

AM03

Notice of administrator's proposals



Companies House

THURSDAY



A8440H23

A21

25/04/2019

#252

COMPANIES HOUSE

1 Company details

Company number 03467634

Company name in full GOSTUNG LIMITED

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

2 Administrator's name

Full forename(s) HENRY ANTHONY

Surname SHINNERS

3 Administrator's address

Building name/number 25 MORGATE

Street

Post town London

County/Region

Postcode EC2RGAY

Country UNITED KINGDOM

4 Administrator's name ①

Full forename(s) EMMA LOUISE

Surname THOMPSON

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

5 Administrator's address ②

Building name/number 25 MORGATE

Street

Post town London

County/Region

Postcode EC2RGAY

Country UNITED KINGDOM

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

AM03

Notice of Administrator's Proposals

6 Statement of proposals

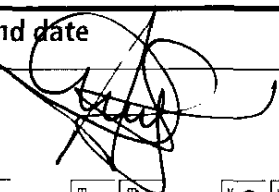


I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature
X



X

Signature date

d

2

d

3

m

0

4

y

2

0

y

1

y

9

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

JONATHAN PEARSON

Company name

SMITH & WILLIAMSON LLP

Address

25 MORTGATE

Post town

LONDON

County/Region

Postcode

EC2R6AY

Country

UNITED KINGDOM

DX

N/A

Telephone

020 7131 4019



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 or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Gostling Limited (in administration)

Joint administrators' Report and Statement of Proposals pursuant
to Paragraph 49 of Schedule B1 Insolvency Act 1986

23 April 2019



Contents

1.	Glossary	3
2.	Introduction	4
3.	Key points	4
4.	Background to the administration	5
5.	Purpose of administration and strategy	6
6.	Joint administrators' receipts and payments	6
7.	Conduct of the administration	8
8.	Financial position at the date of administration	11
9.	Estimated outcome for creditors	12
10.	Proposals for achieving the purpose of administration	12
11.	Exit route from administration	13
12.	Other matters relating to the conduct of the administration	14
13.	Pre-administration costs and expenses	14
14.	Joint administrators' remuneration	14
15.	Administration expenses	16
16.	Creditors decisions	17
17.	Privacy and data protection	17
18.	Next report and creditors' rights	17

Appendices

I	Statutory information	20
II	Receipts and payments account	21
IV	Estimated Financial Position of the Company as at 26 February 2019	23
VI	Time analysis for the period	27
VII	Fees and costs estimate	30
VIII	Staffing, charging, subcontractor and adviser policies and charge out rates	32

1. Glossary

Abbreviation	Description
the Company	Gostling Limited
the administrators/joint administrators	Henry Anthony Shinnars and Emma Louise Thompson
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
ICAEW	Institute of Chartered Accountants in England & Wales
SOA	Statement of Affairs
ETR	Estimated to realise
CVA	Company Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
HMRC	HM Revenue & Customs
IVA	Individual Voluntary Arrangement
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
FC	Funding Circle Recoveries Limited / Funding Circle Trustee Limited, first ranking secured creditor and QFCH
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
The Purchaser	Gostling Lighthouse LLP
PG	Philip Gostling

2. Introduction

We, Henry Anthony Shinnars and Emma Louise Thompson (licenced insolvency practitioners), of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY were appointed administrators of the Company on 26 February 2019. This report sets out our proposals in respect of the administration of the Company and is prepared for creditors.

We have highlighted some points of note in the next section, and more detail can be found in the supplementary sections.

Appendix I contains information in respect of the Company and the joint administrators that is required under the IR16.

We will deliver these proposals to the creditors on 24 April 2019.

