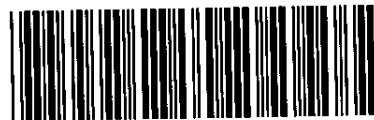


WEDNESDAY



A20

17/10/2018


#310

COMPANIES HOUSE

Company name in full	QFH Limited
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**2 Other administrator**  
Use this section to tell us about another administrator

AM03  
Notice of Administrator's Proposals

6		Statement of proposals	
	<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
7		Sign and date	
Administrator's Signature	<div>Signature</div> <div>✕  ✕</div>		
Signature date	<div><div><div>d</div><div>1</div><div>d</div><div>5</div></div><div><div>m</div><div>1</div><div>m</div><div>0</div></div><div><div>y</div><div>2</div><div>y</div><div>0</div></div><div><div>y</div><div>1</div><div>y</div><div>8</div></div></div>		

## 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	Jojo Bowman
Company name	KPMG LLP
Address	St Nicholas House Park Row
Post town	Nottingham
County/Region	
Postcode	N G 1 6 F Q
Country	
DX	
Telephone	Tel +44 (0) 115 935 3535



### 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)**



# Joint Administrators' proposals

QFH Limited - in  
Administration

15 October 2018

# Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+QI828E4318.html>. We hope this is helpful to you.

**Please also note that an important legal notice about this statement of proposals is attached (Appendix 8).**



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# 1 Executive summary

- Chris Pole and Mark Orton of KPMG LLP were appointed Joint Administrators of QFH Limited by the Company, acting by its directors, on 24 August 2018.
- QFH Limited was incorporated in 1993 and is a property holding company from which its trading subsidiary, The Quality Furniture Company Limited ('QFC'), operates. QFC entered administration on 2 August 2018. (Section 2 - Background and events leading to the administration).
- The principal realisable asset of the Company is the freehold property (and sundry fixtures and fittings) located on Alma Park Road, Grantham. The Joint Administrators' initial strategy has been to market this property for sale alongside the sale of business of QFC. However, a wider sale of the business of QFC has not been possible and therefore we are progressing a sale of the freehold property on a standalone basis. (Section 3 - Strategy and progress of the administration to date).
- The two secured creditors are HSBC Bank PLC ('HSBC') and HSBC Invoice Finance Limited ('HSBCIF'). HSBC were owed £657,858 on appointment by way of a loan against the freehold property. Whilst HSBCIF are not a direct creditor of the Company, due to a cross-guarantee in place between the Company and QFC, any shortfall suffered by HSBCIF in QFC will rank as a secured debt in the administration of QFH. Based on current estimates we anticipate that both secured creditors will be repaid in full. (Section 4 - Dividend prospects).
- The Company had no employees to give rise to any preferential claims. (Section 4 - Dividend prospects).
- Based on current estimates we anticipate that unsecured creditors will be repaid in full and there will be funds available to facilitate a distribution to the ordinary shareholders. (Section 4 - Dividend prospects).
- Our proposals will be deemed approved eight business days following delivery to creditors. (Section 6 – Approval of proposals).
- We are seeking approval of the Company's creditors that our remuneration will be drawn on a time costs basis. (Section 7 - Joint Administrators' remuneration, disbursements and pre-administration costs).
- We anticipate that the likely exit route for the administration will be by way of placing the Company into Creditors' Voluntary Liquidation. (Section 5 - Ending the administration).
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 8 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Chris Pole  
Joint Administrator

## **2 Background and events leading to the administration**

### **2.1 Background information**

QFH Limited was incorporated in 1993 and is a property holding company which owns freehold property on Alma Park Road, Grantham, from which its trading subsidiary, QFC, operates.

The principal activity of QFC was the design and manufacture of upholstered furniture. QFC entered administration on 2 August 2018 with Chris Pole and Mark Orton also being appointed Joint Administrators.

### **2.2 Funding and financial position of the Company**

As a property holding company, the Company's only income was in relation to rental income from its tenant.

On appointment, the Company's secured creditor HSBC Bank PLC was owed £657,858 in relation to loans advanced to the Company relating to the freehold property.

### **2.3 Events leading to the administration**

Whilst the Company's trading subsidiary QFC had historically been profitable, challenging market conditions including cost pressures, the weakened pound, and a decline in consumer spending led QFC to consolidate manufacturing operations to one site and consider a number of internal structural changes in early 2018.

