

The Insolvency Act 1986

Administrator's progress report

Name of Company Industrial & Commercial Property Insurance Consultants Limited
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Company number 01969307

In the The High Court of Justice <small>(full name of court)</small>
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Court case number 191 of 2013

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

We (a)
Jason Daniel Baker
FRP Advisory LLP
2nd Floor
110 Cannon Street
London
EC4N 6EU

Philip Lewis Armstrong
FRP Advisory LLP
2nd Floor
110 Cannon Street
London
EC4N 6EU

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

(b) Insert date

From (b) 26 April 2016

To (b) 25 October 2016

Signed

Jason Baker

Joint / Administrator(s)

Dated

28/10/2016

TUESDAY



QIQ 13/12/2016 #69
COMPANIES HOUSE



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To All Creditors

Your ref:

Our ref: I0319LON

Please Contact. Charlie Dagworthy

Telephone Number: 0203 005 4000

Email Address. Charlie.Dagworthy@frpadvisory.com

Date 28 October 2016

Dear Sirs

**INDUSTRIAL & COMMERCIAL PROPERTY INSURANCE CONSULTANTS LIMITED
(IN ADMINISTRATION) ("THE COMPANY")
IN THE HIGH COURT OF JUSTICE No. 191 of 2013**

Further to my appointment as Administrator of the Company on 16 January 2013 and in connection with the Joint Administrators' proposed application to extend the Company's administration, I provide my progress report on this administration for the period 26 April 2016 to 25 October 2016 ("the period") in accordance with the Insolvency Rules 1986.

I attach:

- Appendix A - Statutory information regarding the Company and the appointment of the Joint Administrators
- Appendix B - Joint Administrators' receipts and payments account
- Appendix C - Details of my Firms' time costs and disbursements
- Appendix D - Statement of expenses
- Form 2.24B - Formal Notice of the progress report

1. The Joint Administrators' Proposals

1.1 The objectives of administration are:

- A. To rescue the Company as a going concern, failing which
- B. To achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), failing which
- C. To realise property in order to make a distribution to one or more secured or preferential creditors.

1.2 Objective A cannot be achieved as the Company ceased to trade on 19 December 2012. As there may be limited realisations it is expected that objective B will also not be achievable. As such, it is anticipated that objective C will be achieved, where property is realised in order to make distributions to the Company's sole secured creditor, Coutts & Co ("the Bank"), and/or preferential creditors.

1.3 The proposals included a statement in accordance with Paragraph 52 of Schedule B1 to the Insolvency Act 1986 ("IA'86") and therefore the Joint Administrators were not required to convene a meeting of creditors.

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- 1.4 A summary of the Joint Administrators' proposals, which were deemed to have been approved on 5 March 2013, is as follows.
- a) The Joint Administrators will continue to realise the assets of the Company.
 - b) The Company may be placed into liquidation if appropriate. The proposed Liquidators are to be Jason Daniel Baker and Philip Lewis Armstrong.
 - c) If the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate, the Joint Administrators will send a notice to the Registrar of Companies and three months after the filing of the notice the Company will be dissolved.
 - d) As the Joint Administrators consider that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, the following sections of the Joint Administrators' proposals required the consent of the Bank as the Company's sole secured creditor:
 - (i) The Joint Administrators' fees plus VAT should be approved on a time cost basis charged at the charge out rates prevailing at the time the work is undertaken; to be drawn when the Joint Administrators' see fit. A schedule of current charge out rates is set out in Appendix C.
 - (ii) Mileage can be recharged and drawn at the HMRC approved mileage rate prevailing at the time the mileage was incurred.
 - (iii) The Joint Administrators' discharge from liability shall take effect in accordance with Paragraph 98 of Schedule B1 to the IA'86 30 days following either the Company entering into liquidation or filing the notice of moving from administration to dissolution.
- 1.5 The Bank has confirmed its acceptance of sections d) (i) to (iii) above of the proposals on 2 October 2013.

2. Progress of the Administration

Receipts and Payments Account

- 2.1 I attach at Appendix B a receipts and payments account detailing transactions for the reporting Period and for the entire administration.
- 2.2 The Company is not VAT registered and cannot recover VAT. Irrecoverable VAT is shown separately in the receipts and payment account.

Investigations

- 2.3 Part of my duties include carrying out proportionate investigations into what assets the Company has, including any potential claims against directors or other parties, and what recoveries could be made. Investigations in this regard have been materially hampered by the poor record keeping and the severe deficiencies in, or outright absence of, the Company's accounting records.
- 2.4 As previously reported, the Bank provided funding to Allanfield Group Plc (In Administration), the Company's parent, for a preliminary investigation into the group's affairs and the identification of any possible avenues for recovery that could be pursued further. Accordingly, I instructed forensic accountants, Crowe Clark Whitehill LLP ("CCW"), on 4 September 2013, to begin an investigation into (amongst other things) the reasons for the failure of the Group and what claims may have arisen against third parties as a result.