3. Key points

- The Company traded as an accountancy practice in Skipton, Yorkshire. It had 13 employees and offered various accountancy services including start-up advice, compliance, bookkeeping and taxation.
- The Company had cross guaranteed a number of unsecured loans (circa £1.1million) to companies associated with the Company's director, Philip Gostling. Following the failure of a number of these related companies during 2018, the cross guaranteed liabilities crystallised.
- The Company engaged Mazars LLP in January 2019 to undertake a review of the business and consider restructuring options but this was unsuccessful.
- On 22 February 2019, a winding up petition was presented against the Company by Arkle Finance.
- In order to safeguard the Company's assets we were appointed joint administrators of the Company on 26 February 2019 by FC as QFCH, pursuant to paragraph 14(1) of Sch B1 of IA86.
- Following appointment, we allowed the trade of the business of the Company to continue with the assistance of the retained employees. During the period between 26 February 2019 and 22 March 2019, the Company made a trading deficit of £3,722. This is before allowance for any professional fees incurred in dealing with the administration.
- During the administration we undertook an extensive marketing campaign and advertised the Company for sale. This resulted in significant interest and seven firm offers being received.
- A sale of the Company's business and assets (excluding book debts) completed on 22 March 2019 to Gostling Lighthouse LLP having presented the best offer. Further details regarding the sale can be found at section 5 of this report. As a result of the sale, we will achieve the second part of the purpose of administration by 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) pursuant to P3(1)(b) Sch B1.
- The main asset of the Company sold was the goodwill, which was subject to a fixed charge in favour of FC. Accordingly, FC as the secured creditor holding the fixed charge over the goodwill receives realisations from the sale after related costs in priority to unsecured creditors. Due to the professional costs of dealing with the secured assets, there are insufficient realisations to facilitate a distribution to FC in full from fixed charge assets alone. FC's shortfall under the fixed charge and returns to other secured creditors are expected to be reliant upon floating charge realisations, predominantly debtors.
- The Company granted a floating charge to FC on 24 January 2013. Accordingly, we are required to set aside a Prescribed Part fund for unsecured creditors out of the Company's net floating charge property. Based on present information, we estimate the value of the Company's net floating charge property to be approximately £61,300.
- As there was a sale as a going concern, the Company's employees were transferred to the purchaser under TUPE, and so therefore it is anticipated that there will no preferential creditors.
- On current information, we do not believe there to be sufficient property to enable us to pay a dividend to unsecured creditors (other than by way of the Prescribed Part) and have made a statement pursuant to

P52(1)(b) Sch B1 accordingly. A creditors' decision to approve the proposals is, therefore, not being sought.

- If 10% or more by value of the Company's creditors so wish, a request may be made that the proposals be approved via a decision process instead.
- We are seeking approval of the basis of our remuneration and disbursements as set out at section 14 and of the pre-appointment costs and expenses as set out in section 13 from the secured creditors.
- We are also seeking approval of our discharge from liability from the secured creditors.
- Our proposals will be deemed to have been approved on 8 May 2019 if we do not receive a valid request for a creditors' meeting.

4. Background to the administration

The history of the Company

The Company was incorporated in November 1997 and had traded profitably for over 20 years. The business was founded by Philip and Joanne Gostling and it grew both organically and through acquisitions of clients from other firms, including two significant acquisitions in 2007 in the Bingley, Yorkshire area.

The Company operated from leasehold premises in Skipton offering various accountancy services including start-up advice, compliance, bookkeeping and taxation. A small proportion of the Company's work has historically related to audit (circa £30k) which was regulated by ICAEW. There are 13 employees including three professionally qualified accountants.

PG, a chartered accountant regulated by the ICAEW, has historically acted as Managing Director of the Company and Joanne Gostling has acted as both director and secretary. PG was also the sole registered ICAEW practicing certificate holder of the Company.

Despite having traded profitably, the Company experienced financial difficulties due to the failure of numerous companies associated with Mr Gostling in 2018. As the Company had cross guaranteed a number of unsecured loans (circa £1.1million) in respect of these associated companies, the insolvencies resulted in the loan liabilities crystallising and becoming payable by the Company.

Due to its financial situation, the Company engaged insolvency practitioners from Mazars LLP in January 2019 to undertake a review of the business and consider restructuring options. The review concluded that the Company was insolvent given the level of creditor pressure and limited cash availability. Moreover, due to historic tax arrears of circa £200k, the Company would have been required to negotiate a Time to Pay Arrangement ("TTPA") with HMRC which, given that there was an existing TTPA in place, was considered unlikely.

As PG had personally guaranteed a large proportion of the associated unsecured loans, he presented an IVA proposal to his personal creditors. This was pertinent to the client goodwill and ongoing trade of the business because in the event of his bankruptcy, PG, as a practicing chartered accountant, would have had his practicing certificate and ICAEW membership suspended. PG would also not be able to continue as a director due to restrictions imposed on bankrupt individuals. On 28 January 2019, PG's IVA proposal was rejected by his creditors.

With the assistance of Mazars LLP, the Company approached its secured creditors to gauge whether they would support a CVA given the financial situation and the likely impact on the business of PG's impending bankruptcy. However, the Company was unable to secure the support of secured creditors for a CVA and FC issued demand on the Company on 15 February 2019.