A business plan was put in place, predicated on the sale and leaseback of the freehold property at Alma Park Road, held by the Company, and a resultant injection of cash into QFC. However, ongoing underperformance of QFC threatened the viability of this business plan, and this funding option was withdrawn.

The Company's secured creditors are HSBC Bank PLC, who have advanced loans directly to the Company, and HSBC Invoice Finance Limited. As a consequence of the QFC administration, it became clear that HSBC Invoice Finance Limited were likely to call upon the cross-guarantee between QFC and the Company which would result in additional liabilities arising and significantly worsen the financial position of the Company.

Furthermore, the Company is part of a VAT Group with QFC and therefore is joint and severally liable for any VAT liability owed by QFC. Given that there is unlikely to be a distribution to the unsecured creditors of QFC, HMRC will therefore seek repayment of this unpaid liability from the Company.

When factoring in the liabilities of HSBCIF and HMRC, the Company had insufficient cash to be able to fully repay these debts as they fell due and was therefore insolvent.

At the time of our appointment, we disclosed to the Court details of the work carried out by KPMG up to that time.



## **2.4 Appointment of Joint Administrators**

The Directors resolved on 22 August 2018 to appoint us as Joint Administrators.

The notice of appointment was lodged at the High Court of Justice Business and Property Courts in Birmingham on 24 August 2018 and we were duly appointed.

# **3 Strategy and progress of the administration to date**

## **3.1 Strategy to date**

### **Strategy**

Our initial strategy has been to market the freehold property alongside the sale of business of QFC. However, despite a number expressions of interest in the QFC business and property, no acceptable offers on a combined basis were forthcoming. We are therefore now progressing a sale of the freehold property on a standalone basis.

## **3.2 Asset realisations**

Realisations from the date of our appointment to 12 October 2018 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.

### **Freehold property**

The principal asset of the Company is a freehold property (and sundry fixtures and fittings) at Alma Park Road, Grantham, from which its trading subsidiary operates.

As the freehold property and the business of the trading subsidiary are intrinsically linked, as were the secured creditors of each entity, our primary strategy was to pursue a sale of the property alongside a sale of the QFC business.

As detailed above, despite a number expressions of interest in the QFC business and property, no acceptable offers on a combined basis were forthcoming.

We are therefore now progressing a sale of the freehold property on a standalone basis. Our instructed agents, Lambert Smith Hampton, have recommended acceptance of an offer received for the property and we are looking to exchange on the property within October. Due to the sensitive nature of the sales process and as negotiations remain ongoing, we are unable to advise of the quantum or timing of completion of this offer but will update in our next report to creditors.

### **Intercompany balance**

The Company was owed £291,728 at appointment from its trading subsidiary QFC. This amount relates predominantly to rent due from QFC to the Company, and a VAT liability for which the Company is now liable. As QFC is also in Administration, with no distribution to unsecured creditors anticipated, this amount is not expected to be realised.

## Investments

The only other asset held in the Company is its shares in its trading subsidiary, QFC. However, these are now deemed to be of nil value due to the administration of the trading subsidiary.

## Investigations

We are reviewing the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Jojo Bowman at KPMG LLP, St Nicholas House, Park Row, Nottingham, NG1 6FQ United Kingdom.

## 3.3 Costs

An estimate of all the anticipated costs likely to be incurred throughout the duration of the administration is set out in the attached summary of expenses (Appendix 4).

Payments made from the date of our appointment to 20 September 2018 are set out in the attached receipts and payments account (Appendix 2).

To date no significant payments have been made in respect of such costs.

# 4 Dividend prospects

## 4.1 Secured creditors

### HSBC Bank PLC

HSBC Bank PLC have security by way of a legal mortgage, a debenture, and fixed and floating charges. At the date of appointment the Bank were owed £657,858.

### HSBC Invoice Finance Limited ("HSBCIF")

HSBC Invoice Finance Limited are also a secured creditor of the Company. HSBCIF provided a confidential invoice discounting facility to the Company's trading subsidiary, QFC, and as a result of a cross-guarantee in place between the Company and QFC, will be able to call on any shortfall suffered in the administration of QFC. We currently anticipate HSBCIF to make a claim, but this is yet to be quantified.

We have instructed our solicitors, Actons, to review the above charges and cross-guarantees and confirm their validity, along with the validity of our appointment. The validity of any secured creditor's security will be confirmed prior to any distribution being made to them.

