

AM10

Notice of administrator's progress report



Companies House

FRIDAY



A8JQDR6R

A10

06/12/2019

#157

COMPANIES HOUSE

1 Company details

Company number 0 2 8 0 6 9 7 3

Company name in full Applegarth Dene Ltd

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Julie

Surname Palmer

3 Administrator's address

Building name/number Units 1-3 Hilltop Business Park

Street Devizes Road

Post town Salisbury

County/Region Wiltshire

Postcode S P 3 4 U F

Country

4 Administrator's name ①

Full forename(s) Marco

Surname Piacquadio

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Exchange House

Street

Post town 494 Midsummer Boulevard

County/Region Milton Keynes

Postcode M K 9 2 E A

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 2	^d 5	^m 0	^m 7	^y 2	^y 0	^y 1	^y 9
To date	^d 0	^d 4	^m 1	^m 2	^y 2	^y 0	^y 1	^y 9

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

[Handwritten Signature]

X

Signature date	^d 0	^d 4	^m 1	^m 2	^y 2	^y 0	^y 1	^y 9
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**Applegarth Dene Ltd
(In Administration)
Joint Administrators' Trading Account**

Statement of Affairs £		From 25/07/2019 To 04/12/2019 £	From 25/01/2019 To 04/12/2019 £
	POST APPOINTMENT SALES		
NIL	Customer Direct Debits	NIL	11,736.25
		NIL	11,736.25
	TRADING EXPENDITURE		
NIL	Expenses	NIL	536.40
NIL	Lloyds Loan Repayment	NIL	3,182.32
NIL	Miscellaneous Expenses	NIL	2,000.00
		NIL	(5,718.72)
	TRADING SURPLUS/(DEFICIT)	NIL	6,017.53

Applegarth Dene Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 25/07/2019 To 04/12/2019 £	From 25/01/2019 To 04/12/2019 £
	FIXED CHARGE ASSETS		
341,815.45	Business Contracts	NIL	191,815.45
40,181.55	Goodwill	NIL	40,181.55
1.00	Intellectual Property	NIL	1.00
1.00	Leasehold Property	NIL	1.00
NIL	Shares and Investments	NIL	NIL
		NIL	231,999.00
	COSTS OF REALISATION		
	Agents Fee	NIL	385.18
	Agents Fee (Lease Review)	NIL	900.00
	Legal Disbursements	NIL	7,710.81
	Legal Fees	NIL	16,657.04
	Legal Fees (Lloyds)	NIL	1,125.79
	Pre Appointment Expenses	NIL	106.92
	Pre Appointment Fees	NIL	45,953.00
		NIL	(72,838.74)
	SECURED CREDITORS		
(347,776.39)	Lloyds Bank PLC	NIL	200,000.00
		NIL	(200,000.00)
	ASSET REALISATIONS		
30,000.00	Book Debts	NIL	30,000.00
1 00	Books and Records	NIL	1.00
3,548.79	Cash at Bank	NIL	3,690.42
6,000.00	Office Furniture and Equipment	NIL	6,000.00
NIL	Rent	NIL	3,450.00
	Trading Surplus/(Deficit)	NIL	6,017.53
20,000.00	Vehicle	NIL	20,000.00
		NIL	69,158.95
	COST OF REALISATIONS		
	Agents Fee	NIL	114.82
	Legal Disbursements	NIL	2,298.59
	Legal Fees	NIL	4,965.46
	Legal Fees (Lloyds)	NIL	918.57
	Post App Receipts to Purchaser	NIL	288.51
	Rents Payable	NIL	3,450.00
		NIL	(12,035.95)
	PREFERENTIAL CREDITORS		
(673.28)	Pension Contributions	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(33,191.58)	HMRC - Corporation Tax	NIL	NIL
(26,886.29)	HMRC - PAYE	NIL	NIL
(46,798.77)	HMRC - VAT	NIL	NIL
(1,227,522.66)	Trade Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,242,300.18)		NIL	16,283.26
	REPRESENTED BY		
	Floating Charge Bank a/c		232.02