The Company's administration

On 22 February 2019, a winding up petition (stamped by the Court on 15 February 2019) was presented against the Company by Arkle Finance. In consideration of this and their outstanding demand, FC enforced its security to appoint administrators under paragraph 14(1) of Sch B1 of IA86.

Henry Anthony Shinnars and Emma Louise Thompson are both qualified insolvency practitioners and licensed by the Institute of Chartered Accountants in England & Wales. As proposed joint administrators, statements and consents to act were provided by both on 26 February 2019.

We were appointed joint administrators of the Company by FC on 26 February 2019 and notice of our appointment was filed on 26 February 2019.

On the morning of 26 February 2019 the Company's employees were informed that joint administrators had been appointed that day. All employees were retained as our strategy was to continue to trade the Company for a limited period so that the business and assets could be marketed for sale. This is detailed in section 7 below.

5. Purpose of administration and strategy

The joint administrators must perform their functions with the objective of:

- rescuing the Company as a going concern; or
- 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
- realising property in order to make a distribution to one or more secured or preferential creditors.

In this case, the second objective above is being pursued.

The Company's business and assets have been sold to Gostling Lighthouse LLP as a going concern. Consequently, the second objective will be met on the basis that realisations from the administration will significantly exceed what would have been achieved in liquidation and we expect that funds will be available to creditors via the prescribed part. The goodwill of the business has been preserved by the sale and, if the Company have ceased to trade, it is likely that recoveries from debtors would have been materially eroded by the immediate cessation of the services. This, along with the extensive redundancy costs, would have significantly reduced the funds available to creditors.

The third objective will also be achieved, by the making of distributions to one or more secured creditors. Section 7 provides details of the actions taken to date in pursuit of our strategy for the administration and section 10 details our proposals to achieve the purpose of the administration and to bring it to a conclusion in due course.

Once appointed, administrators are obliged to perform their functions in the interests of the Company's creditors as a whole. Where the objective of the administration is to realise property in order to make a distribution to secured or preferential creditors, we have a duty to avoid harming unnecessarily the interests of the creditors as a whole.

6. Joint administrators' receipts and payments

A summary of our receipts and payments for the administration period from the date of our appointment to 5 April 2019 is attached at Appendix III. This shows funds in hand of £39,658 (fixed charge) and £26,652 (floating charge) held in the administration bank accounts.

6.1 Trading account

The joint administrators traded the Company between 26 February 2019 and 22 March 2019. This trade was funded by sales and debtor realisations during the period.

A trading account is provided in Appendix III which shows a trading deficit of £3,722 up to 22 March 2019. The individual items stated within the trading account are self-explanatory but the following items should be highlighted:

- **Sales** - This relates to sale invoices raised during the period. As the Company had undertaken a high level of invoicing in the weeks preceding administration relating to personal tax returns, the level of work in progress was lower than anticipated.
- **Direct labour** - This relates to employees' salaries for the period to 28 February 2019. Salaries for the subsequent period have been paid by the purchaser under TUPE.
- **Trade debtors** - As at 11 April 2019, £22,049 is to be collected in respect of sales invoices raised. As the majority of these invoices have just fallen due, we shall be pursuing these debts imminently.

6.2 Receipts and Payments

Fixed Charge Receipts

6.2.1 Goodwill

An amount of £82,500 has been received in the period in respect of the Company's goodwill.

6.2.2 Bank Interest Gross

An amount of £1 was earned in interest for funds held in the administration fixed charge bank account.

Floating Charge Receipts

Following the conclusion of the sale of the business and assets to Gostling Lighthouse LLP (further details of which are provided in section 7 below), proceeds of £7,697 have been received in respect of floating charge assets, as follows:

	Amount
Work in Progress	£4,182
Furniture & equipment	£2,500
License fee	£1,012
Leasehold property (The Innovation Centre, Millennium Road, Skipton, North Yorkshire BD23 2TZ)	£1
Contracts	£1
Third party claims	£1
Total	£7,697

6.2.3 Book debts

During the period, an amount of £35,497 has been received in respect of the Company's book debts. See below for more information.

6.2.4 Unallocated debtor receipts

An amount of £474 has been received in respect of debtors that have yet to be matched against specific invoices. This is expected to be resolved shortly.

6.2.5 Cash at bank

Prior to the date of administration, there was a credit balance of £11,147 held by Oakfield Park Professionals Limited, a company related to PG. These funds have now been transferred into the administration bank account.

6.2.6 Bank Interest Gross

During the period an amount of £3 was earned in interest for funds held in the administration bank account.