Based on current estimates we anticipate that both secured creditors should be paid in full, including any claims made against the Company under the abovementioned cross-guarantee.

## **4.2 Preferential creditors**

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank *preferentially*.

We are not aware of any preferential claims against the Company.

## **4.3 Unsecured creditors**

Based on current estimates, we anticipate that unsecured creditors should receive a dividend of 100p in the £ (plus statutory interest, where applicable).

Creditors should note that the Company is part of a VAT Group with QFC and is therefore joint and severally liable for any VAT associated with QFC. Given that HMRC ranks as an unsecured creditor in QFC and it is currently expected that unsecured creditors of QFC will not receive any distribution, this liability will form part of HMRC's unsecured claim in the Company, alongside outstanding Corporation Tax.

We are not currently aware of any other unsecured creditors.

## **4.4 Ordinary shareholders**

We anticipate that there will be sufficient funds available to enable a distribution to the ordinary shareholders.

# **5 Ending the administration**

## **5.1 Exit route from administration**

We consider it prudent to retain all of the options available to us, as listed in Section 8 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most likely exit route will be a creditors' voluntary liquidation and we propose to seek appointment as liquidators.

Please note that we consider it to be unrealistic to be able to provide an accurate estimate of the remuneration anticipated to be charged and the expenses likely to be incurred for the duration of the liquidation at this stage. To ensure that the information we provide to you is meaningful, we believe that it would be more appropriate to provide the fees and expenses estimates, and seek approval for fees, in the subsequent liquidation. We will look to seek resolutions for the approval of remuneration within four weeks of our appointment as liquidators.

## **5.2 Discharge from liability**

We propose to seek approval from creditors that we will be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

## **6 Approval of proposals**

### **6.1 Decision procedure**

The administrators' proposals will be deemed approved, with no requirement to seek deemed consent or use a decision procedure, as it appears that the Company has sufficient property to enable each creditor of the Company to be paid in full.

On expiry of eight business days from the date our proposals were delivered to the creditors, they will be deemed to have been approved by the creditors unless 10% in value of creditors request that a decision procedure is convened. Further details of the steps to convene a procedure are detailed below.

### **6.2 Creditors' right to request a decision**

We will use a decision making procedure or deemed consent to seek approval of our proposals (1) if asked to do so by creditors whose debts amount to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed.

Requests for a decision must be made within eight business days of the date on which our proposals were delivered. They must include:

- a statement of the requesting creditor claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting;

In addition, the expenses of the decision procedure at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a decision, please complete and return the decision requisition form available on <http://www.insolvency-kpmg.co.uk/case+KPMG+QI801E5644.html>.

## **7 Joint Administrators' remuneration, disbursements and pre-administration costs**

### **7.1 Approval of the basis of remuneration and disbursements**

Agreement to the basis of our remuneration and the drawing of Category 2 disbursements is subject to specific approval. It is not part of our proposals.

We propose to seek approval from all creditors that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5; and
- pre-appointment legal fees and disbursements incurred by Browne Jacobson may be drawn, these total £1,740 exclusive of VAT.

Attached to the covering letter is formal notice of the decision by correspondence which asks the creditors to vote on the proposed decisions with regard to our remuneration and drawing of Category 2 disbursements.

#### Time costs

From the date of our appointment to 12 October 2018, we have incurred time costs of £20,736.00. These represent 72.4 hours at an average rate of £286.41 per hour.

#### Disbursements

We have incurred disbursements of £111.00 during the period. None of these have yet been paid.

#### Additional information

We have attached (Appendix 5) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 12 October 2018. We have also attached our charging and disbursements recovery policy.

Whilst we anticipate that a liquidation will be our exit route and we propose to seek appointment as liquidators, we consider it to be unrealistic to be able to provide an accurate estimate of the remuneration anticipated to be charged and the expenses likely to be incurred for the duration of the liquidation at this stage. To ensure the information we provide to you is meaningful, we will, therefore, provide the fees and expenses estimates for the subsequent liquidation and seek approval for that remuneration within four weeks of our appointment as liquidators.

## 7.2 Pre-administration costs

Pre-administration costs have been incurred by Browne Jacobson of £1,740 plus VAT and disbursements. These costs relate to the preparing of the appointment documentation.

# 8 Summary of proposals

As a result of the Group's extensive liabilities (a significant amount of which related to The Quality Furniture Company Limited, but was cross guaranteed and is therefore a potential

liability of the Company), rescuing the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following.

