

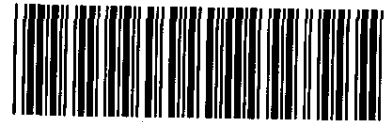
AM10

Notice of administrator's progress report



Companies House

SATURDAY



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09/11/2019

#81

COMPANIES HOUSE

1 Company details

Company number 0 2 3 5 4 1 1 1
Company name in full T & G Allan Morpeth Limited

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

2 Administrator's name

Full forename(s) Chris
Surname Ferguson

3 Administrator's address

Building name/number RMT
Street Gosforth Park Avenue
Post town Newcastle upon Tyne
County/Region
Postcode N E 1 2 8 E G
Country

4 Administrator's name ①

Full forename(s) Linda
Surname Farish

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

5 Administrator's address ②

Building name/number RMT
Street Gosforth Park Avenue
Post town Newcastle upon Tyne
County/Region
Postcode N E 1 2 8 E G
Country

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 9	^m 0	^m 3	^y 2	^y 0	^y 1	^y 9
To date	^d 2	^d 8	^m 0	^m 9	^y 2	^y 0	^y 1	^y 9

7 Progress report

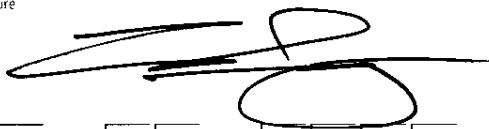
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 2	^d 8	^m 1	^m 0	^y 2	^y 0	^y 1	^y 9
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**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 **Simon H. Stephenson**

Company name **RMT Accountants and Business
Advisors Ltd**

Address **Gosforth Park Avenue
Newcastle Upon Tyne**

Post town **NE12 8EG**

County/Region

Postcode

Country

DX

Telephone **0191 256 9500**

**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



ACCOUNTANTS & BUSINESS ADVISORS
MAKING BUSINESS MAKE SENSE

Private and Confidential

Our ref LP0301/CJF/LAF/SHS/CW

Date 25 October 2019

Dear Sirs

The Fountain Group Ltd, T&G Allan Holdings Limited, T&G Allan Morpeth Limited, The Pen Shop Limited and Kingsley Brands Limited (together "the Group") - all in Administration

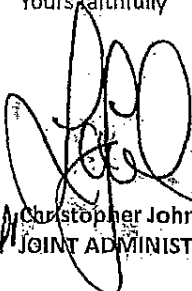
This is my report on the progress of the Administration of the Group for the six-month period from 29 March 2019 to 28 September 2019. The report should be read in conjunction with my previous report and proposals issued on 4 April 2019.

RMT Accountants and Business Advisors Ltd uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also to fulfil the legitimate interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how RMT Accountants and Business Advisors Ltd uses your personal information on our website at www.r-m-t.co.uk.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Simon H. Stephenson on 0191 256 9500, or by email at simon.stephenson@r-m-t.co.uk.

Finally, please note that the affairs, business and property of the Company are being managed by the Joint Administrators, Christopher John Ferguson and Linda Ann Farish. The Joint Administrators act as agents of the Group and contract without personal liability.

Yours faithfully



Christopher John Ferguson
JOINT ADMINISTRATOR

Encs.

Joint Administrators' First Progress report for the period from 29 March 2019 (Date of Appointment of Joint Administrators) to 28 September 2019 relating to

The Fountain Group Limited, T&G Allan Holdings Limited, T&G Allan Morpeth Limited, The Pen Shop Limited and Kingsley Brands Limited (together "the Group") - all in Administration

Issued on: 25 October 2019

The Fountain Group Ltd, T&G Allan Holdings Limited, T&G Allan Morpeth Limited, The Pen Shop Limited and Kingsley Brands Limited (together "the Group") - all in Administration

JOINT ADMINISTRATORS' PROGRESS REPORT TO CREDITORS

For the six months ending 28 September 2019

EXECUTIVE SUMMARY

I was appointed as Joint Administrator of the Group together with Linda Ann Farish on 29 March 2019.

Immediately following the appointment of the Joint Administrators, substantially all the Group's business and assets were sold to two entities incorporated by the former directors, following a period of marketing. In accordance with the disclosure requirements of Statement of Insolvency Practice 16, full details were provided in my report and proposals dated 4 April 2019. A summary of the position follows in my report below.

Following the sale, I have dealt with the realisation of assets excluded from the sale, matters arising from the sale, and continuing issues relating to former employees, ROT, and landlords.

At the date of this report I anticipate that there will be a dividend to the preferential creditors of The Pen Shop Ltd, but no distribution to secured or non-preferential unsecured creditors in the Group entities.

STATUTORY INFORMATION

Statutory information in respect of the Group companies is attached at Appendix 1.

JOINT ADMINISTRATORS' ACTIONS SINCE APPOINTMENT

Immediately following our appointment, a sale of the business and certain trading assets of the Group was completed to The Pen Shop Trading Limited and T&G Allan Limited ("the Purchaser"), entities incorporated by the Directors of the Group, as part of a pre-pack sale from Administration. The pre-pack sale was considered necessary on the basis that: -

- The adverse impact of an Administration appointment on the Group's business would make it impractical for an Administrator to continue to trade the business whilst the business and assets were marketed for sale post-administration.
- The business and assets of the Group (including share capital) had been extensively marketed in the period leading up to the appointment of Administrators and no offers had been received from alternative parties.
- The sale would result in a better outcome than an immediate liquidation of the Group by preserving the business as a going concern, allowing continuity of trade and securing the employment of many of the employees of the Group.

