

# AM03

## Notice of administrator's proposals



Companies House

WEDNESDAY



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10/04/2019

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COMPANIES HOUSE

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### 1 Company details

Company number 0 2 3 5 4 1 5 9

Company name in full Daniel Stewart & Company Plc

→ Filling in this form

Please complete in typescript or in  
bold black capitals

### 2 Administrator's name

Full forename(s) Kirstie

Surname Provan

### 3 Administrator's address

Building name/number 31st Floor

Street 40 Bank street

Post town London

County/Region

Postcode E 1 4 5 N R

Country

### 4 Administrator's name ①

Full forename(s) Irvin

Surname Cohen

① Other administrator

Use this section to tell us about  
another administrator

### 5 Administrator's address ②

Building name/number 31st Floor

Street 40 Bank Street

Post town London

County/Region

Postcode E 1 4 5 N R

Country

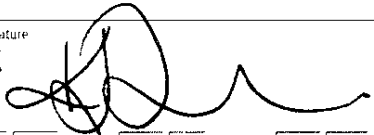
② Other administrator

Use this section to tell us about  
another administrator

AM03

Notice of Administrator's Proposals

6	Statement of proposals	
	<div><input checked="" type="checkbox"/> I attach a copy of the statement of proposals</div>	

7	Sign and date	
Administrator's Signature	<div><div>Signature</div><div><div>✕</div></div><div>✕</div></div>	
Signature date	<div><div><div>09</div><div>04</div><div>2019</div></div></div>	

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

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## Daniel Stewart & Company Plc (In Administration)

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Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

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## **Important Notice**

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Daniel Stewart & Company Plc (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 28 February 2019
"the joint administrators", "we", "our", "us"	Kirstie Jane Provan and Irvin Cohen, both of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act
"HMRC"	HM Revenue & Customs
"Epsilon"	Epsilon Investments PTE Limited
"Begbies Traynor"	Begbies Traynor (London) LLP
"DSS"	Daniel Stewart Securities Plc
"W&P"	Williams & Partners Limited
"RPO"	Redundancy Payments Office
"Complymatic"	Complymatic Limited
"FCA"	Financial Conduct Authority
"AIM"	Alternative Investment Market
"the Directors"	The board of directors of the Company, as constituted from time-to-time
"PJ/the director"	Patrick Johnson

## 2. STATUTORY INFORMATION

Name of Company	Daniel Stewart & Company Plc	
Trading name(s):	Daniel Stewart & Co; Daniel Stewart; and DS&C	
Date of Incorporation:	1 March 1989	
Company registered number:	02354159	
Company registered office:	31st Floor, 40 Bank Street, London, E14 5NR	
Former registered office:	33 Creechurch Lane, London, EC3A 5EB	
Trading address(es):	33 Creechurch Lane, London, EC3A 5EB	
Principal business activities:	66110 - Administration of financial markets	
Directors (during the last three years) and details of shares held in the Company (if any):	<b>Name</b> Patrick Johnson Peter Shea (resigned on 18/02/2019) Peter Ward (resigned on 18/02/2019) John Whitwell (resigned on 07/07/2016)	<b>Shareholding</b> N/A N/A N/A N/A
Company Secretary and details of the shares held in Company (if any):	<b>Name:</b> N/A	<b>Shareholding</b> N/A
Auditors:	Keelings Limited trading as Keelings & Jones Hunt	
*Share capital:	Ordinary A Shares – 7,792,106,472 Ordinary B Shares – 865,789,603 Preference Shares – 800,000	
Shareholders:	Daniel Stewart Securities Plc (10%) Epsilon Investments Pte Limited (90%)	

\*This information is taken from the most recent documents filed at Companies House; however, it is understood that the position may have since changed. The position as regards the Company shareholding will not have any effect on the conduct of the administration.

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	28 February 2019
Court:	High Court of Justice Business and Property Courts of England and Wales
Court Case Number:	001358 of 2019
Person(s) making appointment / application:	The Directors
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

#### STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
  - (b) achieving 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), or
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
  - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
  - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

## 4. CIRCUMSTANCES GIVING RISE TO THE JOINT ADMINISTRATORS' APPOINTMENT

The Company was a full service investment advisory firm offering both corporate advisory and institutional stockbroking services. Following its formation in 1989, the Group, comprising the Company and DSS (formerly the Company's sole shareholder which itself has previously been publicly quoted on AIM), built a reputation for publicly listing smaller companies on the London AIM and acting as a nominated advisor ("NOMAD"). The Company also made markets in quoted equities in the UK market and, to a smaller extent, the US market.

The Company offered the following key service lines:

- Corporate Finance
  - Financial adviser and broker to AIM and Standard List companies
  - Corporate adviser and broker to ISDX companies
  - UK Takeover Code advice, including acting as Rule 3 adviser
  - Mergers and acquisitions
  - Restructuring advice
  - General corporate and strategic advice
  - Preparation of material and prospectuses
- Corporate/Institutional Broking
  - Presentation material and prospectuses
  - Organising institutional road show presentations (existing and potential shareholders)
  - Investor relations
- Private Client Broking
  - Administration of Assets Under Administration ("AUA") – mainly on an execution only basis
  - Investor-visa service – a joint venture with an Eastern European law firm where foreign nationals are provided with authority from the UK Government to invest in the UK

The Company was authorised and regulated by the FCA (previously the FSA). The permissions held by the Company immediately prior to the joint administrators' appointment were as follows:

- Holding of client money
- Advising on investments
- Arranging deals in investments
- Dealing in investments as agent and as principal
- Making arrangements with a view to transactions in investments
- Managing investments

As part of its regulatory framework, the Group had to satisfy capital adequacy requirements, most recently under the Capital Regulations 2014 following the introduction of Basel III international standards.

Following the repositioning in the stock market, post 2007, the demand for listing on AIM began to decline, impacting the level of new instructions being received by the Company. This fall in business impacted revenues and cash flow, and resulted in the Group coming under pressure to maintain capital adequacy ratios. This ultimately culminated in the Company surrendering its licence to act as a NOMAD in December 2014.



This had a further detrimental impact on revenues and, despite efforts to increase commission income by attracting more clients to the Company's investment services, losses continued to accrue. As a result, the Group sought additional shareholder funding in 2015. This resulted in Epsilon, a Singapore based investment company, becoming the majority shareholder in DSS, at 29.9% of issued share capital. Epsilon also provided additional funding to DSS by way of a convertible bond and a secured loan facility. Delays in the Group submitting audited accounts resulted in DSS being delisted from AIM in January 2016.

At this point, the Group had been loss making for a number of years as a result of declining revenues and profits. Performance had fallen from £8.8m revenues and £0.5m profit in the year ending 31 March 2012 to £2.3m revenues & £1.7m loss (excluding goodwill impairment) in the year ending 31 March 2016. It is understood that, on at least one occasion, the Group's losses have resulted in a breach of the Group's capital adequacy requirements.

In the summer of 2016, following a further challenging period of trading, the Group identified a need to implement a fundamental restructure in order to allow services to continue without interruption to clients, repair the balance sheet and return the Group to profitability. This primarily involved a significant cost reduction plan, which included a number of redundancies, with the aim to achieve annualised cost savings of circa £1.2m. It should be noted that BTG Financial Consulting LLP (a member of the Begbies Traynor Group) was engaged by the Group and Epsilon to assist with the structuring of the plan.

The plan was supported by Epsilon, who agreed to inject a further £1.3m of new funding into the business to provide the requisite level of working capital. Initially this funding was made available by way of a convertible loan facility to the Company, but could not remain as a liability on the balance sheet due to capital adequacy requirements. Accordingly, following the required FCA consent to change of control, the loans were (in the majority) converted to equity in December 2017 which resulted in Epsilon becoming the 90% owner of the Company, with DSS retaining the remaining 10%. As a result of this process, the Company was "de-grouped" from DSS from an FCA perspective and therefore was considered on a standalone basis for capital adequacy calculations.

Whilst the change of control application was being considered by the FCA, losses continued to accrue due to (i) failure to achieve revenue targets (due to a lack of fundraisings, albeit slightly offset by an improvement in commission income from investment services), and (ii) cost savings not being achieved to the degree required. Further funding was provided by Epsilon in the sum of £800,000 by way of preference shares.