#### General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

#### Distributions

- to make distributions to the secured creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

#### Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- **place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Chris Pole and Mark Orton, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;**
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, Chris Pole and Mark Orton, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

#### Joint Administrators' remuneration

We propose that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 3.;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5.

#### Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

## Appendix 1 Statutory information

### Company information

Company and Trading name	QFH Limited
Date of incorporation	1993
Company registration number	02801219
Trading address	Alma Park Road, Grantham, NG31 9SE
Previous registered office	Alma Park Road, Grantham, NG31 9SE
Present registered office	St Nicholas House, Park Row, Nottingham, NG1 6FQ
Company Directors	David Nicholas Bramwell, 276080 ordinary shares Vernon Wayne Goldberg, 461848 ordinary shares
Company Secretary	David Nicholas Bramwell, 276080 ordinary shares

### Administration information

Administration appointment	The administration appointment granted in High Court of Justice Business and Property Courts in Birmingham, 8237 of 2018
Appointor	Directors
Date of appointment	24 August 2018
Joint Administrators	Chris Pole and Mark Orton
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2).
Current administration expiry date	23 August 2019
Prescribed Part	The Prescribed Part is not applicable on this case, and unsecured creditors are expected to be repaid in full.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.



## Appendix 2      Joint Administrators' receipts and payments account

QFH Limited - in Administration		
Abstract of receipts & payments		
Statement of affairs (£)	From 24/08/2018	From 24/08/2018
	To 12/10/2018 (£)	To 12/10/2018 (£)
	<b>NIL</b>	<b>NIL</b>

## Appendix 3 Joint Administrators' fees estimate

Estimated time costs for the engagement				
	Notes	Estimated total hours	Estimated time cost (£)	Estimated average hourly rate (£)
<b>Administration and planning</b>				
<b>Statutory and compliance-</b> appointment and related formalities, bonding, checklist and reviews, reports to secured creditors, advertising, strategy		50.00	17,425	348.50
<b>Cashiering-</b> processing receipts, payments, and bank reconciliations		20.00	6,350	308.51
<b>Tax-</b> VAT and Corporation tax, initial reviews, pre and post appointment tax		59.00	21,300	361.02
<b>Bankrupt/Director/Member</b>		2.00	850	425.00
<b>General-</b> books and records, fees and work in progress		11.00	3,785	350.83
<b>Creditors</b>				
<b>Creditors and claims-</b> general correspondence, notification of appointment, statutory reports		45.00	15,530	336.98
<b>Committees-</b> committee meetings and reports to the committee		-	-	-
<b>Employees-</b> correspondence		0.50	108	215.00
<b>Investigations</b>				
<b>Directors-</b> correspondence, statement of affairs, questionnaires		6.00	2,700	450.00
<b>Investigations-</b> director conduct and affairs of the Company		9.00	3,175	346.82
<b>Realisation of assets</b>				
<b>Asset realisations-</b> including insurance of assets		51.00	20,420	394.55
<b>Total</b>		<b>253.50</b>	<b>91,643</b>	<b>361.51</b>

Note 1: Statutory and compliance matters include dealing with appointment related formalities, reporting to the secured creditors HSBC Bank PLC and HSBC Invoice Finance Limited, and ensuring the administration strategy is appropriate.

Note 2: Cashiering time will be spent completing bank reconciliations, processing any payments and receipts, and dealing with consideration from the sale of Company assets.

Note 3: The Joint Administrators are required to ensure that VAT and tax returns are submitted for periods post-appointment. Time will also be spent ensuring that pre-appointment returns are submitted to HMRC.

Note 4: Correspondence with directors and members, advising of the effect of the administration, liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies.

Note 5: Time spent on general matters will include ensuring the removal and storage of Company books and records (paper and electronic). This will also include time to deal with gaining approval for the basis of the Joint Administrators' fees and drawing any subsequent fees.

Note 6: This time will be spent agreeing creditor claims, completing statutory reporting obligations to creditors, reporting to the secured creditor and making distributions to creditors.

Note 7: The Company had no employees- a limited amount of time was spent ensuring that the Company had no linked pension schemes, though we expect no further time costs relating to employee matters.

Note 8: This includes time required to oversee the directors' completion of the statement of affairs of the Company, as well as time to review directors' questionnaires and consider the directors' conduct prior to the administration

Note 9. We anticipate this time to be required to deal with mail redirections and review director conduct.