- 2.5 I received CCW's initial draft report in February 2014, which is confidential. Since then I have also instructed Honeycomb PSG (forensic accountants) in connection with other possible avenues of recovery, the nature of which is also confidential. I can confirm however that the reports and my own investigations have identified certain potential avenues of recovery action. I have reviewed all information received from these third parties and made further enquiries where necessary. With the assistance of my solicitors I am considering whether there are any grounds to bring any claims in connection with my investigations.
- 2.6 As my investigations are on-going I have not disclosed in detail the results of them at this stage. However, once my investigations are complete and should any actions be instigated, creditors will be provided with further details in future reports in due course.

Statutory Client Account

- 2.7 As an insurance broker the Company handled client monies on a trust basis via a statutory client account ("the Client Account"), which is governed by strict rules and regulations.
- 2.8 In previous progress reports I explained that the Joint Administrators had made an application to Court for directions as to how they should deal with client account monies held in the Company and Allanfield Property Insurance Services Limited (In Administration) ("APIS"), an associated company. The last progress report, dated 24 May 2016 reported that a hearing took place as scheduled between 10 and 12 November 2015; that judgment was handed down on 17 December 2015, that a further hearing took place on 18 March 2016 to resolve the form of order that the Court ought to make consequential on that judgment; and that the Court made an order on 21 March 2016 (the "March 2016 Order"). That last progress report also reported that the Joint Administrators were in the process of undertaking the steps that they were required by the March 2016 Order to take (being, in general terms, steps necessary to ascertain who is entitled to claim against the client monies and in what amount, and in which order of priority those claims should be met, to then enable the Joint Administrators to distribute the funds in the client accounts).
- 2.9 A further hearing took place on 14 October 2016 at which the Court was updated as to the steps that the Joint Administrators had taken to implement the March 2016 Order. Following that hearing the Court made a further order (the "October 2016 Order") pursuant to which (amongst other things) the Court approved a settlement of claims between the client money 'pools' administered by (respectively) the Company and APIS and further approved a scheme by which the Joint Administrators could pay into Court any distributions of the client money which it is not possible for them to pay to the intended recipients. The Joint Administrators' remuneration and costs attributable to the distribution of the client monies are, in accordance with the March 2016 Order, payable from the client monies in priority to other claims. A further hearing is listed to take place on 24 and 25 November 2016, at which the Joint Administrators' remuneration and costs will be assessed by the Chief Registrar of the Companies Court.
- 2.10 Copies of the March 2016 Order, October 2016 Order and other selected other documents relating to the application are available on the FRP Advisory LLP creditors' portal which can be accessed using the case codes I0319LON (for ICP) and A1276LON (for APIS) at <https://creditors.frpadvisory.com/default.aspx>. Further documents are likely to be uploaded from time to time.

3 Extension of the Administration

- 3.1 It was necessary to ensure sufficient time to allow for the above work to continue and for the ongoing matters in relation to the Client Account, on which funding to pursue any actions in the Company's administration is contingent, to be completed.
- 3.2 Accordingly, a six month extension to the administration period, being to 26 June 2014, was previously agreed by the Bank as sole secured creditor, pursuant to Paragraph 76(2) of Schedule B1 of the IA'86.

- 3.3 The Administrators sought a further extension by submitting an application to Court for an extension of the Company's administration by approximately 18 months to 31 December 2015. The Court made an order granting the extension on 17 June 2014.
- 3.4 Given that the hearing of the directions application was listed to take place during the week commencing 9 November 2015 and in order that there be sufficient time to fulfil the requirements of the Court's directions on dealing with the client account monies it was appropriate for the Administrators to request the Court grant a further extension to the period of the Administration. On 10 December 2015 the Court made an order granting the extension of the Administration until 31 December 2016.
- 3.5 The Joint Administrators now intend to apply to Court for a further extension of the Company's administration, from 5pm on 31 December 2016 to 5pm on 30 September 2017 (i.e. an extension of 9 months), rather than taking steps to wind up the Company. That application is due to be issued shortly. The rationale for seeking a further extension is primarily to enable the Joint Administrators to complete the process of distributing the Client Money from within administration rather than liquidation. Were the Company to be wound up then this could impede distribution of the Client Money, in particular because the Company remains authorised by the Financial Conduct Authority (the "FCA") and it is unclear at present what steps the FCA would require the Joint Administrators to take to enable the Joint Administrators to distribute the client money from within liquidation. The Joint Administrators anticipate that an extension of 9 months will allow sufficient time to take all required steps distribute the client money, including (in accordance with the October 2016 Order) paying into Court sums which it is not possible for the Joint Administrators to pay to claimants. The application is to be made on an urgent basis so that, should the Court decline to make an order to extend the Company's administration, the Joint Administrators will still have time to cause the Company to be wound up on or before 31 December 2016.