The trading performance did not improve materially and concerns were raised during 2018 as regards the Company's ability to meet its capital adequacy requirements. Compymatic were engaged to undertake a review of the Group's financial position and its trade generally. It was evident from the review that the Company was experiencing severe financial difficulties and was in need of further investment in order to service ongoing trade and provide support to the capital base. Further, as part of this review, in early December 2018 Compymatic were made aware of a claim of circa £185m which had been made against the Company and another party jointly. It is understood that it was estimated that the costs of defending the claim could be in the region of £2m, with an initial circa £100,000 of funding required immediately to meet the initial legal costs. At this time the Company could not meet these costs and defence of the claim would have necessitated a significant injection of funding into the Company.

On 15 January 2019, as a result of Compymatic's review and the significant pending claim against the Company, Epsilon (as the 90% shareholder) appointed PJ to the Company's Board of Directors. The Company took the decision around this time to suspend the other executive board member, and also to make a voluntary disclosure to the FCA as regards its capital position and other regulatory issues.

On 29 January 2019, the Board of Directors of the Company engaged Begbies Traynor to provide advice in respect of the Company's financial position and available options. The advice confirmed that, based on the information available to Begbies Traynor at that time, the Company was insolvent within the meaning of Section 123 of the Act on both a cash flow basis and a balance sheet basis. Accordingly, on 1 February 2019 the Company engaged Begbies Traynor to provide further advice in relation to the placing of the Company into administration.

This involved working closely with PJ, employees, Epsilon and Compymatic in order to liaise and agree with the FCA the strategy for winding down the Company's affairs and for placing the Company into administration. As a result of this, the proposed joint administrators, Kirstie Provan and Irvin Cohen, and their staff regularly attended the Company's trading premises between 1 February 2019 and their appointment on 28 February 2019.

On 7 February 2019, a Notice of intention to appoint administrators ("NOI") was filed in court, following FCA consent being provided and a Special Administration process under the Financial Services and Markets Act being discounted

On or around 18 February 2019, communications were issued by the Company to its client base advising that the Company was no longer in a position to provide any form of investment services and that it was in the process of winding down its operations. The communications further advised that the clients should take steps to instruct the Company to either return or move their assets and investments on or before 26 February 2019, at which point the client accounts would become dormant and following which clients would need to contact the respective custodians directly in order to deal with their assets and investments. This course of action was agreed between the proposed joint administrators, Compymatic and the FCA in order to limit and mitigate the extent/risk of client loss

Peter Ward and Peter Shea both resigned as directors of the Company on 18 February 2019, leaving PJ as the sole director of the Company.

At this time notice was also given to the Company's corporate clients that engagements were to be terminated and the majority of staff were made redundant.

During this period, steps were taken to establish whether all or part of the Company's business and assets could be sold. Non-disclosure agreements were entered into with several interested parties, however given the position the Company found itself in and the nature of its assets (comprising mainly contact lists including confidential data) it was determined that a sale of the business, or of the client lists, was not a feasible option.

The Company's external IT consultants were instructed to ensure that the Company's IT systems were properly maintained with a process agreed for decommissioning, as well as arranging for access to be removed when the Company's employees were made redundant, to ensure data security.

Due to the uncertainty surrounding the level of the Company's realisable assets, Epsilon agreed to provide a funding facility to the proposed joint administrators, referred to below as the Administration Loan. This was agreed during the period prior to the joint administrators' appointment and executed pending their appointment.

A further NOI was filed in court on 22 February 2019, and the joint administrators were subsequently appointed on 28 February 2019.

## 5. STATEMENT OF AFFAIRS

PJ has prepared a statement of affairs of the Company as at 28 February 2019 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

The joint administrators' comments on the statement of affairs are detailed within Appendix 2.

## 6. THE ADMINISTRATION PERIOD

### ***Receipts and Payments***

Attached at Appendix 1 is the joint administrators' account of receipts and payments from the commencement of administration, being 28 February 2019 to 5 April 2019. Please note that at this stage no funds have been drawn from the loan facility to meet outstanding costs.

Please note that the only receipt into the administration bank account to date is £22.18 in respect of petty cash collected from the Company's former trading premises.

No payments have been made from the administration bank account to date.

### ***Work undertaken by the Administrators and their staff***

Details of the work undertaken by the joint administrators and their staff to date can be found at Appendix 3(iii) and 3(iv) within the documents entitled *Narrative summary of time costs incurred* and *Table of time spent and charge-out value*.

## 7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of the joint administrators' appointment (as detailed in the director's statement of affairs) are detailed below.

### **Secured creditor**

The only known creditor with security registered at Companies House is Epsilon. The details of the security are set out below:

Beneficiary	Epsilon
Brief Description	Debenture incorporating fixed and floating charges
Date Created	26 April 2016
Date Delivered	6 May 2016

It is understood from the Company's management accounts for the period ended 31 December 2018 that, as at that time, the Company was indebted to Epsilon in the sum of £1,300,000, broken down as follows:

- A loan of £400,000; and
- Redeemable non-interest bearing (but profit sharing) preference shares of £900,000.

The amount of the loan may have increased during the period between 1 January 2019 and the joint administrators' appointment.

At this stage, the joint administrators do not know what (if any) of the total claim of £1,300,000 is supported by Epsilon's fixed and floating charges over the Company's assets. For the purposes of the director's statement of affairs, the director has treated the loan of £400,000 as being caught by Epsilon's floating charge with the balanced of £900,000 comprising an unsecured claim against the Company. For the purposes of the joint administrators' EOS, the entire £1,300,000 claim of Epsilon is treated as an unsecured claim against the Company. It should be noted that, because the director was appointed only shortly prior to the commencement of the administration, he is not certain of the position.

At this stage, it is not envisaged that there will be any net property available under the floating charge, and consequently it is not anticipated that a dividend will become payable to the unsecured creditors of the Company (or any floating charge creditor). As such, it would not be cost efficient to incur time in determining the position of Epsilon at this stage. However, should asset realisations be sufficient to enable a distribution to be made under the floating charge and/or to be declared to unsecured creditors, the joint administrators will undertake investigations to determine the correct position in respect of the security and will take legal advice to determine the validity of the charges and to ensure that distributions are made correctly and in accordance with the Act and Rules.

The following further charges are registered against the Company at Companies House; it is understood that there are no sums outstanding to either party. In the event that it is determined that this is indeed the case, the joint administrators will file the appropriate forms at Companies House to have the charges removed from Companies House.

Beneficiary	Tc Ziraat Bankasi
Brief Description	Rent deposit deed
Date Created	10 December 1999
Date Delivered	17 December 1999
Beneficiary	Adam & Company Plc
Brief Description	Memorandum of cash deposit
Date Created	26 November 1998
Date Delivered	27 November 1998

#### **Preferential creditors**

Preferential claims of employees for arrears of wages (up to a maximum of £800 per employee) and holiday pay were estimated at £24,101.

#### **Unsecured creditors**

Claims of unsecured creditors were estimated in the director's statement of affairs at £1,604,629, which can be broken down as follows:

Employee claims for arrears of wages, pay in lieu of notice and redundancy pay	- £185,285
Trade and expense creditors	- £519,344
Epsilon	- £900,000

As noted above, it is uncertain whether the sum due to Epsilon in respect of redeemable preference shares totalling £900,000 is caught by Epsilon's fixed and/or floating charges. For the purpose of the joint administrators' EOS attached, this amount, together with the loan of £400,000 due to Epsilon, is treated as an unsecured claim against the Company.

HMRC are likely to have claims for unpaid VAT and PAYE/NI. These claims are uncertain at this stage.

On the basis of the realisations estimated in the administration, the joint administrators estimate an outcome for each class of the Company's creditor as follows:

#### **Secured creditor**

It is not presently anticipated that there will be any net property from which a distribution can be made to any floating charge creditor (and there are no known fixed charge assets). However, in the event that there is any net property, the joint administrators will seek to determine the validity of the security registered at Companies House and what element of the secured creditor's claim is caught by the respective charges before making any such distribution.

### **Preferential creditors**

It is envisaged that the sum of £10,000 will be available for distribution to the Company's preferential creditors. In the event that assets are realised which are sufficient to meet all of the administration expenses (without the need to use the Administration Loan) and pay a dividend of £10,000 to the preferential creditors of the Company, realisations over and above this level will be available to declare a further dividend to preferential creditors.