Applegarth Dene Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 25/07/2019 To 04/12/2019 £	From 25/01/2019 To 04/12/2019 £
REPRESENTED BY CONTINUED		
Vat Control Account		16,051.24
		16,283.26

Julie Anne Palmer and Marco Piacquadio appointed joint administrators on 25 January 2019

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

Applegarth Dene Ltd (In Administration)

Final Progress Report of the joint administrators

Period: 25 July 2019 to 04 December 2019

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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 - 2. Summary of administrators' proposals, including major amendments to, and deviations from them
 - 3. Time costs and disbursements
 - 4. Statement of expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Applegarth Dene Ltd (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 25 January 2019
"the administrators", "we", "our", "us"	Julie Anne Palmer of Begbies Traynor (Central) LLP, Units 1-3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF and Marco Piacquadio of Begbies Traynor (Central) LLP, Exchange House, 494 Midsummer Boulevard, Milton Keynes, MK9 2EA
"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.

2. STATUTORY INFORMATION

Name of Company	Applegarth Dene Ltd
Trading name:	Danton Partners
Date of Incorporation:	5 April 1993
Company registered number:	02806973
Company registered office:	Unit 7 Merlin Centre, Gatehouse Close, Aylesbury, HP19 8DP

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators	Julie Anne Palmer, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Units 1-3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF and Marco Piacquadio, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Exchange House, 494 Midsummer Boulevard, Milton Keynes, MK9 2EA
Date of appointment:	25 January 2019
Date of resignation:	N/A
Court:	High Court of Justice
Court Case Number:	000084 of 2019
Persons making appointment / application:	Christopher Hatton and Sally Daniel-Hatton of 11 Little London, Whitchurch, Aylesbury, Buckinghamshire, HP22 4LE
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no extensions to the administration period.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 25 July 2019 to 04 December 2019.

There have been no receipts or payments during the period of this report.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to

allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 3. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous report contains details of the work undertaken since our appointment.

General case strategy and planning

During the period of this report I have reviewed and updated my case planning and strategy memorandum, carried out reviews of the case, dealt with routine correspondence and emails, maintained physical and electronic records and filed relevant correspondence.

The majority of the above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

Banking

I have continued to maintain the Administrators' bank account, carrying out regular reconciliations of the account.

The above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to ensure that regular reviews and reconciliations are carried out in respect of the Administration bank account.

Sale of business / assets

During the period of this report I have liaised with the purchasers of the business and assets with regards to client monies paid into the Company's bank account. These funds have been reconciled and forwarded to the purchaser under the terms of the sale and purchase agreement.

Furthermore, work has been carried out regarding the assignment of the Company's lease to the purchaser. The lease assignment subsequently completed on 20 September 2019.

VAT and Taxation Matters

During the period of this report I have de-registered the Company from VAT, filed VAT returns with HM Revenue & Customs ("HMRC") and reclaimed VAT in respect of costs incurred.

Administration

As detailed in my interim progress report, I had identified two key matters which required further investigations and which could result in additional realisations for the benefit of creditors:

- **Pension Scheme Contributions:** A total of £134,000.00 has been paid by the Company into the pension scheme within the previous 36 months. Furthermore, a loan of £46,000.00 was made to the scheme approximately two months prior to my appointment.

These transactions have been further reviewed during the period of this report and we have received confirmation from the Directors' Trustee in Bankruptcy that these funds have since been withdrawn from the pension scheme. Further work is required to establish if claims may be brought in this regard; and

- **Tax Avoidance Scheme:** A tax avoidance scheme in the name of Alchemy has been identified and it was suggested by the Company's Directors that approximately £250,000.00 will be due to HMRC in this regard.

Details of the scheme and the beneficiaries have been received from the scheme provider and reviewed by the Administrators and our instructed solicitor.