Note 10. Time required to complete activities relating to realising the Company's major asset, the freehold property at Alma Park Road, as described in Section 3.2 of this report.

## Appendix 4      Joint Administrators' expenses estimate

Summary of expenses		
Expenses	Notes	Initial Estimates (£)
<b>Fixed Charge Costs</b>		
Administrators' fees	Fees associated with dealing with the freehold property, more detail of which is detailed in our fees estimate attached at Appendix 3	20,420
Agents' fees	Agents' fees relate to our estimate of the agents' costs in providing valuation advice and assisting with a sale of the freehold property held by the Company.	40,000
Legal fees	Legal fees are expected to be incurred in relation to advice on the sale of the freehold property.	20,000
Recharged labour and waste costs	Recharge of wages for staff retained by QFC to prepare the freehold property for sale, and hire of skips.	30,000
Insurance of assets	Insurance costs which will be paid for insuring the Company's freehold premises until sold.	5,000
<b>Cost of Realisations</b>		
Administrators' fees	Fees associated with dealing with the administration, more detail of which is detailed in our fees estimate attached at Appendix 3	71,223
Legal fees	Legal fees are expected to be incurred in relation to advice on reviewing the validity of our appointment, reviewing security, and other general advice for the administration.	10,000
Storage costs	Costs related to the removal and storage of the Company's paper and electronic books and records.	500
Statutory advertising	Advertising in the London Gazette in line with legislation.	170
<b>TOTAL</b>		<b>197,313</b>

## Appendix 5 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Jojo Bowman on 0115 9353529.

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring	
Grade	From 01 Nov 2016 £/hr
Partner	625
Director	560
Senior Manager	510
Manager	425
Senior Administrator	295
Administrator	215
Support	131

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

#### Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows.

*Category 1 disbursements:* These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

*Category 2 disbursements:* These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements during the period 24 August 2018 to 12 October 2018.

<b>SIP 9 - Disbursements</b>					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Professional and legal fees	100.00		NIL		<b>100.00</b>
Rates	11.00		NIL		<b>11.00</b>
<b>Total</b>	<b>111.00</b>		<b>NIL</b>		<b>111.00</b>

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements are to be approved in the same manner as our remuneration.

## Narrative of work carried out for the period 24 August 2018 to 20 September 2018

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences;</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ arranging bonding and complying with statutory requirements;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Reports to debenture holders	<ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of HSBC regarding the progress of the administration and case strategy.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working initially on tax returns relating to the periods affected by the administration;</li> <li>■ analysing VAT related transactions;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ providing notification of our appointment;</li> <li>■ responding to enquiries from shareholders regarding the administration;</li> <li>■ providing copies of statutory reports to the shareholders.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets;</li> <li>■ liaising with agents regarding the sale of assets;</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies.</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's freehold property;</li> <li>■ performing land registry searches.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with;</li> <li>■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ drafting and circulating our proposals;</li> <li>■ creating and updating the list of unsecured creditors.</li> </ul>

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Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies,</li> <li>■ arranging for the redirection of the Company's mail;</li> <li>■ reviewing the questionnaires submitted by the Directors of the Company;</li> <li>■ reviewing pre-appointment transactions,</li> <li>■ submitting the online director conduct assessment to the relevant authority.</li> </ul>
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## Time costs

<b>SIP 9 –Time costs analysis (24/08/2018 to 12/10/2018)</b>			
	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Bankrupt/Director/Member			
Notification of appointment	2.00	850 00	425 00
General			
Fees and WIP	0.80	172 00	215 00
Statutory and compliance			
Appointment and related formalities	28.05	6,198 75	220.99
Checklist & reviews	10.95	2,354 25	215.00
Tax			
Initial reviews - CT and VAT	4.40	1,189 00	270 23
Post appointment corporation tax	5.85	2,983 50	510 00
Post appointment VAT	1.40	595 00	425 00
<b>Creditors</b>			
Creditors and claims			
General correspondence	1.60	807 50	504.69
Pre-appointment VAT / PAYE / CT	1.00	510 00	510 00
Secured creditors	1.00	510 00	510 00
Statutory reports	10.50	2,257 50	215.00
Employees			
Pensions reviews	0.50	107 50	215 00
<b>Realisation of assets</b>			
Asset Realisation			
Freehold property	4.35	2,201 00	505 98
<b>Total in period</b>	<b>72.40</b>	<b>20,736.00</b>	<b>286.41</b>
Brought forward time (appointment date to SIP 9 period start date)	0 00	0 00	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	61 75	18,254 50	
Carry forward time (appointment date to SIP 9 period end date)	61 75	18,254 50	

## Appendix 6 Statement of Affairs, including creditor list

This is the Statement of Affairs for the Company as at the date of our appointment.