In the event that preferential creditors are repaid in full, there may exist net property (as defined below in this Section) and there will therefore be funds available to distribute to floating charge creditors and/or unsecured creditors as appropriate.

For the avoidance of doubt, based on the information currently available to the joint administrators, it is anticipated that only £10,000 will be available to distribute to preferential creditors by way of a dividend.

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

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

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

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

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

It is not presently envisaged that there will be any net property from which to calculate a prescribed part.

### **Unsecured creditors**

It is not anticipated that there will be sufficient asset realisations to enable a dividend to be paid to unsecured creditors.

### **Effect of administration on limitation periods under the Limitation Act 1980**

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

## 8. THE JOINT ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

### ***Purpose of the Administration***

The joint administrators are required to set out their proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at Section 3 of this report above.

For the reasons set out in this report, the joint administrators presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration).

The objective specified in sub-paragraph 3(1)(a), namely rescuing the Company as a going concern, was not considered to be achievable because of the level of investment which would have been required to service the debt and fund ongoing trade and losses. Any investment, unless done by way of share acquisition, would have appeared on the Company's balance sheet, thereby negatively impacting on the capital adequacy requirements placed on the Company, and breach of those requirements would ultimately lead to withdrawal of the FCA permissions required for the Company to continue to trade. It was also considered that the appetite for investment would be limited given the level of losses accrued in past years. The existence of the litigation claim being brought by a third party against the Company, in the sum of circa £185m, was also a major barrier to the ability to rescue the Company as a going concern.

The objective specified in sub-paragraph 3(1)(b), namely achieving 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), is considered to be achievable. Whilst the Company's assets are not considered to retain any additional value by virtue of the Company being placed into administration (as opposed to liquidation), it should be noted that with the administration, an orderly wind down of the Company's business was able to be undertaken with the consent and the assistance of the FCA (prior to the appointment of the joint administrators), as detailed at Appendix 3. This has mitigated the position as regards potential counter claims from the Company's clients for losses, and thereby presented a better overall outcome than would have been achieved in liquidation.

In order to achieve this strategy, and given that there were insufficient assets to meet the cost of the orderly wind down process and the subsequent administration, Epsilon agreed with the proposed joint administrators that, in the event the Company was placed into administration, it would provide a non-recourse loan facility of up to £180,000 ("the Administration Loan"). The Administration Loan enables the administrators to draw down from the funds to cover the agreed costs and expenses of the administration. To the extent the funds flow through the administration, the Administration Loan will rank as an expense of the administration immediately after the joint administrators' remuneration.

As a result of the Administration Loan, which would not have been provided in the case of a liquidation, it is considered that the objective specified in sub-paragraph 3(1)(b) will be achieved as, in addition to the benefits detailed above, there will be a distribution to preferential creditors which would not have been the case in the event that the Company was placed first into liquidation.

The joint administrators intend to continue to attempt to realise the assets included in the director's statement of affairs and a dividend will be paid to the preferential creditors of the Company in due course.

Further details of the work it is anticipated will be undertaken by the joint administrators can be found in the *Narrative summary of time costs incurred* at Appendix 3.

### ***Exit from Administration***

On present information, the joint administrators consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as the joint administrators are satisfied that they have fully discharged their duties as administrators and that the purpose of the administration has been fully achieved, they propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such notice their appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

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

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of the joint administrators' appointment. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the joint administrators' term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for the joint administrators to seek consent from the relevant creditor bodies to extending the period of the administration for up to a further twelve months following the anniversary of the joint administrators' appointment in order to ensure that the objective of the administration can be fully achieved.

If (whether or not an extension to the period of administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on an application by the joint administrators, the joint administrators will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

## **9. PRE-ADMINISTRATION COSTS**

In the period before the Company entered administration, the joint administrators carried out certain work which is detailed in the *Pre-administration Time Costs Summary* and the *Pre-Administration Time Costs Analysis* attached at Appendix 3 ("the Work"). The Work was carried out pursuant to agreements made between Begbies Traynor and the Company entered into on 29 January 2019 and 1 February 2019 respectively ("the Agreements"). The Agreements provide for the payment of Begbies Traynor's fees and the discharge of expenses incurred by them (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work carried out and the reasons for the Work being carried out are detailed at Appendix 3. The joint administrators consider that the Work has furthered the achievement of the objective of administration being pursued and detailed in Section 8 for the reasons set out earlier in this report

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
*Bebbies Traynor's fees in relation to the Work	Bebbies Traynor	59,020.60	11,804.12	70,824.72
Bebbies Traynor's disbursements in relation to the Work	Bebbies Traynor	170.93	34.19	205.12
Legal costs	Fieldfisher LLP	29,378.40	5,861.28	35,239.68
<b>TOTAL PRE-ADMINISTRATION COSTS</b>		<b>88,569.93</b>	<b>17,699.59</b>	<b>106,269.52</b>

*\*Bebbies Traynor's fees in respect of the Work were calculated by reference to time costs using their firm's standard hourly charge out rates, subject to a 15% discount, in line with what was agreed with the Company pursuant to the Agreements. For the avoidance of doubt, Bebbies Traynor's fees detailed above in the sum of £59,020.60 plus VAT represent their time costs after taking account of the 15% discount agreed.*

Of the pre-administration costs, the sum of £30,000 plus VAT was paid to Bebbies Traynor by the Company (prior to the appointment of the joint administrators) in respect of their fees for the Work.

There are unpaid pre-administration costs ("the unpaid pre-administration costs"), broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
*Bebbies Traynor's fees in relation to the Work	Bebbies Traynor	29,020.60	5,804.12	34,824.72
Bebbies Traynor's disbursements in relation to the Work	Bebbies Traynor	170.93	34.19	205.12
Legal costs	Fieldfisher LLP	29,378.40	5,861.28	35,239.68
<b>TOTAL UNPAID PRE-ADMINISTRATION COSTS</b>		<b>58,569.93</b>	<b>11,699.59</b>	<b>70,269.52</b>

If the pre-administration costs are agreed by creditors, the funds will flow through the estate from the Administration Loan. If not, they will be discharged direct via the Administration Loan, i.e. third party funds held by Bebbies Traynor, and therefore approval is not considered to be required. The joint administrators are seeking that the unpaid pre-administration costs be authorised for payment as an expense of the administration. Approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, each secured creditor of the Company and by seeking decisions of preferential creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of the joint administrators' Statement of Proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a *Pre-Administration Time Costs Analysis* and a *Pre-Administration Time Costs Analysis* appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to the joint administrators' appointment (as noted above).



## 10. REMUNERATION AND DISBURSEMENTS

### ***Remuneration***

The joint administrators propose that the basis of their remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by them and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor for attending to matters as set out in the fees estimate which can be found at Appendix 3(i).

As noted earlier in this report, the joint administrators consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of the prescribed part fund of any net floating charge property). In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor and the preferential creditors of the Company to determine the basis of the joint administrators' remuneration under Rule 18.18 of the Rules. Please note that the joint administrators are required to disclose any business or personal relationships with parties responsible for approving their remuneration. Epsilon, the secured creditor, has previously engaged Begbies Traynor and BTG Advisory LLP (which is part of the Begbies Traynor Group) to review the ongoing affairs of the Company at various times following its initial investment into the Company. The joint administrators do not consider that the previous engagements give rise to a conflict of interest in this case.

Appendix 3 sets out Begbies Traynor's hourly charge out rates, the joint administrators' fees estimate and the time that the joint administrators and their staff have spent in attending to matters arising in the administration since 28 February 2019.

### ***Disbursements***

The joint administrators propose that disbursements for services provided by their firm and/or entities within the Begbies Traynor Group be charged in accordance with their firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by the joint administrators and will be payable subject to the approval of those responsible for determining the basis of their remuneration.

### ***Estimate of expenses***

The joint administrators are required by the Rules to provide creditors with details of the expenses that they consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

No significant expenses have been incurred during the administration to date and all expenses incurred fall in line with the estimate at Appendix 3. In the event that any of the estimates are exceeded, or additional expenses are incurred, the joint administrators will provide creditors with details with the next progress report to creditors.