4 Outcome for Secured Creditor

- 4.1 The Bank has the benefit of cross-collateralised debentures containing fixed and floating charge security over each of the companies within the Group.
- 4.2 At the date of appointment the Bank was owed approximately £2.6m in accordance with a credit facility granted to PLC. Based on current realisations and the costs of the administration to date there are insufficient funds to enable a distribution at present.
- 4.3 In view of the March 2016 Order future distributions to the Bank are dependent on the success of any claims pursued as a result of my investigations, so are uncertain at this stage. In any event it is expected that the Bank will suffer a shortfall on its lending once the Group's administrations are complete.

5. Outcome for Preferential Creditors

- 5.1 The draft statement of affairs shows preferential creditors of £7,400, being employees for arrears of pay and holiday pay. Based on current realisations and the costs of the administration there are insufficient funds to enable a distribution to preferential creditors. Any future distribution is dependent on the same factors as discussed above.

6. Outcome for Unsecured Creditors & Prescribed Part

- 6.1 The Joint Administrators have considered the possibility of a prescribed part for unsecured creditors under S176A of the IA'86. Whilst the prescribed part will apply in this case as the Bank's debenture was registered after 15 September 2003 there are currently insufficient funds available to enable a prescribed part dividend to unsecured creditors. Any future distribution, based on a prescribed part or alternative is dependent on the level of future realisations and the nature of any claims which are issued and which produce realisations (both of which remain uncertain), as well as the total costs of the administration.

7. Joint Administrators' Pre-Appointment Costs

- 7.1 As the Joint Administrators considered that the Company had insufficient property to enable a distribution to be made to the preferential or unsecured creditors, the Joint Administrators' pre appointment costs required the consent of the Bank as secured creditor. Approval was received from the Bank as the secured creditor in accordance with Rule 2.67A (3) of the IR'86 to pay £8,800 plus VAT of time costs. Following a review of our time costs it was concluded that the quantum of our pre appointment time costs attributable to the Company was £3,444. These costs have been paid in full.

8. Joint Administrators' Remuneration, Disbursements and Expenses

- 8.1 Our fees as Joint Administrators is based on computerised records of all time spent on the administration of this case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in 6 minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually, details of FRP Advisory LLP charge out rates are included at Appendix D. A breakdown of our time costs incurred during the period of this report, in accordance with Statement of Insolvency Practice 9 is set out at Appendix C.
- 8.2 The Joint Administrators' disbursements are a recharge of actual costs incurred by the Joint Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP Advisory at the HMRC approved mileage rate prevailing at the time the mileage was incurred. Details of disbursement incurred during the period of this report are set out in Appendix C.
- 8.3 In accordance with Rule 2.106(5A) of IR'86 it falls to the Bank as secured creditor to agree the basis of the Joint Administrators' remuneration. The Bank has confirmed its agreement to the Joint Administrators' remuneration being charged on a time cost basis. To date the Joint Administrators have drawn remuneration of £101,600.98 plus irrecoverable VAT, in respect of our time costs of £177,634.00. In addition to this, the Joint Administrators have time costs relating to the client account totalling £112,030.25. A detailed analysis of the time costs relating to the Administration and the application relating to the client money referred to above has been carried out and, depending on the Court's decision at/following the hearing listed for 24 and 25 November 2016 referred to above may be reallocated between the time records. The result of the analysis has not been shown in the above values.
- 8.4 I attach at Appendix D a statement of expenses that have been incurred during the period covered by this report.
- 8.5 Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses, which are first disclosed in this report, under the Insolvency Rules 1986 (For ease of reference these are the expenses incurred in the reporting period as set out in Appendix E only). Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link <http://creditors.frapadvisory.com/feesguide.htm> and select the guide for administrations. Alternatively, a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information being 21 days following the receipt of this progress report. There is a time limit of 8 weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

If you have any queries about this report or the progress of the administration, please do not hesitate to contact my office

Yours faithfully
For and on behalf of
Industrial & Commercial Property Insurance Consultants Limited



Jason Baker
Joint Administrator

Licensed in the United Kingdom by the Institute of Chartered Accountants in England & Wales and bound by the Insolvency Code of Ethics

The Joint Administrators act as agents of the Company and without personal liability.

