assets	43.0	8,730.00	203.02
Trading	-	-	-
Dealing with all creditors' claims (including employees), correspondence and distributions	45.0	8,550.00	190.00
Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decisions procedures, meetings, tax, litigation, pensions and travel	9.0	1,710.00	190.00
Total hours	221.0		
Total time costs		39,505.00	
Overall average hourly rate £			178.76

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: 27 April 2020

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				
Legal fees	Addleshaw Goddard LLP	3,000.00	-	3,000.00
Quantity Surveyor's fees	Leslie Keats	12,756.02	-	12,756.02
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Agent's fees paid to Eddisons	Eddisons Commercial Limited	57.50	57.50	-
Agent's disbursements paid to Eddisons	Eddisons Commercial Limited	185.75	185.75	-

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Legal fees	Eversheds Sutherland LLP	19,202.50	19,202.50	-
Legal fees	Addleshaw Goddard LLP	3,000.00	-	3,000.00
Quantity Surveyor's fees	Leslie Keats	40,466.82	-	40,466.82
Quantity Surveyor's disbursements	Leslie Keats	258.90	-	258.90
Agent's fees	Eddisons Commercial Limited	13,057.50	13,057.50	-
Agent's disbursements	Eddisons Commercial Limited	3,289.05	3,289.05	-

Security Costs	Eddisons Commercial Limited	4,000.00	4,000.00	-
Insurance	Eddisons Insurance Services Limited	2,787.12	2,787.12	-
Destruction of Books and Records	Restore Datashred	750.00	750.00	-
Accountancy Fees	Garbutt & Elliott	3,000.00	3,000.00	-
Travel	H M Allsop	40.00	40.00	-
Security Costs	Sandal Security Services Ltd	210.00	210.00	-
Statutory Advertising	Courts Advertising Limited	84.60	84.60	-
Employee wages	Various employees	3,915.52	3,915.52	-
PAYE & NI	HM Revenue & Customs	322.00	-	322.00
Company Server Back-up	Arcsus IT Solutions	171.86	171.86	-
Specific Bond	Marsh Limited	210.00	210.00	-
Parking Costs	Q Park	42.50	42.50	-
Utilities	Yorkshire Water	42.09	42.09	-
Taxi	Uber	41.39	41.39	-
Taxi	Abbey Cars	20.00	40.00	-
Land Registry Search	HM Land Registry	21.00	21.00	-
Storage Costs	Restore plc	22.00	2.80	19.20
Number Plate Transfer Fee	DVLA	866.67	866.67	-
Court Fee	Leeds Business & Property Courts	50.00	50.00	-
Mileage	Begbies Traynor (Central) LLP	126.00	126.00	-