## 11. OTHER INFORMATION TO ASSIST CREDITORS

### **Report on the conduct of directors**

The joint administrators have a statutory duty to investigate the conduct of the directors and any person they consider to be or have been a shadow or de facto director during the period of three years before the date of the joint administrators' appointment, in relation to their management of the affairs of the Company and the causes of its failure. The joint administrators are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

The joint administrators are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to their attention any potential recoveries for the estate. If you would like to bring any such issues to the joint administrators' attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

#### **Connected party transactions**

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

#### **Deemed delivery**

These proposals will be deemed to have been delivered on 11 April 2019.

#### **Use of personal information**

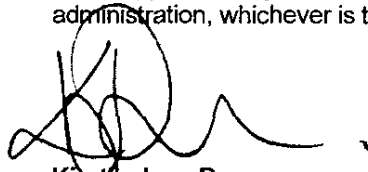
Please note that in the course of discharging the joint administrators' statutory duties, they may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, they are required to comply with data protection legislation. If you are an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

## **12. CONCLUSION**

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of the prescribed part).

In the circumstances, the joint administrators are not required to seek a decision from the creditors on the approval of their proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve their proposals via a qualifying decision procedure. Any such request must be delivered to the joint administrators' office in writing within eight business days of 11 April 2019. If no such requests are received, the joint administrators' proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, the joint administrators will write to you to confirm that is the position.

Subject to the approval of the joint administrators' proposals, the joint administrators will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



**Kirstie Jane Provan**  
Joint Administrator

Date: 9 April 2019

## **ACCOUNT OF RECEIPTS AND PAYMENTS**

**28 February 2019 to 5 April 2019**

**Daniel Stewart & Company Plc  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments**

**28 February 2019 to 5 April 2019**

	£	£
ASSET REALISATIONS		
Petty Cash	22.18	<u>22.18</u>
COST OF REALISATIONS		
N/A	Nil	<u>Nil</u>
REPRESENTED BY		
Bank		22.18
		<b>22.18</b>

Daniel Stewart & Company Limited (In Administration)  
Estimated Outcome Statement as at 5 April 2019

Management  
Accounts for the  
Period Ended 31  
December 2018

	Notes	Receipts and Payments from 28 February 2019 to 5 April 2019 £	Estimated future receipts and payments £	Total £
<b>Assets Subject to Floating Charge</b>				
79,145 Rent Deposit	1	-	Uncertain	Uncertain
Fixtures and Fittings & Computer Equipment	2	-	8,500.00	8,500.00
Cash at Bank	3	-	19,944.69	19,944.69
Trade Debtors	4	-	Uncertain	Uncertain
Other Debtors	5	-	Uncertain	Uncertain
Petty Cash		22.18	-	22.18
Loan to the Company	6	-	164,540.66	164,540.66
		22.18	192,985.35	193,007.53
<b>Less</b>				
Joint Administrators' Pre-Appointment Fees	7	-	(29,020.60)	(29,020.60)
Joint Administrators' Pre-Appointment Disbursements		-	(170.93)	(170.93)
Pre-Appointment Legal Fees and Disbursements	8	-	(29,378.40)	(29,378.40)
Joint Administrators' Fees	9	-	(90,000.00)	(90,000.00)
Legal Fees & Disbursements	9	-	(15,000.00)	(15,000.00)
Joint Administrators' Disbursements	9	-	(750.00)	(750.00)
Storage & Destruction Costs	9	-	(4,000.00)	(4,000.00)
Bank Charges	9	-	(100.00)	(100.00)
Corporation Tax	10	-	-	-
Insurance	9	-	(500.00)	(500.00)
IT Costs	9	-	(1,000.00)	(1,000.00)
Mail Redirection		-	(303.00)	(303.00)
Statutory Advertising		-	(84.60)	(84.60)
Agents' Fees	11	-	(1,700.00)	(1,700.00)
Agents' Disbursements	12	-	(1,000.00)	(1,000.00)
General Contingency for Costs		-	(10,000.00)	(10,000.00)
		-	(183,007.53)	(183,007.53)
<b>Amount available to preferential creditors</b>				<u>10,000.00</u>
Less preferential creditors	13			(24,101.00)
<b>Net property</b>				-
<b>Estimated prescribed part of net property</b>				-
<b>Available to Epsilon Investments Pte Ltd under its Floating Charge</b>				-
Amount due to Epsilon Investments Pte Ltd	14		Uncertain	Uncertain
Estimated final shortfall as regards Epsilon Investments Pte Ltd			Uncertain	Uncertain
<b>Unsecured Trade Creditors</b>				(519,344.00)
HM Revenue & Customs -PAYE/NI	15		Uncertain	Uncertain
HM Revenue & Customs - VAT	15		Uncertain	Uncertain
Unsecured Employee Claims	16		(182,285.00)	(182,285.00)
Epsilon Investments Pte Ltd - Loan	17		(400,000.00)	(400,000.00)
Epsilon Investments Pte Ltd - Preference Shares	18		(900,000.00)	(900,000.00)
				(2,001,629.00)
<b>Estimated Deficit as regard unsecured creditors carried down</b>				(2,001,629.00)
<b>Shareholders</b>				(6,064,001.00)
<b>Estimated Deficit as regard shareholders carried down</b>				<u>(8,065,630.00)</u>

## Notes

- 1 The landlord's solicitors have confirmed that the landlord holds a rent deposit of £225,568
- 2 Williams & Partners ("W&P"), an independent firm of chattel agents, have been instructed to sell the Company's chattel assets, which comprise computer equipment, furniture and some artwork
- 3 The sum of £19,944.69 was held in the Company's pre-administration bank account as at the date the Company entered into administration
- 4 The schedule of trade debts provided to the joint administrators totals £140,643.30
- 5 The schedule of *other debtors* provided to the joint administrators totals £268,262.78. It is understood that a minimum of £150,000 of this amount has been extinguished by losses on certain of the Company's investment positions
- 6 Epsilon Investments Pte Ltd ("Epsilon") have agreed to lend to the Company an amount not exceeding £180,000 for the purposes of the carrying out of the joint administrators' functions by them and meeting the expenses of the administration generally. It is agreed that £10,000 of the loan be utilised to pay a dividend to the preferential creditors of the Company. The estimate at Note 6 represents the estimated level of borrowing required by the Company for these purposes, taking account of the present forecast as regards asset realisations and costs. The loan is repayable as an expense of the administration to the extent that asset realisations permit and will rank immediately behind payment of the joint administrators' remuneration and the other costs of the administration (not including corporation tax on chargeable gains)
- 7 The joint administrators' unpaid pre-administration fees, after taking account of a 15% discount against their standard charge out rates as agreed with the Company prior to the administration, total £29,020.60
- 8 There are unpaid legal fees and disbursements totalling £29,378.40 relating to the pre-administration period
- 9 At this stage, it is difficult to accurately estimate these future costs. However, it is considered that the estimates provided for the purposes of this estimated outcome statement include certain contingencies. In due course, it will be possible to provide a more accurate estimate of these costs
- 10 It is anticipated that the Company's losses will extinguish any tax liability arising during the administration
- 11 W&P's fees for dealing with the sale of the Company's chattel assets are fixed at 10% of realisations. However, it has been agreed that W&P also be authorised to bill for their reasonable time costs given the number of site visits required to clear the office of the assets and for this reason we have estimated W&P's fees at 20% of realisations in respect of the assets with which they are dealing
- 12 A contingency of £1,000 has been included for W&P's out of pocket disbursements
- 13 This represents the joint administrators' estimate of preferential claims, based on the information provided to them by the Company. As noted above, it is anticipated that the loan from Epsilon will enable a dividend of at least £10,000 to be paid to preferential creditors
- 14 Epsilon's claim (or certain of Epsilon's claim) is supported by fixed and floating charges over the assets of the Company. At this stage, Epsilon's claim is understood to be at least £400,000. It is likely that Epsilon will be owed a further sum of £900,000 in respect of its redeemable preference shares. It is also not yet certain what portion of Epsilon's claim is secured by its fixed and floating charges. Should sufficient funds be realised to enable a distribution to be made to Epsilon under its floating charge then the joint administrators will take steps to properly determine the position in this respect and legal advice can be sought accordingly
- 15 The claims of HM Revenue & Customs are uncertain
- 16 The unsecured claims of the Company's former employees comprise claims in respect of wage arrears, pay in lieu of notice and redundancy pay
- 17 As noted above, it is not yet known what portion of Epsilon's claim is secured by its fixed and floating charges and, as such, for the purposes of this estimated outcome statement, the entirety of the loan has been treated as unsecured
- 18 The Company issued £900,000 of redeemable non-interest bearing preference shares to Epsilon. These shares mature on 30 June 2024. As the shares are redeemable, they have been treated as an unsecured claim for the purposes of this estimated outcome statement. In the event that a dividend becomes payable to unsecured creditors, the joint administrators will take steps to investigate this matter further. However, at this stage, there is no commercial benefit in incurring the costs of determining the position in this regard