The affairs, business and property of the Company are being managed by Jason Daniel Baker and Philip Lewis Armstrong who were appointed Joint Administrators on 16 January 2013.

STATUTORY INFORMATION

INDUSTRIAL & COMMERCIAL PROPERTY INSURANCE
CONSULTANTS LIMITED (IN ADMINISTRATION)

Court in which administration proceedings were brought	The High Court of Justice, Chancery Division, Companies Court
Court reference number	191 of 2013
Other trading names.	n/a
Company number	01969307
Registered office.	2nd Floor 110 Cannon Street London EC4N 6EU
Previous registered office & business address	62 Margaret Street London W1W 8TF 99 Heath Street London NW3 6ST
Administrators' names and addresses	Jason Daniel Baker and Philip Lewis Armstrong FRP Advisory LLP 110 Cannon Street London EC4N 6EU
Date of appointment.	16 January 2013
Appointor details	Darryl Noik, Director
Previous office holders, if any.	n/a
Extensions to the initial period of appointment	Initial 6 months to 15/07/2014, approved by the secured creditor Extension to 31/12/2015, following an application to Court Further extension to 31/12/2016, following an application to Court

The Joint Administrators act jointly and concurrently

**INDUSTRIAL & COMMERCIAL PROPERTY INSURANCE CONSULTANTS LIMITED
(IN ADMINISTRATION)**

**Joint Administrators' Abstract Of Receipts And Payments
To 25 October 2016**

Statement of Affairs	Notes	Period Account		Duration of Administration		Grand Total £
		From 26 April 2016 to 25 October 2016		From 16 January 2013 to 25 April 2016		
		Fixed Charge £	Floating Charge £	Fixed Charge £	Floating Charge £	
RECEIPTS						
Uncertain	(1)					
Insurance Commission					308,509 59	308,509 59
Refund of Overpayment			337 91		53,100 63	53,100 63
Bank Interest Gross					579 68	917 59
		<u>0 00</u>	<u>337 91</u>	<u>0 00</u>	<u>362,189 90</u>	<u>362,527 81</u>
PAYMENTS						
Pre-appointment Administrators Remuneration					3,443 75	3,443 75
Pre-appointment Legal Fees					3,333 33	3,333 33
Administrators' Remuneration					101,600 98	101,600 98
Administrators Disbursements					2,079 02	2,079 02
Legal Fees					70,505 76	70,505 76
Legal Disbursements			151 54		151 54	151 54
Legal Fees - Counsel			48 35		7,784 58	7,784 58
Corporation Tax					61 55	109 90
Bank Charges	(2)		30 31		15 00	15 00
Irrecoverable VAT	(3)				37,744 84	37,775 15
Client Account Costs (Incl VAT)					133,835 66	133,835 66
		<u>0 00</u>	<u>230 20</u>	<u>0 00</u>	<u>226,720 35</u>	<u>226,799 01</u>
BALANCES IN HAND		<u>0 00</u>	<u>107 71</u>	<u>0 00</u>	<u>135,469 55</u>	<u>135,728 80</u>
		<u>0 00</u>	<u>337 91</u>	<u>0 00</u>	<u>362,189 90</u>	<u>362,527 81</u>

Notes

- 1 Estimated statement of affairs figures rounded to the nearest £100 pounds
- 2 As the Company traded as an insurance broker VAT is not recoverable
- 3 These relate to costs incurred wholly in relation to the client account and it is proposed that these will be recoverable from the client account as an expense of the client account



Industrial & Commercial Property (In Administration)
 Time charged for the period 26 April 2016 to 25 October 2016

	Appointments Taken /				Junior Professional / Support	Total Hours	Total Cost	£ Average Hourly Rate
	Partners	Managers / Directors	Other Professionals					
Administration and Planning		0.35	9.40	4.65	14.40	3,140.75	218.11	
Case Accounting			0.30	2.65	2.95	404.50	137.12	
Case Control and Review			1.45		1.45	305.00	210.34	
Case Accounting - General			2.20		2.20	575.00	261.36	
General Administration		0.35	5.45	2.00	7.80	1,856.25	237.96	
Asset Realisation	13.35		2.30		16.65	7,165.75	457.88	
Debt Collection			1.30		1.30	357.50	275.00	
Legal-asset Realisation	13.35		1.00		14.35	6,808.25	474.44	
Creditors	1.65		0.90		2.55	1,064.25	417.35	
Unsecured Creditors	0.95		0.50		1.45	607.75	419.14	
Employees			0.40		0.40	110.00	275.00	
Legal-Creditors	0.70		0.40		0.70	346.50	495.00	
Investigation	2.20		4.40		6.60	1,991.50	301.74	
Investigatory Work			0.10		0.10	27.50	275.00	
Legal - Investigations	2.20		4.30		6.50	1,964.00	302.15	
Statutory Compliance			7.60		7.60	1,992.50	262.17	
Post Appt TAX/VAT			1.20		1.20	277.50	231.25	
Statutory Reporting/ Meetings	17.20	0.35	24.60	4.65	46.80	1,715.00	267.97	
Total Hours	8,514.00	131.25	6,082.50	627.00	48.80	15,354.75		
Total Cost £	495.00	375.00	247.28	134.84				
Average Hourly Rate £								