Fixed Charge Payments

6.2.7 Distribution to FC

Following the sale of the Company's goodwill, an amount of £43,841 was paid to FC during the period under the terms of their security.

6.2.8 Bank charges

An amount of £4 has been paid in the period relating to bank charges.

Floating Charge Payments

6.2.9 Trading Deficit

As above, there was a trading deficit of £3,722.

6.2.10 Agents/valuers fees and expenses

Amounts of £1,000 and £38 have been paid to valuation agents, Lambert Smith Hampton, in respect of their fees and expenses respectively to value the Company's property lease at The Innovation Centre, Millennium Road, Skipton, North Yorkshire BD23 2TZ.

6.2.11 Ransom creditor

It has been necessary to make payments to certain suppliers, including the Company's IT providers, to fulfil our duties as administrators. The amounts paid in this regard total £2,492.

6.2.12 Bank charges

An amount of £4 has been paid in the period relating to bank charges. These costs have arisen mainly due to same day payment charges required for refunding client monies received from HMRC relating to tax claims.

7. Conduct of the administration

7.1 Trading of the Company

The Company generated income through providing accountancy, tax and advisory services to clients.

A summary of the Company's trading results for the period 26 February 2019 to 22 March 2019 is detailed within the Receipts and Payments section above.

Duties undertaken by the joint administrators in respect of the ongoing trade of the Company include the following:

- Raising sales invoices for various services provided.
- Engaging with employees in respect of the trading administration.
- Engaging with management on a daily basis in respect of WIP, general trading performance, financial reporting and employee matters.
- Liaising with numerous creditors to negotiate ongoing supply.
- Dealing with the Company's bankers, HSBC, to recover funds into the administration bank account to facilitate payment of salaries.
- Dealing with client monies received from HMRC and, where necessary, arranging for these funds to be returned in line with Clients' Money Regulations.
- Arranging payments to suppliers.
- Dealing with post appointment taxation including VAT and PAYE.
- Arranging the payroll for February 2019's wages and salaries.
- Monitoring trade against the forecasts prepared.

7.2 Sale of the business

Following appointment, the administrators immediately took measures to market the business and assets of the Company for sale as a going concern. Due to the potential for rapid erosion of the Company's client goodwill, it was determined that the marketing process should be undertaken for a limited period, particularly given the lack of funding available to support trading.

The marketing measures undertaken included the following.

- a) Advertising the Company for sale in the Financial Times and Yorkshire Post on 1 March 2019.
- b) Listing the Company for sale on businessesforsale.com.
- c) Sending a teaser document to all accountancy firms local to the Company in Skipton, Yorkshire.
- d) Promoting the teaser documentation on social media including LinkedIn.
- e) Issuing the teaser to all Smith & Williamson partners and directors for distribution to their clients and contacts, as appropriate.

This generated 21 interested parties with non-disclosure agreements being issued to 15 of these parties. The joint administrators invited best and final offers for the business to be submitted, which resulted in seven bids being received. Subsequently discussions ensued to ensure that the best outcome for creditors was achieved.

A going concern sale of the Company's business and assets (excluding book debts) was achieved to Gostling Lighthouse LLP ("the Purchaser") on 22 March 2019. In accordance with SIP 13, we advise that the Purchaser is connected to the Company by virtue of Joanne Gostling, a former director of Gostling Limited and wife of PG, being the sole natural person member of the Purchaser. The business and assets were sold to the bidder which offered the highest price.

The assets sold comprised the following.

- Goodwill and intellectual property rights.
- Contracts.
- Leasehold property.
- Work-in-progress.
- Equipment.
- Third party claims.

The total consideration received for these assets was £225,003 plus work undertaken from appointment date to completion date of £4,182.

Of the £225,003 referred to above, payments are structured as follows:

	£
22 March 2019 (completion)	85,003
15 September 2019	10,000
15 October 2019	10,000
15 November 2019	15,000
15 December 2019	15,000
15 January 2020	15,000
15 February 2020	15,000
15 March 2020	15,000
15 April 2020	15,000
15 May 2020	15,000
15 June 2020	15,000
Total	£225,003

The Purchaser has granted a debenture over its assets in favour of the Company as security for the sale consideration detailed above. The debenture was registered at Companies House on 5 April 2019.

The joint administrators believe that the sale of the Company's assets enables the statutory purpose to be achieved and represents the best available outcome for creditors in all of the circumstances.