## N B

It is anticipated that the VAT on costs will be recoverable from HM Revenue & Customs except where otherwise stated

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**DIRECTOR'S STATEMENT OF AFFAIRS AS AT 28  
FEBRUARY 2019**

Rule 3.30

## Statement of affairs

Name of Company:  
Daniel Stewart & Company Plc

Company number:  
02354159

In the:  
High Court of Justice Business and  
Property Courts of England and Wales  
[full name of court]

Court case number:  
001358 of 2019

(a) Insert name and address  
of registered office of the  
Company

Statement as to the affairs of (a) Daniel Stewart & Company Plc, 33 Creechurch Lane,  
London, EC3A 5EB

(b) Insert date

on the (b) 28 February 2019, the date that the company entered administration.

---

### Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement  
of the affairs of the above named company as at (b) 28 February 2019, the date that the  
company entered administration.

Full name: Patrick Johnson

Signed:



Dated:

3 APRIL 2019



## A – Summary of Assets

### Assets

Assets subject to fixed charge:

N/A

Assets subject to floating charge:

Rent Deposit

Furniture & Fittings

Computer Equipment

Trade Debtors

Other Debtors


Cash at Bank

Uncharged assets:

N/A

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
N/A	Uncertain
21,588	Uncertain
57,557	Uncertain
140,643	Uncertain
268,253	Uncertain
19,945	19,945
	19,945

Signature  Date 3 APRIL 2019

## A1 – Summary of Liabilities

		Estimated to realise £
<b>Estimated total assets available for preferential creditors (carried from page A)</b>	£	19,945
<b>Liabilities</b>		
Preferential creditors:-	£ (24,101)	
<b>Estimated deficiency/surplus as regards preferential creditors</b>	£	(4,156)
Estimated prescribed part of net property where applicable (to carry forward)	£	Nil
<b>Estimated total assets available for floating charge holders</b>	£	Nil
Debts secured by floating charges	£(400,000)	
<b>Estimated deficiency/surplus of assets after floating charges</b>	£	(404,156)
Estimated prescribed part of net property where applicable (brought down)	£	N/A
<b>Total assets available to unsecured creditors</b>	£	Nil
Unsecured non-preferential claims (excluding any shortfall to floating charge holders) Employees/ex employees count = 19 Consumer creditors count = 0	£(1,604,629)	
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>	£	(1,604,629)
Shortfall to floating charge holders (brought down)	£	(404,156)
<b>Estimated deficiency/surplus as regards creditors</b>	£	(2,008,785)
Issued and called up capital	£(6,064,001)	
<b>Estimated total deficiency/surplus as regards members</b>	£	(8,072,786)

Signature



Date

3 APRIL 2019

# COMPANY TRADE CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
<b>SEE SCHEDULE B1 FOR DETAILS OF UNSECURED CREDITORS (NON EMPLOYEES)</b>					
Epsilon Investments Pte Ltd	111 North Bridge Road #21-03 Peninsula Plaza Singapore 179098	1,300,000	Debenture incorporating fixed and floating charges	26/04/2016	Uncertain
Employees/ex-employees - 19	c/o Begbies Traynor (London) LLP, 31 <sup>st</sup> Floor, 40 Bank Street, London, E14 5NR	Preferential - £24,101 Unsecured - £185,285		N/A	N/A

Signature *P. M. M. M.* Date 3 APRIL 2019

**Begbies Traynor (London) LLP**  
**Daniel Stewart & Company Plc**  
**B - Company Creditors**

Key	Name	Address	£
CA00	Addison Lee	Heald Green, Cheadle, SK8 3GZ	23.32
CA01	Air Cooling Solutions Ltd	Unit 57 The Maitings, Roydon Road, Stanstead Abbots, Herts, SG12 8HG	198.00
CA02	Amplify Creative Marketing Limited	22 Kipling Close, Whiteley, PO15 7LR	499.00
CA03	Angel Springs Limited	Angel House, Shaw Road, Wolverhampton, WV10 9LE	42.00
CA04	Apogee Corporation Ltd (Prev Danwood)	Nimbus House, 20/20 Business Park, Liphook Way, Maidstone, Kent, ME16 0FZ	938.94
CA05	Argyll Europe Limited	55 Half Moon Lane, London, SE24 9JX	5,000.00
CA06	Aviva Life Services UK Ltd	2 Rougier Street, York, YO90 1UU	200.00
CB00	Barrons Chartered Accountants	Monometer House, Rectory Grove, Leigh-on-Sea, Essex, SS9 2HL	14,820.00
CB01	Belvedere Communications Ltd	Monometer House, Rectory Grove, Leigh-on-Sea, Essex, SS9 2HL	10,500.00
CB02	Bloomberg Ip	Monometer House, Rectory Grove, Leigh-on-Sea, Essex, SS9 2HL	13,134.74
CB03	Baker & McKenzie LLP	100 New Bridge Street, London, EC4V 6JA	122,398.94
CC00	Chartered Institute for Securities & Inv	8 Eastcheap, London, EC3M 1AE	399.00
CC01	City of London	PO Box 270, Guildhall, London, EC2P 2EJ	11,064.01
CC02	Corporate Entertainment Company	Ringles Place, Ringles Cross, Uckfield, East Sussex, TN22 1HB	23,013.00
CC03	Creditsafe Business Solutions Ltd	c/o Brittanla Buildings, Caerphilly Business Park, Caerphilly, Wales, CF83 3GG	450.00
CC04	Companies House	Finance Section, Crown Way, Cardiff, CF14 3UZ	15,000.00
CC05	Castle Water Limited	1 Boat bare, Ratray, Blairgowrie, PH10 7BH	1,027.38
CC06	Chess Limited	Bridford House, Heyes Lane, Alderley Edge, Cheshir, SK9 7JP	650.03
CD00	Danwood Group Ltd	Harrison Place, Whisby Road, Lincoln, LN6 3DG	1,502.00
CD01	Daniel Stewart Securities	Harrison Place, Whisby Road, Lincoln, LN6 3DG	32,583.60
CE00	ecourier (UK) Ltd	324 Kensei Rise, London, W10 5EZ	206.85
CE01	Epsilon Investments Pte Ltd	111 North Bridge Road, #21-03 Peninsula Plaza, Singapore 179098	1,300,000.00
CF00	FTSE International Ltd	12th Floor, 10 Upper Bank Street, E14 5NP	24,204.60
CG00	Gibraltar Stock Exchange	Suite 834, Europort, Gibraltar, GX11 1AA	5,500.00
CI00	Ignition Law	Suite 1.1, Moray House, 23-31 Great Titchfield Street, London, W1W 7PA	23,905.79
CI01	ITS Couriers	Studio 2000, 5 Elstree Way, Borehamwood, Hertfordshire, WD6 1SF	35.11
CK00	Keelings	Broad House, The Broadway, Old Hatfield, Hertfordshire, AL9 5BG	87,300.00
CL00	Law Firm Financial Services Ltd	2nd Floor, Queens House, 180 Tottenham Court Road, W1T 7PD	4,569.70
CL01	London Stock Exchange	10 Paternoster Square, London, EC4M 7LS	23,352.00
CM00	Media Sterling	Unit E, 36-42 New Inn Yard, London, EC2A 3EY	5,670.00