On this basis the Group ceased to trade at the date of our appointment, following the sale of the business and assets to the Purchaser.

In addition, the following statutory and compliance work has been undertaken: -

- Immediate actions, including appointment notifications to creditors, Registrar of Companies and advertising the appointment;
- Set up of Insurance and health and safety matters;

- Dealing with employee claims and queries (including pension matters), including meeting with former payroll clerks, telephone and email correspondence with employees and the Redundancy Payments Office;
- Attending to creditor claims and queries (including reservation of title claims);
- Landlord and property matters (including Purchaser Licences to Occupy, licences to assign, assignments, and, when requested, surrender of property leases);
- Instructions to agents and supply of information in connection with the refund of property rates;
- General compliance matters.

These are tasks that are required by statute or regulatory guidance or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still must be carried out.

There is certain work that I am required by the insolvency legislation to undertake in connection with the Administration that provides no financial benefit for the creditors. A description of the routine work undertaken since our appointment as Administrators is contained in Appendix 2.

RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Accounts for the Group for the period from 29 March 2019 to 28 September 2019 are attached at Appendices 3(i) to 3(v).

The balance of funds are held in interest bearing estate bank accounts.

ASSETS

The assets were sold for £91,000, using the vehicle of a Pre-Packaged Administration ('Pre-Pack') Sale, immediately following my appointment as Joint Administrator of the Group.

In accordance with the disclosure requirements of Statement of Insolvency Practice 16, in relation to a Pre-Pack sale of assets, I provided creditors with a full explanation of the events leading up to the sale, our role as insolvency practitioners, alternative restructuring options, basis of asset valuations, marketing of the business, and outcome of the sale, in Section 4 of my report and proposals issued to creditors on 4 April 2019. I do not propose to re-iterate the full disclosure in this report, sufficed to say that if a creditor requires, I will provide a copy of my earlier report, which is also available for viewing on RMT's website.

However, I have summarised below the valuation considerations and details of the Pre-Pack sale completed on 29 March 2019.

Valuation of the business and assets

As part of this process, the following agents were engaged to provide valuations of the assets of the Group:

Sanderson Weatherall (SW) / Bradley Hall (BH)	Valuation of the leasehold property portfolio, fixtures & fittings and stock. Both SW and BH confirmed they had used an Open Market valuation assuming vacant possession of the units in an insolvency scenario, being the most appropriate method of valuation in their professional opinion.
Hilco Appraisal Limited (Hilco)	Valuation of all intellectual property assets. Hilco confirmed it had used a Market Approach in its valuation of these assets, being the most appropriate method of valuation in their professional opinion.

Both agents confirmed they were qualified to provide valuation advice and held suitable professional indemnity insurance.

I have summarised below the valuations and respective sale consideration for each of the key assets of the Group on a consolidated basis: -

Asset category	Liquidation value		Sale Consideration (£)
	High (£)	Low (£)	
Leasehold property	Nil	Nil	Nil
Stock (based on cost)	17.5p/£	10p/£	18.5p/£
Fixtures, fittings and equipment	Nil	Nil	2,000
Intellectual property	95,000	58,000	49,000

Leasehold Property

Based on available market evidence, SW did not consider that any of the Group's leases would attract a premium value for assignment, owing to them, either being over-rented, having a short unexpired rump of lease, or due to agreed rent reductions being personal to the occupier and incapable of assignment.

Stock

SW advised, given the level of the stocks held and the potential ROT issues, any alternative liquidation sale process would inevitably become protracted. The effect of this, and the associated costs, would significantly reduce any net realisation value. In the case where a significant proportion of the stock was subject to ROT, the value of the residual stock available to realise would be impacted again through poor stock mix.

Chattel assets

It was SW's opinion that due to the nature of the items located at each store, and their experience of dealing with similar cases, they did not feel it would be cost effective to consider removing items from the stores to realise in a liquidation scenario. Any realisation from such an exercise would more than likely be far outweighed by the associated costs.

Intellectual Property

On receipt of the offer from the Directors for the intellectual property assets of the Group, Hilco Appraisal Limited provided their recommendation to proceed with the offer on the basis that the costs associated with marketing and selling the IP in a liquidation scenario would likely result in a lower net outcome than their 'Low' case valuation.

Book debts and contingent claims (such as insurance claims, legal claims or tax repayments) were specifically excluded from the sale.

Details of the pre-pack sale

On 29 March 2019 a sale of the business and assets of the Group was concluded to The Pen Shop Trading Limited and T&G Allan Limited, entities incorporated by the Directors, being Colin McClymont and Sally McClymont, to acquire the business and assets of the Group.

The sale consideration was paid in full on completion, and there were no conditions of the contract that could materially affect the consideration. There were no options, buy-back arrangements, deferred consideration, or other conditions attached to the contract of sale.

The sale consideration is broken down as follows: -

Asset	The Pen Shop Ltd £	Kingsley Brands Ltd £	T&G Allan Morpeth Ltd £	Total Proceeds £
<i>Acquiring entity</i>	<i>The Pen Shop Trading Ltd</i>		<i>T&G Allan Ltd</i>	
Stock	30,000	Nil	10,000	40,000
Fixtures, fittings & equipment	Nil	Nil	2,000	2,000
Intellectual property	44,100	4,900	Nil	49,000
Total sale proceeds				91,000

The apportionment of the sale consideration was based on the legal entity holding ownership of the specific asset and the offer letter received from the Purchaser. In the case of the intellectual property assets, and based on advice from Hilco, 10% of the sale consideration associated with The Pen Shop Limited IP was applied to Kingsley Brands Limited, in respect of the 'Kingsley' brand, trademarks and copyrights.