During the period of this report we have reviewed the information received to enable us to formulate claims against third parties. The matter has also been discussed with our instructed solicitors and we are in the process of submitting our interim claims against those parties.

It is envisaged that this, along with further investigations required in this regard, may result in sufficient realisations to enable a distribution to the Company's unsecured creditors.

Statutory Reports and Returns

I confirm that I have prepared my interim progress report and filed a copy of this at Companies House, at Court and made it available online for creditors. The time spent in drafting reports also included work relating to this document.

The above work derived no financial benefit for creditors. However, the Insolvency Profession is a highly regulated industry and we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

5. OUTCOME FOR CREDITORS

Secured creditor

Lloyds Bank PLC ("Lloyds") has a fixed and floating charge which was registered at Companies House on 15 November 2014. Below are details of the charges registered at Companies House.

Security	Date	Short Particulars
Debenture	11 November 2014	Fixed and floating charge over all the property or undertakings of the Company.

The charge documentation was reviewed by Howes Percival LLP who have confirmed that the charges are to be treated as valid and enforceable for the purpose of distribution of any net funds realised from the sale of the Company's business and assets.

The Directors estimated that, as at 25 January 2019, the sum due to Lloyds totalled £347,776.39. It is expected that once all deferred consideration payments have been realised, Lloyds should be repaid in full before any costs are taken into account.

It should be noted that Lloyds holds separate security in the form of personal guarantees from the Company's Directors and charges over associated company assets. Accordingly, it is possible that they may be repaid under their alternative securities and that the amount paid to them in the Administration may be less.

To date, Lloyds have received £200,000.00.

Preferential creditors

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") it was anticipated that there would be no preferential creditors

However, as previously advised, there were outstanding pension contributions of £673.28 which would ordinarily be classed as a preferential claim. Whilst any such arrears would normally be caught under the sale and purchase agreement (where TUPE applies) and therefore be a liability for the purchasing company I referred the matter to our solicitor for advice.

It was noted that the liability may not transfer to the purchaser if the sale and purchase agreement did not specifically account for the transfer of arrears of pension contributions. Accordingly, I discussed the matter with the Redundancy Payments Service who advised that, where they have previously taken the view that they will not look to make payments in respect of pension arrears in a TUPE scenario, they are currently reviewing this approach and, currently, their policy is that it will consider making payments in respect of pension scheme arrears (subject to statutory limits).

The decision was therefore made to submit the relevant forms to the Redundancy Payments Service and, if they do meet these liabilities, it is expected that they will submit a subrogated claim in the Administration of £673.28 which, providing sufficient funds are realised, will enable preferential claims to be paid in full.

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

Based on the Statement of Affairs, it was estimated that the Company's net property, as defined in section 176A(6) of the Act, would be £93,099.12 and that the prescribed part of the Company's net property would be £21,619.82. However, it should be noted that this does not account for the costs of the Administration. Furthermore, if Lloyds are repaid in full under their fixed charge, then the prescribed part provisions will not apply.

Unsecured creditors

The Company's unsecured creditors were estimated to total £1,682,848.97. Significant unsecured creditor claims comprised the following:

HMRC

The Directors did not have sufficient information to provide details of amounts owed to HMRC. Accordingly, and further to my appointment, I spoke with HMRC directly who advised that they were owed the following:

VAT:	£46,798.77
PAYE:	£26,886.29
Corporation Tax:	£33,191.58

It should be noted that HMRC may have an additional claim of approximately £250,000.00 in respect of the Company's tax avoidance scheme. This additional amount is not reflected in the draft Statement of Affairs as limited information regarding the scheme has been received in this regard.

Mr & Mrs Watson

It is anticipated that Mr & Mrs Watson are owed £1,219,753.95.

To date, unsecured claims totalling £130,476.51 have been received. There have been insufficient realisations to date to pay a dividend to unsecured creditors. However, as above, a number of claims against third parties have been identified. Therefore, if Lloyds are repaid under their alternative forms of security and, providing that there are realisations from claims against various third parties, a dividend to the unsecured creditors may be possible.