Signature

*P. Palmer*

3 APRIL 2019

**Begbies Traynor (London) LLP**  
**Daniel Stewart & Company Plc**  
**B - Company Creditors**

Key	Name	Address	£
CN00	Neopost Limited	Neopost House, South Street, Romford, Essex, RM1 2AR	2,553.60
CN01	Netbuilder Ltd	7 Beecham Court, Pemberton Business Park, Wigan, Lancashire, WN3 6PR	1,226.41
CN02	NYSE Market Inc	BOX #223695, Pittsburgh, PA 15251-2695	453.91
CO00	Opes Distribution Ltd	Unit 14, Invicta Way, Mansion, Ramsgate, Kent, CT12 5FD	635.02
CO01	Optiva Securities Limited	2 Mill Street, Mayfair, London, W1S 2AT	1,428.00
CP00	Perivan Limited	21 Worship Street, London, EC2A 2DW	90.00
CP01	Price water house Coopers LLP	Hay's Galleria, 1 Hay's Lane, London, SE1 2RD	48,000.00
CP02	Proquote Ltd	10 Paternoster Square, London, EC4M 7LS	16,559.21
CP03	Progressive Equity Research	Suite 4085, 1 Fore Street, London, EC2Y 9DT	9,600.00
CR00	Restore plc	Unit 5, Redhill Distribution Centre, Salbrook Road, Redhill, Surrey, RH1 5DY	1,756.42
CR01	Reuters Ltd - a Thomson Reuters Co	The Thomson Reuters Building, South Colonnade, Canary Wharf, London, E15 5EP	2,840.40
CR02	Richard Potts Limited	12 Ilchester Mansions, Abingdon Road, London, W8 6AE	3,750.00
CS00	Solcrown Stationery	Unit 1, Orbital Centre, Southend Road, Woodford, Essex, IG8 8HH	442.67
CS01	Spartan Fire Safety Ltd	3 Farthing Lane, Portsmouth, Hampshire, PO1 2NP	353.76
CT00	TSX Inc. (TMX)	TSX Inc, 100 Adelaide St W, Toronto, ON M5H 1S3, Canada	738.61
CV00	Vodafone (was Yes Telecom)	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	728.37
<b>46 Entries Totalling</b>			<b>1,819,344.39</b>

Signature *pdanmon* 3 APRIL 2019

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
EPSILON INVESTMENTS PTE LTD	111 NORTH BRIDGE ROAD, #21-03 PENINSULAR PLAZA, SINGAPORE, 17909833			90% as at 31.03.18
DANIEL STEWART SECURITIES PTE	BROAD HOUSE, THE BROADWAY, HATFIELD AL9 5BG			10% as at 31.03.18
TOTALS				

*Paterson*

Signature \_\_\_\_\_ Date 3 APRIL 2019

## **Joint Administrators' Comments on the Statement of Affairs**

### **ASSETS**

#### *Rent Deposit*

It is understood that the landlord in respect of the Company's leasehold trading premises holds a rent deposit in the sum of £225,568. The realisable value of the rent deposit is uncertain at this stage.

#### *Furniture & Fittings and Computer Equipment*

The joint administrators have instructed W&P, an independent firm of insolvency chattel agents, to deal with the sale of the Company's chattel assets, comprising furniture, fittings, computer equipment and art work. It is anticipated that these assets will realise between £8,500 and £10,500.

#### *Trade Debtors*

The Company's trade debts are understood to total £140,643.

The joint administrators are taking steps to recover the trade debts due to the Company. The realisable value of the ledger is uncertain at this stage.

#### *Other Debtors*

The Company's management accounts for the period ended 31 December 2018 indicated that there were other debtors totalling £268,253.

Following an analysis of the list described as *other debtors* it is clear that a large proportion of the £268,253 has either been received by the Company prior to its entry into administration or has been extinguished by losses on asset positions (and associated charges).

The joint administrators are taking steps to recover a number of small loans due to the Company and to realise an investment asset, all of which are comprised within the aforementioned figure of £268,253. The realisable value is uncertain at this stage.

#### *Cash at Bank*

It is understood that the sum of £19,945 is held in the Company's pre-administration bank account. This is expected to be received in due course.

### **LIABILITIES**

#### *Preferential Creditors*

The claims of preferential creditors comprise the claims of the former employees of the Company for arrears of wages (up to a maximum of £800 per employee) and holiday pay in its entirety. These are estimated at £24,101.

The only former employees with claims for arrears of wages are certain of the former directors of the Company.

#### *Debts Secured by Floating Charge*

The management accounts for the period ended 31 December 2018 indicate the sum of £400,000 as a long term liability and it is understood that this represents a loan provided to the Company by Epsilon.

It is anticipated that this sum is likely to have increased since the end of that period. Furthermore, Epsilon is the beneficiary of a debenture incorporating fixed and floating charges over the Company's assets created on 26 April 2016 and delivered to Companies House on 6 May 2016. For the purposes of the statement of affairs, the sum outstanding to Epsilon of £400,000 has been treated as being supported by Epsilon's floating charge; however, the position in this respect is not yet certain. It should be noted that unless there are any sums available after payment in full of preferential claims the position in this respect is of no significance. In the event that there are sums available to floating charge/unsecured creditors by virtue of preferential creditors being paid in full then the joint administrators will make further enquiries and seek legal advice if considered appropriate so as to determine what portion of Epsilon's claim is supported by fixed and floating charges.

#### *Unsecured Creditors*

As noted above, the director has treated the amount repayable to Epsilon under the loan as a debt secured by a floating charge.

The sum due to unsecured creditors comprises:

- i) Trade & Expense Creditors - £519,344  
It is anticipated that the claims of trade and expense creditors will increase on account of claims for breach of contract and amounts due to creditors which had not yet been notified to and/or recorded by the Company as at the date of the appointment of the joint administrators.
- ii) Employees - £185,285  
The unsecured claims of employees comprise claims for arrears of wages (over and above £800 per employee), pay in lieu of notice and redundancy pay.
- iii) Epsilon - £900,000  
The Company's management accounts for the period ended 31 December 2018 indicate a long term liability of £900,000 due to Epsilon in respect of preference shares. It is understood that these were redeemable non-interest bearing (but profit sharing) shares and that they would mature in the future. For the purposes of the statement of affairs the director has treated this liability as being unsecured. The joint administrators will take steps to determine the true position in this respect should there be any sums available after payment in full of preferential claims, as noted above.

The claims of HMRC are not known at this stage and have therefore not been included within the director's statement of affairs.

Creditors' claims are subject to agreement and will not be prejudiced by omission from the statement of affairs or by inclusion in a different amount from that claimed.

The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.



## REMUNERATION AND EXPENSES

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Total time spent to 5 April 2019 on this assignment amounts to 171.2 hours at an average composite rate of £282.33 per hour resulting in total time costs to 5 April 2019 of £48,335.50.

To assist creditors in determining this matter, the following further information appears in this appendix:

- ☐ Begbies Traynor's charging policy;
- ☐ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis;
- ☐ Narrative summary of time costs incurred;
- ☐ Table of time spent and charge-out value;
- ☐ The joint administrators' fees estimate; and
- ☐ Details of the expenses that the joint administrators consider will be, or are likely to be, incurred.

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

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## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>2</sup> indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

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

- Internal meeting room usage for the purpose of physical meetings is charged at the rate of £150 per meeting; and
- Car mileage is charged at the rate of 45 pence per mile.

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

<sup>2</sup> Ibid 1

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

***Services provided by other entities within the Begbies Traynor group***

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

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance, inclusive of Insurance Premium Tax, is not expected to exceed £500 in this case.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

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

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

### **BEGBIES TRAYNOR CHARGE-OUT RATES**

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

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour) 18 March 2019 until further notice</b>
Partner/Consultant	645 - 710
Director	515
Senior Manager	440
Manager	410
Assistant Manager	315
Senior Administrator	290
Administrator	220
Trainee Administrator	160
Support	160

Prior to 18 March 2019, the following rates applied:

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
Partner/Consultant	495 - 550
Director	395
Senior Manager	365
Manager	315
Assistant Manager	285
Senior Administrator	250
Administrator	220
Trainee Administrator	160
Support	160

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

Time is recorded in 6 minute units.

## PRE ADMINISTRATION TIME COSTS SUMMARY

### 1 CASE OVERVIEW

- 1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

### 1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the joint administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

Full details of the work undertaken by the joint administrators and their staff prior to appointment are set out below and in the joint administrators' Statement of Proposals.

### 1.3 Overview of work undertaken prior to appointment

On 29 January 2019, the Company engaged Begbies Traynor to provide a letter of advice to the Company's board of directors covering:

- A high level summary of the current financial and regulatory position;
- An assessment of the solvency of the Company;
- Commentary on directors' duties;
- Insolvency options; and
- A recommendation for the board of directors of the Company as to next steps.