Disbursements for the period
 26 April 2016 to 25 October 2016

Category	Value £
Delivery	8.15
Postage	485.31
Grand Total	471.46

Mileage is charged at the HMRC rate prevailing at the time the cost was incurred

FRP Charge out rates	From	1st JULY 2012	31st JULY 2013	1st May 2016
Grade				
Appointment taker / Partner		275-465	385-495	450-495
Managers / Directors		225-455	320-455	340-465
Other Professional		85-275	175-275	200-295
Junior Professional & Support		70-320	100-150	125-175

FRP ADVISORY LLP ("FRP")

HOURLY CHARGE OUT RATES WITH EFFECT FROM 1 MAY 2016

<u>Grade</u>	<u>£/hour</u>
Appointment taker/Partner	495
Managers/Directors	340-465
Other Professional	200-295
Junior Professional/Support	125-175

Time costs are maintained on computerised records of all time spend on the administration of each case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in maximum of six minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually, details of FRP charge out rates applicable to this assignment are set out above.

Further information can be found in the Creditors' Guide to Fees which you can access using the following link <http://www.frpadvisory.com/fees-guide.html>. Alternatively, a hard copy of the relevant guide will be sent to you on request.

On occasions it may be necessary to change the rates applicable to the work undertaken and if this occurs during the period of the assignment this will be notified to creditors as part of the normal reporting procedures.

DISBURSEMENT POLICY

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

There are two types of disbursements, direct disbursements (known as Category 1) and indirect disbursements (known as Category 2).

Category 1 disbursements:

These are payments to independent third parties where there is specific expenditure directly referable to the appointment in question, these include but are not limited to such items as case advertising, storage, bonding, searches, insurance.

Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements

These are expenses that are directly referable to the appointment in question but not to a payment to an independent third party. With the exception of mileage FRP do not charge category 2 disbursements.

Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP at the HMRC approved mileage rate prevailing at the time the mileage was incurred, at the time of this report this is 45p per mile.

Category 2 disbursements require prior approval in the same manner as an office holder's remuneration.

APPENDIX D

INDUSTRIAL & COMMERCIAL PROPERTY INSURANCE CONSULTANTS LIMITED (IN ADMINISTRATION)

STATEMENT OF EXPENSES FOR THE PERIOD FROM 26 APRIL 2016 TO 25 OCTOBER 2016

Expenses	Notes	Expenses for the period 26 April 2016 to 25 October 2016 £
Administrators' Remuneration	(1)	0
Administrators' Disbursements		0
Joint Administrators' time costs (Client Account)	(2)	112,030
Joint Administrators' disbursements (Client Account)		0
Legal Fees	(3)	0
Legal Disbursements		0
Legal Fees - Counsel		0
Bank Charges		0
Irrecoverable VAT	(4)	22,406
Client Account Costs (incl VAT)	(5)	0
Total		134,436

Notes

- (1) This figure relates to time costs and disbursements charged to the Administration (some of which may be subject to a reallocation to the code where time spent specifically on the client account is recorded, depending on the ruling at the Court hearing detailed in this Report). The result of the analysis has not been shown in the above values
- (2) This figure relates to time costs & disbursements recorded separately and specifically in respect of time spent and disbursements incurred in dealing with the client account (some of which may be subject to a reallocation to the administration time code, depending on the ruling at the Court hearing detailed in this Report). The result of the analysis has not been shown in the above values
- (3) This figure relates to legal time costs charged to the Administration, but not paid - an apportionment between time spent on the client account matters and the general estate has been completed and has been included in the application to Court.
- (4) The costs shown above exclude VAT (except 'Client Account Costs') and are shown separately. As the Company traded as an insurance broker, VAT is not recoverable
- (5) These relate to costs incurred wholly in relation to the client account and it is proposed that these will be recoverable from the client account as an expense of the client account. This figure is inclusive of VAT