The sale price achieved was the best reasonably obtainable in all the circumstances of this case, given that the offer from the Directors exceeded the estimated realisable value of the assets (after costs) than that which was estimated to be realised in a liquidation outcome. No other offers for the business and assets of the Group were received.

The sale also preserved the employment of 40 of the 65 employees of the Group, reducing the impact of employee claims in the Administration.

Leasehold Property

The Group had 11 leasehold properties at the date of appointment.

Prior to my appointment, Sanderson Weatherall LLP was instructed to value the Group's leasehold portfolio and they did not consider that there were any realisable lease premiums.

The Purchaser occupied 5 properties under monthly licences following the sale. During the period the Purchaser negotiated with landlords to assign or take new leases, it was necessary to extend the licences several times, which increased legal and Administrators' costs. The position can be summarised as follows: -

The Pen Shop Limited

Newcastle – assigned 3 June 2019

Birmingham – assigned 3 June 2019

Trafford Centre – assigned 5 July 2019

Glasgow – assigned 30 July 2019

T & G Allan Morpeth Ltd

Morpeth, Newgate Street – assigned 29 July 2019

The Purchaser has to date paid all licence fees due. These have been paid to the relevant landlords on assignment, except for Trafford Centre and Morpeth, Newgate Street.

At the date of this report, we are holding £10,083 (The Pen Shop Ltd) and £7,640 (T&G Allan Ltd) in respect of licence fees collected from the Purchaser, not yet paid to the landlords. The Administrators continue dialogue with the relevant landlords regarding the payment of these sums.

The following stores were closed and vacated on the weekend preceding administration. The Administrators invited the landlords to accept surrenders of the leases. The position is summarised as follows: -

The Pen Shop Ltd

Manchester, King Street – not yet surrendered

City, Liverpool Station, London – not yet surrendered

Edinburgh, Multrees Walk – Landlord has requested a formal surrender – ongoing

Leadenhall Market – surrendered

Cardiff – not yet surrendered

Leeds, Trinity – surrendered

Fixtures, fittings & Equipment

The majority of the Group's fixtures, fittings and equipment comprised shop fixtures and fittings located at stores located across the UK, and a small amount of computer and IT equipment located at its head office.

In Sanderson Weatherall's opinion, due to the nature of the items located at each store, custom installation, geographic spread, and their experience of dealing with similar cases, the costs of recovering and realising the assets situated at the individual locations outweighed the realisable value of these assets.

Stock

In Sanderson Weatherall's opinion, due to the type, amounts, mix, and because the suppliers were mature commercial organisations, reservation of title 'ROT' would be alleged in most cases. It was anticipated that the determination of those claims would become protracted and costly in a liquidation sale process. Drawing on our experience and theirs, the stock was discounted as previously detailed, on the basis that the Purchaser would be required to reach agreement with the relevant supplier in the case of an ROT claim being proved. However, the realisation value achieved for stock exceeded Sanderson Weatherall's liquidation value.

Intellectual Property

Hilco Appraisal Limited provided their recommendation to proceed with the offer on the basis that the costs associated with marketing and selling the IP in a liquidation scenario would likely result in a lower net outcome than their 'Low' case valuation.

Debtors / Cash in Transit

When my initial report and proposals were published, the latest available management information at 28 February 2019 (unreconciled), disclosed book debts/cash in transit amounting to £40,525. During the period of this report, £22,813.74 has been realised in respect of monies received into the Pen Shop Ltd.'s former bank account following my appointment. In the Directors' statement of affairs accounts receivable were recorded with a book value of £16,230, estimated to realise Nil.

I have conducted a review of the ledger, and I am satisfied that the balance remaining relates to unreconciled or mis-posted items, and no further realisations are anticipated.

Other Assets

Consultiam Property Ltd t/a CAPA has been instructed to audit the rating accounts of the Group's properties, to consider if rate refunds are available from relevant local authorities. A large amount of information has been provided to them, but in the reporting period no refunds have been received. After the period end to date, I was advised that there may be one small refund payable.

In most cases credits in respect of over rated properties have been contra' d against outstanding rate claims by the local authorities concerned.

LIABILITIES

By the time my report and proposals were issued on 4 April 2019 the Group Directors had not provided statements of affairs for the Group entities, and for the purpose of that report I provided at Appendix 1 an Estimated financial position, 'EFP', of the Group as at 29 March 2019. The Group Directors subsequently affirmed a statement of affairs for each Group entity on 4 July 2019 and these were filed with Companies House on 8 July 2019.

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Group granted numerous charges which are detailed for each Group entity in Appendix 1.

Each Group entity has granted a fixed and floating charge to National Westminster Bank Plc 'the Bank', which post-dates 15 September 2003. The Pen Shop Limited granted a floating charge to NatWest on 23 April 2008. Under a guarantee dated 27 May 2015, each Group entity guaranteed the Pen Shop Ltd's indebtedness to the Bank.

The Bank has demanded £216,656 from the Group, subject to accruing interest.

No payments have been made to the Bank, either under the guarantee, or fixed and floating charges granted by Group entities.

The Insolvency legislation requires that if the Company has created a floating charge after 15 September 2003, a 'prescribed part' of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. Further details are provided below.

Preferential Creditors

Preferential creditor claims arise solely in the Pen Shop Limited. The statements of affairs anticipated £47,399 (EFP £72,800) in preferential creditors, relating to employee claims for arrears of salary and accrued holiday pay, up to statutory limits. Employees have made claims to the Redundancy Payments Service, 'RPS', under the provisions of the Redundancy Fund.