Based on the information available to Begbies Traynor, it was apparent that the Company was both cash flow and balance sheet insolvent within the meaning of Section 123 of the Act and on 1 February 2019 the Company engaged Begbies Traynor to provide advice in relation to the placing of the Company into administration.

Kirstie Jane Provan and Irvin Cohen, licensed insolvency practitioners and a partner and director of Begbies Traynor respectively, together with their staff, met with Patrick Johnson, a director of the Company, and Complymatic. They also engaged with Epsilon, a secured creditor of the Company and majority shareholder of the Company, to discuss the financial position of the Company and placing it into administration.

This involved working closely with the Company's director, employees and Complymatic in order to liaise and agree with the FCA the strategy for winding down the Company's affairs and for placing the Company into administration. As a result of this, the joint administrators and their staff regularly attended the Company's trading premises between 1 February 2019 and their appointment on 28 February 2019.

On 7 February 2019, a Notice of intention to appoint administrators ("NOI") was filed in court, following FCA consent being supplied and a Special Administration process under Financial Services and Markets Act being discounted.

On or around 18 February 2019, communications were issued by the Company to its clients advising that the Company was no longer in a position to provide any form of investment service and that it was in the process of winding down its operations. The communications further advised that the clients should take steps to instruct the Company to either return or move their assets and investments on or before 26 February 2019, at which point the client accounts would become dormant and following which clients would need to contact the respective custodians directly in order to deal with their assets and investments. This course of action was agreed between the proposed joint administrators, Complymatic and the FCA as it was seen to limit the risk of client loss.

Notice was also given to the Company's corporate clients that engagements were to be terminated and the majority of staff were made redundant.

During this period, steps were also taken to establish whether all or part of the Company's business and assets could be sold. Non-disclosure agreements were entered into with several interested parties; however, given the position the Company found itself in and the nature of its assets (comprising mainly contact lists including confidential data) it was determined that a sale of the business, or of its client lists, was not a feasible option.

The Company's external IT consultants were instructed to ensure that the Company's IT systems were properly maintained with a process agreed for decommissioning, as well as arranging for access to be removed when the Company's employees were made redundant, to ensure data security.

Due to the uncertainty surrounding the level of the Company's realisable assets, Epsilon agreed with the proposed joint administrators a funding facility, referred to throughout the joint administrators' Statement of Proposals as the Administration Loan. This was agreed during the period prior to the joint administrators' appointment and executed pending their appointment.

A further NOI was filed in court on 22 February 2019, and the joint administrators were subsequently appointed on 28 February 2019.

**1.4 Complexity of work undertaken prior to appointment**

The Company was regulated by the FCA and by virtue of the nature of its business held confidential information in respect of its clients. The strategy, which had to be agreed with the FCA, was more complex than in the case of an ordinary (non-FCA regulated) administration of a company, and it is considered that additional work was required as a consequence of this. Additional work was undertaken in order to minimise the risks of losses being incurred by the Company's clients, many of whom were individuals.

**1.5 Exceptional responsibilities**

The joint administrators assisted the Company on matters which had the potential to impact on its large numbers of investment clients; exceptional responsibilities were placed on the joint administrators in this case.

**1.6 The proposed joint administrators' effectiveness**

The joint administrators consider that they acted efficiently and effectively in the period prior to their appointment as joint administrators.

**1.7 The views of the creditors**

The joint administrators liaised closely with Epsilon as the principal secured creditor and major shareholder. Their agreement to provide the Administration Loan has enabled the statutory purpose of administration to be met and therefore enabled the strategy as currently pursued to be achievable.

**1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment**

The joint administrators are seeking a resolution in relation to their unpaid pre-administration costs as follows: "That the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration be approved for payment."

**1.9 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity within the Begbies Traynor Group**

No Category 2 disbursements, nor disbursements which should be treated as such, were incurred by the joint administrators prior to their appointment

**1.10 Other professionals employed & their costs**

Fieldfisher LLP ("FFW"), an independent firm of solicitors were engaged by the Company / the joint administrators prior to the joint administrators' appointment (for the purposes of placing the Company into administration). FFW have the relevant experience of insolvency and regulatory matters to enable them to deal with this insolvency efficiently and effectively.

**1.11 Staffing and management**

The staff utilised by the joint administrators to work on this matter were considered to be of the necessary grade and with the requisite experience for an engagement of this nature.

**2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

2.1 Begbies Traynor's policy for charging fees and expenses incurred by office holders is attached at Appendix 3.

2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3.

## SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of the joint administrators' fees to consider the level of their fees and expenses in the context of the case.

**What work has been done since the joint administrators were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?**

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

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

### General case administration and planning & Compliance with the Insolvency Act, Rules and best practice

Members of the joint administrators' staff attended the Company's trading premises on the day of the joint administrators' appointment, and on a number of occasions thereafter, in order to:

- Facilitate the close down of the Company's office;
- Meet with the Company's employees and give them formal notice of the termination of their contracts of employment;
- Meet with the director;
- Facilitate the collection of the Company's books and records and to identify key records for the purposes of realising the Company's assets;
- Meet with W&P to allow access to the Company's premises to facilitate the sale of the chattel assets; and
- Meet with the Company's external IT consultants for the purposes of winding down the Company's IT platform and secure backups of the Company's electronic records.

The Company was regulated by the FCA and, because of the nature of its business, held large quantities of paper records, some of which contained confidential data. Consequently, a large amount of time has been spent by the joint administrators' staff attending the Company's former trading premises and collating the records and generally overseeing the collection of those records by Restore Plc, the storage and collection agents instructed by the joint administrators to deal with the collection, storage and (eventual) destruction of the Company's books and records. The books and records are stored securely and will be destroyed at the appropriate time.

Miscellaneous documents and loose papers have also been securely and confidentially destroyed by Restore Plc.

The joint administrators have complied with their statutory duties as regards appointment notifications and administration bank accounts have been set up so that receipts and payments into and from the administration estate can be processed. Electronic and physical case files have been opened in order to facilitate the efficient management of the administration by the administrators and their staff. Internal case strategy meetings and discussions have also taken place at regular intervals in order to ensure that the administration process is being efficiently progressed.



Staff Grade	Consultant/P artner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	1.3	1.6			2.4		0.9	11.7	0.7	18.60	4,141.50	222.66
Case planning	32.4	44.5			29.7					106.60	42,080.00	394.75
Assets					1.6		4.4			6.00	1,424.00	237.33
Creditors					0.1					0.10	28.50	286.00
Secured - correspondence and meetings		0.3								0.30	118.50	395.00
Other Matters		42.6			16.9					59.50	21,643.50	363.76
Meetings and correspondence with directors												
Travel												
Total hours by staff grade	33.7	89.0			50.7		5.3	11.7	0.7	191.1		
Total time cost by staff grade £	16,681.50	35,155.00			14,449.50		1,166.00	1,872.00	112.00		69,436.00	
Average hourly rate £	495.00	395.00			285.00		220.00	160.00	160.00			363.35
Total fees drawn to date £											30,000.00	

Finally, time recorded in respect of statutory reports relates to some of the time incurred in preparing this report, the joint administrators' Statement of Proposals, which is a requirement of the Act.

#### Realisation of assets

The joint administrators have reviewed certain of the Company's books and records and have started to take steps with a view to collecting the debts due to the Company. To date, no sums have been realised in this regard.

Investigations have been made into the Company's intangible assets and investments to determine their realisable value. Discussions have taken place with interested parties but at this stage the realisable values of such assets are considered to be highly uncertain. Further information will be provided to creditors in this respect at the appropriate time.

As in the joint administrators' Statement of Proposals, W&P have been engaged by the joint administrators to deal with the sale of the Company's chattel assets and certain of the time incurred under this heading relates to the time incurred liaising with W&P as well as meeting them at the Company's former trading premises. All of the Company's chattel assets have now been removed from the site.

Finally, the joint administrators have entered into correspondence with the landlord for the property from which the Company traded with regards to a rent deposit in the sum of £225,568 held by it. The realisable value of the rent deposit is presently uncertain.

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

The joint administrators and their staff have corresponded with and liaised with a number of the Company's creditors and former employees with regards to their claims.