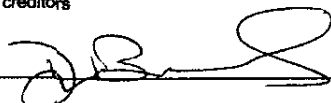
We have not carried out anything in the nature of an audit on the information provided. The figures do not take into account the costs of the administration.

### A --- Summary of Assets

QFH

Assets		Book Value £	Estimated to Realise £
<b>Assets subject to fixed charge:</b>			
A)	FREEHOLD PROPERTY	2,300,000	2,300,000
	FIXTURES AND FITTINGS ADDITIONS	577,108	0
	FREEHOLD PROPERTY ACC DEPN	(450,939)	0
	NBV	2,426,169	2,300,000
A)	HSBC MORTGAGE	(657,858)	(657,858)
	SURPLUS TO FIXED CHARGE HOLDER	1,768,310	1,642,142
C)	<b>Assets subject to floating charge:</b>		
	INTERCOMPANY BALANCE		
	I/CO DEBTOR QFH £291,728 DUE FROM QFC	291,728	0
Estimated total assets available for preferential creditors		1,768,310	1,642,142

Signature



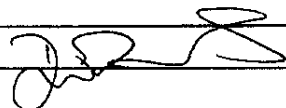
Date

26<sup>th</sup> September 2018

# Summary of Liabilities

	Estimated to Realise £
<b>Estimated total assets available for preferential creditors(carried from Page A)</b>	<b>1,642,142</b>
<b>Liabilities</b>	
<b>Preferential Creditors:-</b>	
<b>Employee claims</b>	
Pensions	0
Attachment of Earnings	0
Holiday Pay provision	0
weekly Salary	0
<b>Estimated surplus as regards preferential creditors</b>	<b>1,642,142</b>
Estimated prescribed part of net property where applicable (to carry forward)	20% (331,428)
<b>Estimated total assets available for floating charge holders</b>	<b>1,310,713</b>
Debts secured by floating charges	0
<b>Estimated deficiency of assets after floating charges</b>	<b>1,310,713</b>
Estimated prescribed part of net property where applicable (brought down)	331,428
<b>Total assets available to unsecured creditors</b>	<b>1,642,142</b>
Unsecured non preferential claims(excluding any shortfall to floating charge holders)	0
Trade Creditors	
Unsecured employee creditors	
HMRC VAT	468,748
TOTAL QFH HMRC-VAT	468,748
<b>Estimated deficiency/surplus as regards non preferential creditors(excluding any shortfall to floating charge holders)</b>	
Shortfall to floating charge holders(brought down)	
<b>Estimated deficiency/surplus as regards creditors</b>	<b>1,173,394</b>
Issued and called up capital	
Ordinary Shares	950,000
<b>Estimated total deficiency/surplus as regards members</b>	<b>223,394</b>

Signature



Date

26<sup>th</sup> September 2018

**Note:** You must include all creditors with the EXCEPTION of employee creditors and pre-paid consumer creditors. You must confirm if any of the creditors are under hire-purchase, chattel leasing or conditional sale agreements by stating which of these (if any) are applicable in the column below. You must also identify any creditors claiming retention of title over property in the company's possession by including a tick in the ROT column below.

[illegible]

Signature \_\_\_\_\_ Date 26<sup>th</sup> September 2018

## Appendix 7      Glossary

<b>Bank</b>	HSBC Bank PLC
<b>Company</b>	QFH Limited- in Administration
<b>Group</b>	The Company together with; The Quality Furniture Company Limited
<b>Joint Administrators/we/our/us</b>	Chris Pole and Mark Orton
<b>KPMG</b>	KPMG LLP
<b>Secured creditors</b>	HSBC Bank PLC HSBC Invoice Finance Limited
<b>Lambert Smith Hampton</b>	Lambert Smith Hampton Group Limited
<b>Actons</b>	Actons Solicitors

Any references in these proposals to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

## Appendix 8      Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Chris Pole and Mark Orton, the Joint Administrators of QFH Limited – in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

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.

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these proposals.

Christopher Robert Pole is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

Mark Jeremy Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – [home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html](https://home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html).

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of these proposals or the conduct of the administration.

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