On the basis of information received to date I anticipate that the preferential claims will be in the region of the figure in the estimated statement of affairs.

Claims to the RPS included salary arrears of employees retained by the Purchaser, allowed under the regulations. At the date of this report I understand that these claims have not been paid by the RPS, who as a result have not yet lodged an interim or final claim in the administration.

To date no claims have been received from employees in excess of statutory limits.

Crown Creditors

The statement of affairs included £223,441 (EFP £185,100) owed to HMRC.

HMRC's Initial claim of £200,172 in respect of VAT has been received, which includes an assessment of the VAT liability for the final quarter to 31 March 2019. The final pre administration VAT return was not completed by the Group.

The Group entities operated VAT under a group registration scheme.

No claims have been received from HMRC in respect of PAYE and NIC. Prior to administration, HMRC demanded £36,131 in respect of underpaid PAYE and NIC for months 3 to 9. It is expected that this liability will increase once the formal claim is received.

Non-preferential unsecured Creditors

The statements of affairs included non-preferential unsecured creditors with an estimated total liability of £2,222,419 (EFP £2,573,400). I have received claims from 31 creditors at a total of £266,822.

DIVIDEND PROSPECTS

Secured creditors

There will be no funds available to enable a distribution to the secured creditors.

Preferential creditors

It is anticipated that subject to further administration costs and expenses a small dividend will be payable to the preferential creditors in The Pen Shop Ltd. Until the preferential claim of the RPS is received I am unable to determine what the level of the dividend will be.

Floating charge creditors

There will be no funds available to enable a distribution to the floating charge creditors.

Non-preferential unsecured creditors

There will be no funds available to enable a distribution to the non-preferential unsecured creditors of the Group, either under the prescribed part, or otherwise. Details about the prescribed part are given below.

Prescribed part

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a company's assets for the benefit of the unsecured creditors in cases where the company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator must set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property;

up to a maximum of £600,000.

As previously advised, the Group entities gave floating charges to NatWest which post-date 15 September 2003, as

summarised in Appendix 1, and the prescribed part provisions apply. However, based on realisations to date, together with estimated future realisations, and after considering the costs of the Administration to date, and payment of a future preferential dividend, it is currently anticipated that the net property of the Group will be as follows: -

	£
The Fountain Group Limited	Nil
T&G Allan Holdings Limited	Nil
T&G Allan Morpeth Limited	Nil
The Pen Shop Limited	Nil
Kingsley Brands Limited	Nil

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.

Concerns were raised by one creditor regarding potential wrongful trading by the directors in the period immediately preceding the Administration. This matter requires further investigation.

I have only recently recovered and listed the Company's accounting records and have not yet had an opportunity to review these in detail. I agreed with the former company accountants to obtain access to the company's accounting software to assist my investigations. They are a creditor and I was required to pay a compromise licence fee of £500 + VAT to gain access for 12 months. Once these records have been reviewed, I will be able to determine whether a complaint of wrongful trading can be substantiated, and within the circumstances of this case whether it would be cost effective to pursue.

In the meantime, however, I have reviewed bank statements for the period prior to the Company ceasing to trade obtained from the Group's records and compared the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the Administration and made enquiries about the reasons for any changes. I have also reviewed the Directors' loan accounts in the period leading up to administration, to confirm if any payments were made to them in reduction of their claims against the Group. In those areas of investigation, I have not established any matters that would require further action.

Within three months of my appointment as Administrator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

PRE-ADMINISTRATION COSTS

The Directors of the Group instructed me to advise them in relation to the proposed sale of the Group, including advising on a sale of the business and assets of the Group via a pre-pack Administration, on 18 February 2019. They agreed that I should be paid my pre-administration costs on a time cost basis estimated at £25,000 and these costs have been paid in full.

In addition, the following professional costs were also incurred as part of the pre-appointment work. All costs are exclusive of VAT: -

Advisor	Fee (£)	Expenses (£)	Total (£)
Eversheds Sutherland	25,000	395	25,395
Sanderson Weatherall	10,750	-	10,750
Hilco Appraisal	6,000	-	6,000
Bradley Hall	250	-	250

The above costs were settled in full prior to the Administration.

ADMINISTRATORS' REMUNERATION

My remuneration was authorised on a mixture of a time cost basis and as a fixed fee and % of realisations by the secured and preferential creditors.

I was authorised to draw time costs for my work in respect of investigations and creditors. This approval was based on my total fees estimate of £42,795, across the Group at 4 April 2019, which is summarised at Appendix 4. The fees estimate acts as a cap, and I cannot draw remuneration in excess of that estimate without first seeking approval from the secured and preferential creditors. My total time costs for such work to 28 September 2019 across the Group amount to £39,910, representing 174.80 hours of work at a blended charge out rate of £228.31 per hour. My time costs for each Group entity are summarised at Appendix 4. There is a difference in the blended rate charged, compared with the estimated blended rate because the work required, dealing with ROT and landlord issues necessitated a higher level of staff expertise than was originally anticipated.

I have not been able to draw any remuneration in respect of work done for which my fees were approved on a time cost basis in respect of The Fountain Group Ltd, T&G Allan Holdings Ltd, and Kingsley Brands Ltd.

In total I have drawn £20,511 to 28 September 2019 in respect of The Pen Shop Ltd and T&G Allan Morpeth Ltd in respect of work done for which my fees were approved on a time cost basis as summarised at Appendix 4.