A large number of queries from the various clients of the Company have been dealt with by e-mail and telephone. It remains to be seen whether any of those clients might have claims against the Company; however, at this stage it appears that clients have generally been able to make contact with the custodians of their assets and investments and, as such, the joint administrators have not received any notification that claims have arisen in this respect. The joint administrators and their staff continue to refer the clients to the relevant custodians and have liaised (and continue to liaise) closely with the Company's director and one of the former employees where necessary to assist with dealing with such queries.

The joint administrators have also liaised with Epsilon with regards to the costs of the administration and progress to date.

Finally, the joint administrators have collated and submitted the relevant information to the Redundancy Payments Office ("RPO") to enable payment by the RPO of certain elements of the former employees' claims against the Company. The joint administrators have assisted employees with their claims where possible.

#### **Time Costs Analysis**

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by the joint administrators and their staff following their appointment only.

In relation to costs incurred by the joint administrators prior to their appointment on 28 February 2019, approval is sought separately as set out in the main body of this report.

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

*General case administration and planning & Compliance with the Insolvency Act, Rules and best practice*

It is likely that certain correspondence (including e-mail correspondence) and telephone calls will be recorded under *general case administration*.

In line with best practice guidance, the joint administrators will conduct periodic case reviews to ensure that the purpose of administration being pursued continues to be attainable and that all matters are being efficiently progressed, most notably in relation to matters which may lead to recoveries for the administration estate. Periodic bond reviews will also be undertaken which are required under statute.

The joint administrators are required to produce progress reports at the end of each six month period, as well as final progress reports at the conclusion of the administration, by the Act and Rules which are made available to all of the Company's creditors. A copy of the reports must also be filed at Companies House.

The administration bank accounts will continue to be monitored and all receipts and payments will be processed accordingly.

*Investigations*

The joint administrators will undertake a review of the Company's affairs in due course in order to determine whether there are any possible recoveries, including rights of action against third parties (connected or otherwise), for the benefit of the administration estate.

The joint administrators also have a statutory duty to investigate the conduct of the directors and any person they consider to be or have been a shadow or de facto director during the period of three years before the date of the joint administrators' appointment, in relation to their management of the affairs of the Company and the causes of its failure. The joint administrators are obliged to submit confidential reports to the Department for Business, Energy & Industrial Strategy.

*Realisation of assets*

The joint administrators will continue to deal with the collection of sums due to the Company and the realisation of any investment assets owned by the Company, as described under this heading earlier in this document.

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

The joint administrators will continue to note the claims of unsecured creditors and deal with claims and queries as appropriate. It is anticipated that the preferential claims of the Company will be adjudicated upon in due course to enable a dividend to be declared in respect of the preferential claims against the Company at the appropriate time.

*Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures) tax, litigation, pensions and travel*

A decision of the preferential creditors will be sought with regard to the joint administrators' fees (including pre-appointment fees) as detailed in the main body of this report. It may be necessary to seek further decisions from the preferential creditors of the Company with regard to other matters at a later date.

Periodic VAT and corporation tax returns will be submitted to HMRC as and when required.

**How much will this further work cost?**

In line with the joint administrators' fees estimate, the further work detailed above is estimated to cost approximately £45,000.

**Expenses**

Details of the expenses that the joint administrators expect to incur in connection with the work that remains to be done referred to above, as well as expenses that have already been incurred, are set out in the estimate of anticipated expenses attached at Appendix 3.

Staff Grade	Case/Staff Grade	Director	Staff Grade	Group	As a Chief	Supervisor	Admin	Int Admin	Support	Total Hours	Time Cost	Assessable Quantity
General Case Administration and Planning	Case planning	0.2			8.9		4.1			11.2	3,157.50	281.92
	Administration	1.8			2.1		1.8	30.1	0.4	35.8	7,933.50	204.47
	Total for General Case Administration and Planning	1.8			8.0		6.9	30.1	0.4	60.0	11,091.00	221.82
	Compliance with the Insolvency Act, Rules and best practice	2.3			32.7			10.3		47.4	13,022.50	274.74
	Appointment	0.1						0.5	2.0	2.6	451.50	173.65
	Banking and Bonding											0.00
	Case Closure											0.00
	Statutory reporting and statement of affairs	3.4			12.9			1.4		22.2	8,941.00	402.75
	Total for Compliance with the Insolvency Act, Rules and best practice	5.6			45.8			12.2	2.0	72.2	22,415.00	510.48
	GDAA and investigations	0.2			0.4			0.3		0.9	277.00	307.78
Investigation	Total for Investigations:	0.2			0.4			0.3		0.9	277.00	307.78
	Debt collection				5.6		5.3	0.3		10.9	2,937.00	280.28
	Property, business and asset sales	1.5			8.2					10.2	3,358.00	329.22
	Retention of Title/Third party assets											0.00
	Total for Realisation of assets:	1.5			13.8		6.3			21.1	8,395.00	285.60
	Trading											0.00
	Total for Trading:											0.00
	Dealing with all creditors claims (including employees), correspondence and distributions	3.1			2.5					5.6	2,582.00	462.88
	Others	1.5			13.3		0.7	1.7		17.2	5,058.00	294.07
	Creditors committee											0.00
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, extensions and travel	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	3.1			18.8		0.7	1.7		22.8	7,650.00	336.53
	Seeking decisions of creditors											0.00
	Meetings											0.00
	Other											0.00
	Tax	0.1						4.1		4.1	656.00	160.00
	Litigation									0.1	51.50	515.00
	Total for Other matters:	0.1						4.1		4.2	707.50	166.45
	Total hours by staff grade	13.2			84.8		11.9	48.4	2.4	171.2		
	Total time cost by staff grade:	7,479.00			25,184.00		2,616.00	7,744.00	384.00		48,335.50	
	Average hourly rate £	568.59			297.45	0.00	220.00	160.00	160.00		282.33	
	Total fees drawn to date £										Nil	

### THE JOINT ADMINISTRATORS' FEES ESTIMATE

Further to the joint administrators' appointment, they are seeking to be remunerated on a time costs basis. Details of their firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which the joint administrators are to be remunerated, they are obliged to produce a fees estimate and to provide it to each creditor of whose details they are aware so that it can be approved at the same time as the basis of their remuneration.

The joint administrators' fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	100.2	22,995.50	229.50
Compliance with the Insolvency Act, Rules and best practice	98.0	28,434.00	290.14
Investigations	35.5	10,530.00	296.62
Realisation of assets	47.1	14,933.50	317.06
Trading	-	-	-
Dealing with all creditors' claims (including employees), correspondence and distributions	38.3	13,283.50	346.83
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel	12.8	3,110.50	243.01
<b>Total hours</b>	<b>331.9</b>		
<b>Total time costs</b>		<b>93,287.00</b>	
<b>Overall average hourly rate £</b>			<b>281.07</b>

For the avoidance of any doubt, the above estimate relates to the period of administration only; it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from the joint administrators' firm's website at <http://www.begbies-traynorgroup.com/fee-estimates>.

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

Dated: 9 April 2019

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

<b>No.</b>	<b>Type of expense</b>	<b>Description</b>	<b>Estimate £</b>
1.	Advertisements	Of appointment, requisitioned meetings, dividends etc.	84.60
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds.	148.50
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity.	500.00
4	Storage and destruction costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	4,000.00
5.	Agents' sale fees and disbursements	Williams & Partners Ltd dealt with the sale of the Company's chattel assets and their fees and disbursements will represent an expense of the administration.	2,700.00
6.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements.	15,000.00
7.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate.	100.00
8.	IT costs	It may be necessary to pay certain IT related costs for the purposes of carrying out the joint administrators' functions and securing the Company's electronic records.	1,000.00
9.	Travel	It may be necessary to attend external meetings and attend on the Company's former trading premises.	150.00
10.	Room hire	For requisitioned physical meetings of creditors, meetings with the director and meetings with third parties where necessary.	350.00

11.	Postage costs	Costs incurred in relation to the sending of letters in relation to the administration.	150.00
12.	Mail redirection	A mail redirection is to be set up so that post sent to the Company's former trading address is redirected to the joint administrators.	303.00

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



# AM03

## Notice of Administrator's Proposals



### 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 **Joshua Stuart**

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

Address **31st Floor**

**40 Bank street**

Post town **London**

County Register

Postcode **E 1 4 5 N R**

Country

DX

Telephone **020 7516 1520**



### 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 and dated 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)**