Exit from Administration

Once the Notice of move from Administration to creditors' voluntary liquidation (Form AM22) has been registered at Companies House (which we anticipate shortly), our appointment as Administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation with the former Administrators acting in the capacity as joint Liquidators of the Company.

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as deemed approved under Rule 3.38(4) of the Rules in the absence of an initial meeting of creditors.

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

Set out below is a summary of the steps taken during the Administration. Creditors should refer to my interim progress report and proposals for full details of each matter:

- Continuing the trade of the business following our appointment as Administrators;
- Negotiating with prospective purchasers in respect of the terms of the proposed sale of the business and assets;
- Achieving a sale of the Company's business and asset;
- Carrying out our statutory duties following our appointment by filing relevant documentation at Companies House and with Court and circulating details to creditors;
- Carrying out detailed investigations into the financial affairs of the Company and reporting to the Insolvency Service on the directors' conduct;
- Assisting with the assignment of the Company's lease to the purchaser;
- Issuing a payment to the Company's secured creditor;
- Liaising with various third parties and reviewing information received to formulate claims against third parties;
- Liaising with creditors; and
- Preparing and filing statutory reports and returns with Companies House, Court and creditors.

8. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by the secured creditor on 02 April 2019 by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate. We are also authorised to draw disbursements, including disbursements for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of Administration and which are attached at Appendix 2 of this report.

Our original fees estimate was £58,045.80 plus VAT. Our time costs for the period from 25 July 2019 to 04 December 2019 amount to £4,996.50, which represents 17 20 hours at an average rate of £290.49 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 3:

- ☐ Time Costs Analysis for the period 25 July 2019 to 04 December 2019
- ☐ Begbies Traynor (Central) LLP's charging policy

In addition to the time costs information disclosed at Appendix 3 for the period since our last progress report, a cumulative Time Costs Analysis for the period from 25 January 2019 to 04 December 2019 is

also attached at Appendix 3 which shows that time costs since our appointment total £45,947.00, representing 160.60 hours at an average rate of £160.60 per hour.

I confirm that no post-appointment fees have been drawn since our appointment as Administrators. As can be seen from the information above, our estimate has not been exceeded. We are pleased to report that we do not anticipate that it is likely to be exceeded if matters progress to conclusion as envisaged.

Disbursements

In the period from 25 July 2019 to 04 December 2019 we have not drawn any category 1 disbursements.

Category 2 Disbursements

In the period from 25 July 2019 to 04 December 2019 we have not drawn any category 2 disbursements.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

9. EXPENSES

A statement of the expenses incurred by us during the period of this progress report is attached at Appendix 4. A cumulative statement of expenses also appears at Appendix 4 which details the expenses incurred since the date of our appointment.

Creditors will recall that we estimated that the expenses of the Administration would total £32,411.75 plus VAT. That estimate has not been exceeded and we do not expect it to be exceeded if matters progress to conclusion as envisaged. Please note that costs incurred in respect of Howes Percival are yet to be confirmed as this matter is ongoing. However, as above, it is anticipated that they will not exceed the original estimate.

Please note that amounts shown under Legal Fees on the Receipts & Payments Account are in respect of both the pre-appointment and post-appointment periods.