I was also authorised to draw fixed fees across the Group for my work in respect of administration and planning, and I have drawn fees in the period, summarised as follows: -

	Authorised £	Drawn in reporting Period £	Total drawn to period end £
The Fountain Group Limited	5,000	Nil	Nil
T&G Allan Holdings Limited	5,000	Nil	Nil
T&G Allan Morpeth Limited	20,000	10,219	10,219
The Pen Shop Limited	20,000	20,000	20,000
Kingsley Brands Limited	5,000	4,794	4,794
Total	55,000	35,013	35,013

I have not been able to draw any remuneration in respect of work done for which my fees were approved as a fixed fee in respect The Fountain Group and T&G Allan Holdings Ltd.

I have drawn £35,013 in total to 28 September 2019 in respect of work done for which my fees were approved as a fixed fee in respect of T&G Allan Morpeth Ltd, The Pen Shop Ltd, and Kingsley Brands Ltd.

Finally, I was authorised to draw 10% of realisations for my work in respect of the realisation of assets included in the Pre-pack sale, and 30% of realisations for my work in respect of any other subsequent realisations. Based on realisations I have achieved to date, I am entitled to remuneration of £17,110.41 in respect of the Group, and I have drawn amounts in the period as follows: -

	Assets in Pre-pack sale £ (10%)	Other Assets £ (30%)	Total authorised £	Drawn in reporting Period £	Total drawn to period end £
The Fountain Group Limited	Nil	Nil	Nil	Nil	Nil
T&G Allan Holdings Limited	Nil	Nil	Nil	Nil	Nil
T&G Allan Morpeth Limited	1,200	77.86	1,277.86	1,277.86	1,277.86
The Pen Shop Limited	7,410	7,932.11	15,342.11	15,342.11	15,342.11

Kingsley Brands Limited	490	0.44	490.44	Nil	Nil
Total	9,100	8,010.41	17,110.41	16,619.97	16,619.97

I have not been able to draw any remuneration in respect of work done for which my fees were approved as a % of realisations in respect of The Fountain Group Ltd, T&G Allan Holdings Ltd, and Kingsley Brands Ltd.

I have drawn £16,619.97 in total to 28 September 2019, in respect of work done for which my fees were approved as a % of realisations, in respect of T&G Allan Morpeth Ltd and The Pen Shop Ltd.

A detailed schedule of my time costs incurred to 28 September 2019 compared with my original fees estimate is attached as Appendix 4.

As at 28 September 2019, with the exception of The Pen Shop Ltd and T&G Allan Morpeth Ltd, I do not anticipate that the total time costs I will incur in this matter in respect of the other Group entities in respect of the categories of work for which I am being remunerated on a time cost basis will exceed the total estimated remuneration I set out in my fees estimate when my remuneration was authorised by the secured and preferential creditors.

As at 28 September 2019, in respect of The Pen Shop Ltd and T&G Allan Morpeth Ltd, as you can see from the information provided in this report, the total time costs I have incurred in this matter, in respect of the categories of work for which I am being remunerated on a time cost basis, have exceeded the total estimated remuneration I set out in my fees estimate when my remuneration was authorised by the secured and preferential creditors. This is because significant further work has been required in dealing with employee claim issues, establishing the position regarding ROT claims, and in particular dealing with landlords. I intend to seek a decision to approve an increase in my fees estimate from the preferential and secured creditors.

In respect of my time costs in relation to Creditors, I have undertaken the following additional work that was not envisaged when I issued my fees estimate, namely a significant number of enquiries that were raised by former members of the Group's workforce necessitating further investigation of payroll records, meetings with the former payroll staff and directors, and resulting subsequent correspondence with the Redundancy Payments Office. We did not anticipate the length of time that would be required for the Purchaser to complete the assignment of leases, which consequently created significant further time costs dealing with the Purchaser, our lawyers, requirement for further licences to occupy, and where necessary contact with the landlords concerned. Although ROT was expected to be a significant issue in this case, we did not anticipate the level of engagement that would be required to review and subsequently deal with the adjudication of ROT claims notified to us by suppliers and liaising with the Purchaser regarding this.

This additional work did not give direct financial benefit to the creditors, but I had to undertake it in order to meet my requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that I must follow.

This additional work has taken and/or will take 83.60 hours at a total time cost of £20,309 at a "blended" rate of £242.93 per hour. This will increase my total fees estimate to £63,104 at a "blended" rate of £224.48 per hour and I enclose an updated estimate at Appendix 4. This increased estimate will act as a cap on my time costs so that I cannot draw fees of more, than the total estimated time costs without further approval from creditors.

I only anticipate needing to seek approval to draw fees in excess of this increased estimate if my additional work leads to further areas of investigation, potential further asset recoveries, or any associated action, such as arbitration or legal proceedings.

Whilst I have provided you with information about my request for a fee increase, it falls to the preferential and secured creditors to approve, or reject, my request.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they

can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/fees> . There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in our practice fee recovery policy sheet attached as Appendix 5.

ADMINISTRATORS' EXPENSES

I have incurred total expenses of £1,031.40 since my appointment as Administrator as summarised below: -.

Type of Expense	Amount incurred/ Accrued since appointment (£)	Paid to 28 September 2019 (£)	Amount Outstanding (£)	Total estimate (£)
Bonding	199.00	110.00	89	308.00
Insurance	-	-	-	1,000.00
Statutory Advertising	437.40	174.96	262.44	500.00
Storage	-	-	-	200.00
Court Fees	125.00	125.00	Nil	-
Company Searches	270.00	270.00	Nil	-

I have drawn £679.96 to 28 September 2019.

I have used the following professional advisors in the period: -

Professional Advisor	Amount incurred/ Accrued since appointment (£)	Paid to 28 September 2019 (£)	Amount Outstanding (£)	Total estimate (£)
Eversheds Sutherland	11,992.20	8,636.70	3,355.50	20,000.00
Courts Trustees – Pension advice	200.00	200.00	-	250.00
Hopwood VAT -VAT Specialist	200.00	200.00	-	-
RMT – Tax Advice	Nil	Nil	-	300.00

I have incurred the following category 2 disbursements in the period since my appointment as Administrator.

Type of category 2 disbursement	Amount incurred/ accrued in the reporting period
Vehicle mileage charged	£25.41

I have drawn £25.41 to 28 September 2019.

I have used the following agents or professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Hopwood Tax	VAT advice in respect of group registration scheme and option to tax on properties.	Fixed Fee
Eversheds Sutherland - Solicitors	Advice in respect of licences to occupy, assignment of leases, ROT, and generally in respect of the appointments	Time Costs
Courts Pension Trustees	Advice in relation to employee pension scheme.	Fixed Fee
CAPA	Work leading to potential property rate refunds.	% of realisations

The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. I have reviewed the fees charged and I am satisfied that they are reasonable in the circumstances of this case.

As at 28 September 2019 then, as you can see from the information provided in this report, the expenses I have incurred in this matter have exceeded the total expenses I estimated I would incur when my remuneration was authorised by the preferential and secured creditors. The reason I have exceeded the expenses estimate has resulted from the circumstances of this Group, being a requirement to review its VAT registration and position regarding its leasehold properties (including their tax position), and staff pension scheme which was not anticipated at the commencement of the case.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Administrator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

To comply with the Provision of Services Regulations, some general information about RMT Accountants and Business Advisors Ltd can be found at www.r-m-t.co.uk.

SUMMARY

The Administration will remain open until the following matters have been finalised.

- Completion of my investigations about alleged wrongful trading.
- Realisation of remaining sundry debtors and other assets.
- Agreement of preferential claims and payment of dividend.
- Finalisation of matters regarding leasehold properties and landlords.

I estimate that this will take approximately 3 months, and once these matters have been finalised the Administrations will cease, and my files will be closed.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Simon H. Stephenson by email at Simon.Stephenson@r-m-t.co.uk, or by phone on 0191 256 9500.



Christopher John Ferguson
JOINT ADMINISTRATOR

The affairs, business and property of the Group are being managed by the Joint Administrators, Christopher John Ferguson and Linda Ann Farish. The Joint Administrators act as agents of the Group and contract without personal liability.

Statutory information

Appendix 1

Company Information

Company name	T & G Allan Holdings Limited
Previous name	Maymask(1963) Limited
Trading name	T & G Allan Holdings Limited
Company number	7281343
Date of incorporation	11 June 2010
Trading address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Current registered address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Former registered address	Allan House, First Avenue, TVTE, NE11 0TX
Principal trading activity	Retailers of gifts and writing instruments
Administrators	Christopher John Ferguson Linda Ann Farish
Administrators address	Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG
Date of appointment	29 March 2019
Court name and number	CR-2019-NCL-0062
Appointment made by:	Directors of the Company Pursuant to Paragraph 22(1) of Schedule B1 of the Act
Actions of the Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company

Directors	Name	Shareholding
	Colin Peter McClymont	nil

Share Capital

Authorised	Allotted, called up and fully paid
143,042 ordinary shares	143,042 ordinary and £143,042 paid for the shares
17,250 preference shares	17,250 preference shares and £17,250 paid for the shares
Charges	

Chargeholder	Nature of Charge	Date of Charge
National Westminster Bank Plc	Fixed and Floating	05 April 2011

Company Information

Company name	The Pen Shop Limited
Previous name	None
Trading name	T & G Allan Limited
Company number	381203
Date of incorporation	17 June 1943
Trading address	21 Unit KLG02,3 Hayes Arcade,St David's dewi Sant,Cardiff 21 The Walk,St Andrews Square,Edinburgh,EH1 3DQ 8-9 Leadenhall,Frenchurch Street,London,EC3V 1LR Unit 3.31,333 Trinity Leeds,Albion Street,Leeds,LS1 5AT 10 West Mall,Liverpool Street Station,London,EC2 7QA 54 King Street,Manchester,M2 4LY 14/15 Great Western Arcade,Birmingham,B2 5HU 27 Eldon Square,Newcastle upon Tyne,NE1 7RA 38 Price Square,Buchanan Street,Glasgow,G1 3JN 3 Regent Crescent,The Trafford Centre,Manchester
Current registered address	24 Newgate Street,Morpeth,Northumberland,NE61 1BA
Former registered address	Allan House,First Avenue,TVTE,NE11 0TX
Principal trading activity	Retailers of gifts and writing instruments
Administrators	Christopher John Ferguson Linda Ann Farish
Administrators address	Gosforth Park Avenue,Newcastle upon Tyne,NE12 8EG
Date of appointment	29 March 2019
Court name and number	CR-2019-NCL-0060
Appointment made by:	Directors of the Company Pursuant to Paragraph 22(1) of Schedule B1 of the Act
Actions of the Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company

Directors	Name	Shareholding
	Colin Peter McClymont	nil
	Sally McClymont	nil

Share Capital

Authorised	Allotted,called up and fully paid
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143,042 ordinary shares	143,042 and 0 paid for each share
17,250 other shares	17,250 and 0 paid for each share

Charges

Chargeholder	Nature of Charge	Date of Charge
National Westminster Bank Plc	Fixed and Floating	23 April 2008
The Mayor of London	Rent Deposit Deed	01 October 2004
National Westminster Bank Plc	Legal Mortgage	12 October 1993
District Bank Limited	Legal Mortgage	21 September 1960