Name of Party	Work Completed	Estimated Costs to be Incurred	Actual Costs Incurred
		£	£
BRV (UK) Limited	Reviewing the valuation report provided by Eddisons and ratifying the values provided.	500.00	500.00
Howes Percival LLP	Legal fee in respect of the sale of the business and assets and the preparation of the relevant asset sale agreement.	4,671.50	5,507.50
Howes Percival LLP	Legal Disbursements in respect of the completion of the sale of the business and assets: Court fees;	541.00	541.00

	Online search; and Banking fees.		
Courts Advertising	Statutory advertising costs in respect of the advertisement of the appointment of Administrators.	79.25	79.25
Marsh	Statutory bonding costs.	120.00	120.00
Transport	Travel costs in respect of a meeting carried out for investigation purposes.	46.70	46.70
Howes Percival	Legal fees in respect of the assignment of the Company's lease.	1,500.00	2,000.00
Howes Percival	Any sums recovered from third parties as a result of assisting the appointed Insolvency practitioner with relevant investigations.	0.00 – 25,000.00	Pending
Total		32,411.75	8,794.45

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-Administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

11. ASSETS THAT REMAIN TO BE REALISED

As above, we are in the process of formalising our claims against third parties. At this stage, it is not the Administrators' intention to provide further information to creditors so as to avoid the risk of jeopardising any such claims.

Furthermore, we are awaiting receipt of remaining sale proceeds which are payable at 24 months and 26 months following completion.

In addition to this, a VAT reclaim of £16,283.26, along with the deferred consideration payments due from the purchaser, are yet to be received.

12. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. We have complied with our duties in this respect

Investigations completed and action taken

As explained in our interim progress report we have been investigating the manner in which the business was conducted prior to the Administration of the Company and potential recoveries for the estate in this respect.

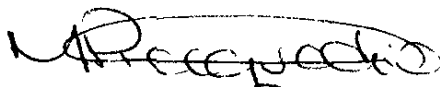
Since our interim progress report we have reviewed the various documentation obtained to enable us to formulate our claims against third parties. As above, it is not the Administrators' intention to provide creditors with further information on these claims at this stage.

Use of personal information

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

13. CONCLUSION

Our appointment as Administrators will cease to have effect on the filing of this final report with the Registrar of Companies



Marco Piacquadio
Joint Administrator

Date: 04 December 2019

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 25 July 2019 to 04 December 2019

Applegarth Dene Ltd
(In Administration)
Joint Administrators' Trading Account

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(46,798.77)	HMRC - VAT	NIL	NIL
(1,227,522.66)	Trade Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,242,300.18)		NIL	16,283.26
	REPRESENTED BY		
	Floating Charge Bank a/c		232.02

**Applegarth Dene Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 25/07/2019 To 04/12/2019 £	From 25/01/2019 To 04/12/2019 £
REPRESENTED BY CONTINUED Vat Control Account		16,051.24
		16,283.26

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 (as amended)

At the commencement of the Administration we considered that the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors.

We considered that the objective had already been largely achieved due to the sale of the Company's business and assets to the purchaser thereby realising sufficient funds to enable a distribution to Lloyds as the Company's secured creditor. However, it was also noted that the sale had achieved 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) and the sale had safeguarded the jobs of the employees and reduced the Company's liabilities in respect of holiday pay, payment in lieu of notice and redundancy payments

Furthermore, having carried out our investigations into the affairs of the Company and the conduct of its Directors, we considered that there may be sufficient realisations (as a result of bringing claims against various third parties) to enable a distribution to the Company's unsecured creditors.

Given the points raised above, we propose to move the Administration to Liquidation and remain in office as Liquidators in order to:

- 1) Realise the outstanding deferred consideration arising from the sale (this work would provide a financial benefit to creditors).
- 2) Continue our investigations into the affairs of the Company and the conduct of its Directors and provide a further report under Company Directors' Disqualification Act 1986, where necessary.
- 3) Continue our investigations to enable us to bring potential claims against third parties which may increase the pot of funds available for creditors.
- 4) Report to creditors on our progress (in accordance with the timeframe set out under statute).
- 5) Distribute any assets realised to creditors (again in accordance with the provisions set out under the relevant statute).

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 25 July 2019 to 04 December 2019;
- c. Cumulative Time Costs Analysis for the period from 25 January 2019 to 04 December 2019.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *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 of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile; and
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

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

² 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 items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of Eddisons Commercial Limited ("Eddisons") to provide assistance with the valuation and sale of the assets. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows.