Company Information

Company name	Kingsley Brands Limited
Previous name	Maymask (1962) Limited
Trading name	Kingsley Brands Limited
Company number	7281301
Date of incorporation	11 June 2010
Trading address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Current registered address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Former registered address	Allan House, First Avenue, TVTE, NE11 0TX
Principal trading activity	Retailers of gifts and writing instruments
Administrators	Christopher John Ferguson Linda Ann Farish
Administrators address	Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG
Date of appointment	29 March 2019
Court name and number	CR-2019-NCL-0063
Appointment made by:	Directors of the Company Pursuant to Paragraph 22(1) of Schedule B1 of the Act
Actions of the Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company

Directors	Name	Shareholding
	Colin Peter McClymont	nil

Share Capital

Authorised	Allotted, called up and fully paid
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1 ordinary share	1 and £1 paid for the share
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Charges

Chargeholder	Nature of Charge	Date of Charge
National Westminster Bank Plc	Fixed and Floating	05 April 2011

Company Information

Company name	The Fountain Group Limited
Previous name	None
Trading name	The Fountain Group Limited
Company number	9574858
Date of incorporation	05 May 2015
Trading address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Current registered address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Former registered address	Allan House, First Avenue, Tyne, NE11 0TX
Principal trading activity	Retailers of gifts and writing instruments
Administrators	Christopher John Ferguson Linda Ann Farish
Administrators address	Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG
Date of appointment	29 March 2019
Court name and number	CR-2019-NCL-0061
Appointment made by:	Directors of the Company Pursuant to Paragraph 22(1) of Schedule B1 of the Act

Actions of the Administrators Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company

Directors	Name	Shareholding
	Colin Peter McClymont	24 ordinary 36 D ordinary
	Sally McClymont	275,000 preference

Share Capital

Authorised	Allotted, called up and fully paid
24 ordinary shares	24 ordinary and £8333.33 paid for the shares
25 B ordinary shares	25 B ordinary and £1,000 paid for the shares
15 C ordinary Shares	15 C ordinary shares and £15 paid for the shares
36 D ordinary shares	36 D ordinary shares and £36 paid for the shares
275,000 preference shares	275,000 preference shares and £275,000 paid for the shares

Charges

Chargeholder	Nature of Charge	Date of Charge
National Westminster Bank Plc	Fixed and Floating	27 May 2015

Company Information

Company name	T & G Allan Morpeth Limited
Previous name	The Pen Shop Limited
Trading name	T & G Allan Morpeth Limited
Company number	2354111
Date of incorporation	01 March 1989
Trading address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Current registered address	24 Newgate Street, Morpeth, Northumberland, NE61 1BA
Former registered address	Allan House, First Avenue, TVTE, NE11 0TX
Principal trading activity	Retailers of gifts and writing instruments
Administrators	Christopher John Ferguson Linda Ann Farish
Administrators address	Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG
Date of appointment	29 March 2019
Court name and number	CR-2019-NCL-0063
Appointment made by:	Directors of the Company Pursuant to Paragraph 22(1) of Schedule B1 of the Act
Actions of the Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company

Directors	Name	Shareholding
	Colin Peter McClymont	nil
	Sally McClymont	nil

Share Capital

Authorised	Allotted, called up and fully paid
100 ordinary shares	100 and £1 paid for each share

Charges

Chargeholder	Nature of Charge	Date of Charge
National Westminster Bank Plc	Fixed and Floating	05 April 2011

Appendix 2

1. Administration

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and others required on appointment as office holders, including gazetting the office holders' appointment.
- Obtaining a specific penalty bond.
- Convening and holding a decision procedure to obtain the approval of the creditors to the Administrators' proposals.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holders' estate bank account.
- Creating, maintaining and managing the office holders' cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing 6 monthly progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.

1. Creditors

- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the Redundancy Payments Office.
- Corresponding with employees regarding their claims.
- Liaising with the Redundancy Payments Office regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Dealing with and adjudicating on reservation of title claims received from suppliers.
- Dealing with licences to occupy and subsequent assignments in respect of properties occupied by the Purchaser.

2. Investigations

- Submit an online return on the conduct of the directors as required by the Company Directors Disqualification Act.
- Obtaining company records, and agreement re access to accounting software, review of bank statements, Group financial accounts, and statement of affairs.

APPENDIX 3(i)

The Pen Shop Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 29/03/2019 To 28/09/2019 £	From 29/03/2019 To 28/09/2019 £
ASSET REALISATIONS		
	100.44	100.44
3.00 Bank Interest Gross	3.00	3.00
600.00 Business records, Sales information, C	3,600.00	3,600.00
1.00 Cash at Bank	1.00	1.00
1.00 Furniture & Equipment	1.00	1.00
	24,688.20	24,688.20
Licence to Occupy Fee	397.48	397.48
Other Refunds	44,095.00	44,095.00
44,095.00 Property Rights/Patents	30,000.00	30,000.00
30,000.00 Stock	22,813.74	22,813.74
Sundry Debtors	125,699.86	125,699.86
COST OF REALISATIONS		
	500.00	500.00
Acct Software Licence Fee	30.00	30.00
Bank Charges	108.65	108.65
Legal Disbursement	8,636.70	8,636.70
Legal Fees	707.89	707.89
Office Holders Expenses	54,402.11	54,402.11
Office Holders Fees	200.00	200.00
Pension Scheme Advice	1,500.00	1,500.00
Preparation of S. of A.	14,605.91	14,605.91
Rents Payable	(80,691.26)	(80,691.26)
74,700.00	45,008.60	45,008.60
REPRESENTED BY		
Appointee Bank Account		34,123.56
Vat Payable		(4,937.64)
Vat Receivable		15,822.68
		45,008.60

Christopher John Ferguson
Joint Administrator

T & G Allan Morpeth Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 29/03/2019 To 28/09/2019 £	From 29/03/2019 To 28/09/2019 £
ASSET REALISATIONS		
	14.92	14.92
3.00 Bank Interest Gross	3.00	3.00
150.00 Business Records,sales,info,contracts	150.00	150.00
1,995.00 Cash in hand	1,995.00	1,995.00
1.00 Fixtures & Fittings	1.00	1.00
	9,640.00	9,640.00
1.00 Goodwill	1.00	1.00
1.00 Licence to Occupy	1.00	1.00
1,501.00 Property Rights/Patents	105.69	105.69
10,000.00 Rate Refund	10,000.00	10,000.00
	21,910.61	21,910.61
COST OF REALISATIONS		
	12,948.00	12,948.00
	(12,948.00)	(12,948.00)
13,651.00	8,962.61	8,962.61
REPRESENTED BY		
		12,301.01
		(1,928.00)
		(1,410.40)
		8,962.61

Christopher John Ferguson
Joint Administrator

Kingsley Brands Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 29/03/2019 To 28/09/2019 £	From 29/03/2019 To 28/09/2019 £
	ASSET REALISATIONS		
	Bank Interest Gross	4.41	4.41
4,900.00	Property Rights/Patents	4,900.00	4,900.00
		4,904.41	4,904.41
	COST OF REALISATIONS		
	Office Holders Expenses	87.48	87.48
	Office Holders Fees	4,794.00	4,794.00
		(4,881.48)	(4,881.48)
4,900.00		22.93	22.93
	REPRESENTED BY		
	Appointee Bank Account		20.13
	Vat Payable		(980.00)
	Vat Receivable		982.80
			22.93

Christopher John Ferguson
Joint Administrator

T & G Allan Holdings Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 29/03/2019 To 28/09/2019 £	From 29/03/2019 To 28/09/2019 £
REPRESENTED BY	NIL	NIL
		NIL

Note:

Christopher John Ferguson
Joint Administrator

**The Fountain Group Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 29/03/2019 To 28/09/2019 £	From 29/03/2019 To 28/09/2019 £
	NIL	NIL
REPRESENTED BY		NIL

Note:

Christopher John Ferguson
Joint Administrator

p Fee Estimate Summary, and
Charged to 28 September 2019

dated at 28 September 2019

Classification of work function	The Pen Shop Limited		T&G Allan Morpeth Limited		Kingsley Brands Limited		T&G Allan Holdings Limited		The Fountain Group Limited		Group Total	
	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average
Investigations	26.30	5,891.00	223.99	14.10	3,207.00	227.45	14.10	3,207.00	227.45	14.10	3,207.00	227.45
Editors	86.00	18,280.00	212.33	7.20	1,454.00	201.94	7.20	1,454.00	201.94	7.20	1,454.00	201.94
Total	112.30	23,171.00	336.32	21.30	4,661.00	21.30	4,661.00	21.30	4,661.00	21.30	4,661.00	21.30
Estimated at 4 April 2019												
Estimated Increase at 28 September 2019												
Investigations	3.00	800.00	286.67	1.80	486.00	270.00	1.80	486.00	270.00	1.80	486.00	270.00
Editors	142.90	32,709.00	228.89	9.60	2,196.00	189.22	3.80	886.00	180.53	4.50	889.00	197.56
Total	145.90	33,509.00	315.56	11.40	2,682.00	191.02	5.60	1,372.00	180.53	6.30	1,375.00	197.56
Fees Drawn in Reporting Period												
Investigations	800.00				486.00				0.00		1,286.00	
Editors	18,280.00				965.00				0.00		19,245.00	
Total	19,080.00				1,451.00				0.00		20,531.00	
Fees Drawn to Period End												
Investigations	800.00				486.00				0.00		1,286.00	
Editors	18,280.00				965.00				0.00		19,245.00	
Total	19,080.00				1,451.00				0.00		20,531.00	

PRACTICE FEE RECOVERY POLICY FOR RMT ACCOUNTANTS & BUSINESS ADVISORS LTD

Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors via a decision procedure, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <https://www.r3.org.uk/what-we-do/publications/professional/fees>. Alternatively, a hard copy may be requested from RMT Accountants & Business Advisors Ltd of Gosforth Park Avenue, Newcastle upon Tyne, NE12 8EG. Please note that we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Chargeout Rates

Grade of staff Recovery & Insolvency	Current charge-out rate per hour, effective from 1 st July 2019 £	Previous charge-out rate per hour, effective from 1 July 2018 £
Director	310.00	300.00
Head of Recovery	290.00	270.00
Manager	260.00	250.00
Senior Administrators	180.00	170.00

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

Grade of staff Tax Department	Current charge-out rate per hour, effective from 1 st July 2019 £	Current charge-out rate per hour, effective from 1 st July 2018 £
Director	250.00	220.00
Head of Tax	100.00	88.00
Tax Advisor	70.00	50.00

These charge-out rates charged are reviewed on 1st July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Administration and Planning.
- Investigations.
- Realisation of Assets.
- Creditors.
- Trading
- Case specific matters.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now only seek time costs for the following categories:

- Investigations
- Distributions
- Trading

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often.

A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Members' voluntary liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or RMT Accountants & Business Advisors Ltd; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

It is proposed that the following Category 2 disbursements are recovered:

Mileage at HMRC rates