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

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 costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case.

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

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

- (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

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also

receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

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 Milton Keynes office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

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.

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[illegible]

Category	0.6	1.3				3.3	3.8		0.3	1.0	0.5	9.0	2,555.50	283.94
General Case Administration and Planning														
Administration						0.4						21.5	4,830.50	224.67
Total for General Case Administration and Planning	0.6	1.3				0.4			0.3	1.0	0.5	36.5	7,386.00	342.16
Compliance with the Insolvency Act, Rules and best practice														
Appointment		3.9										7.3	2,500.00	342.53
Banking and Bonding						0.2						13.0	2,328.50	179.12
Case Closure														0.00
Statutory reporting and statement of affairs		7.3					13.9					32.9	8,301.00	282.71
Total for Compliance with the Insolvency Act, Rules and best practice	0.6	11.2				0.2	22.8				7.3	83.2	14,130.00	365.60
Investigations														
GDCA and investigations		8.3					25.9					34.5	9,596.00	278.14
Total for Investigations		8.3					25.9					34.5	9,596.00	278.14
Realisation of assets														
Debt collection							0.3					0.3	67.50	225.00
Property, business and asset sales		11.3					8.7					18.0	6,536.00	363.11
Retention of Third Party assets							2.8					6.2	1,477.50	238.31
Total for Realisation of assets		11.3					8.8					24.2	8,080.00	323.84
Trading		5.0										5.0	2,225.00	445.00
Total for Trading		5.0										5.0	2,225.00	445.00
Dealing with all creditors claims (including employees), correspondence and distributions		0.5										0.5	222.50	445.00
Others		3.6					3.2					7.7	2,647.00	330.78
Creditors committee														0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions		4.1					3.2					8.2	2,769.50	330.78
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel														
Seeking decisions of creditors		0.5										0.5	222.50	445.00
Meetings														0.00
Other		0.3					0.8					1.1	315.50	285.00
Tax		0.2										1.0	285.00	285.00
Litigation		2.1										2.1	934.50	445.00
Total for Other matters		3.1					0.8					4.7	1,758.50	374.38
Total hours by staff grade	0.6	44.3				0.6	82.2		0.3	1.0	7.8	180.6		
Total time cost by staff grade	297.00	18,713.50				207.00	18,485.00		62.50	140.00	1,022.00		45,947.00	
Average hourly rate £	485.00	445.00				345.00	225.00		175.00	140.00	140.00		286.10	
Total fees drawn to date £													0.00	

STATEMENT OF EXPENSES FOR THE PERIOD

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Any sums recovered from third parties as a result of assisting the appointed Insolvency practitioner with relevant investigations.	Howes Percival	Agreed on percentage of realisations estimated at up to £25,000.00	None	Agreed on percentage of realisations estimated at up to £25,000.00
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
None				

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Reviewing the valuation report provided by Eddisons and ratifying the values provided.	BRV (UK) Limited	500.00	500.00	Nil
Legal fee in respect of the sale of the business and assets and the preparation of the relevant asset sale agreement.	Howes Percival LLP	5,507.50	5,507.50	Nil
Legal Disbursements in respect of the completion of the sale of the business and assets: <ul style="list-style-type: none"> • Court fees; • Online search; and • Banking fees. 	Howes Percival LLP	541.00	541.00	Nil
Statutory advertising costs in respect of the advertisement of the appointment of Administrators.	Courts Advertising	79.25	79.25	Nil
Statutory bonding costs.	Marsh	120.00	120.00	Nil
Travel costs in respect of a meeting carried out for investigation purposes.	Various	46.70	46.70	Nil
Legal fees in respect of the assignment of the Company's lease.	Howes Percival	2,000.00	2,000.00	Nil
Any sums recovered from third parties as a result of assisting the appointed Insolvency practitioner with relevant investigations.	Howes Percival	Agreed on percentage of realisations	None	All
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
None				