7.3 Valuation of the business and assets

Smith & Williamson engaged real estate agents, Lambert Smith Hampton (“LSH”), to provide a valuation of the Company’s leasehold property and SIA Group (UK) Limited (“SIA”), to value the Company’s tangible assets. LSH advised that there was nil value in the Company’s leasehold property and SIA valued the Company’s tangible assets in the region of £2,500 if a going concern sale was achieved and £800 on a break up basis.

Both SIA and LSH are suitably qualified and independent to conduct the work they undertook on this matter and confirmed they have had no prior dealings with the Company or the Purchaser.

A discrete valuation of the business was undertaken by our valuation team which, once adjusted for the exclusion of debtors from the sale, concluded that the Company’s goodwill was considered to be of negligible value. We therefore consider the value achieved for goodwill to be a very good outcome for creditors.

7.4 Book debts and other receipts

The principal asset remaining to be realised is the debtors’ ledger. Of the book value of £777,775, £614,328 (79%) has been outstanding for over 120 days. A significant proportion of the debts are very historic and go back as far as 2008 in some instances. After accounting for general provisions following discussions with management, debtors are estimated to realise approximately £300,000.

The Purchaser has agreed to assist the administrators in the collection of the book debts and to undertake necessary works to complete certain clients’ Research & Development tax claims, which are projected to realise material sums for the Company. This assistance is being provided at no cost to the Company’s estate.

In addition, we have recently written to all debtors to request payment of outstanding amounts and continue to pursue these in collaboration with the Purchaser.

As at 11 April 2019 recoveries from book debts included in the joint administrators’ receipts and payments account totalled £35,497.

7.5 Other steps taken since appointment

We summarise below the other key matters that we have dealt with since our appointment. We have:

- negotiated arrangements with the Landlord regarding continued occupation of the premises
- dealt with client monies and the return of these
- obtained funds from the Company’s former bank account (subject to any ongoing receipts from debtors into that account)
- organised the production of P45s to former employees and relevant returns to HMRC
- isolated and recovered records of the Company where required for the purposes of the administration
- engaged with various third parties to obtain information regarding the Company’s affairs in the lead up to insolvency
- worked with our forensic team to image the Company’s electronic computer records
- reported to the ICAEW in respect of the administration
- investigated the directors’ conduct, as required by statute, and
- reviewed asset disposals within the relevant pre-appointment period.

8. Financial position at the date of administration

8.1 Estimated financial position of the Company

A SOA has not yet been received from the director despite requests. We understand that this is still in the process of being prepared and is to be delivered shortly. Attached as Appendix IV is a summary of the estimated financial position of the Company as at 26 February 2019, together with a list of creditors' names and addresses, details of their debts and, where applicable, details of any security held by them. This information has been taken from the company records but has not been subject to any audit.

8.2 Charges and secured creditors

FC holds a debenture containing fixed and floating charges over the Company's assets. At the date of the administration, the debt was estimated at £198,107. Interest has been, and continues to be, added until the liability has been paid in full.

Following completion of the sale of the business and assets to the Purchaser referred to in section 7.1, £42,841 has been paid on account to FC under its fixed charge.

Overall, the Company has granted charges over its assets as follows:

Chargeholder	Type of charge	Date	Amount Due £	Paid to Date £
Funding Circle	Debenture - Fixed and floating	24 January 2013	198,107	42,841
The North West Fund for Business Loans LP	Fixed and floating	10 June 2014	52,777	-
HSBC Bank Plc	Fixed and floating	5 May 2017	150,000	-
Totals			400,384	42,841

8.3 Prescribed Part

Where a company has created a floating charge on or after 15 September 2003 Section 176A of the Insolvency Act 1986 makes provision for a share of the company's net property to be set aside for distribution to *unsecured creditors in priority to the floating charge holder*. The company's net property is the balance that remains after preferential creditors have been paid and which would then otherwise be available for satisfaction of the claims of any holder of a debenture secured by a floating charge. The funds are referred to as the *Prescribed Part*.

The amount of the Prescribed Part is calculated as follows:

- 50% of the net property up to £10,000, plus
- 20% of the net property over £10,000
- up to a maximum Prescribed Part of £600,000.

The Company granted a floating charge to FC on 24 January 2013. Accordingly, we are required to set aside a Prescribed Part fund for unsecured creditors out of the Company's net floating charge property.

Based on present information, we estimate the value of the Company's net floating charge property to be £406,500. Arising from this, the value of the unsecured creditors' Prescribed Part fund is estimated to be £61,303. Please be aware that the value of this fund is likely to fluctuate during the course of the administration, due predominantly to debtor recoveries, and further updates will be provided in our progress reports in due course.

Where there is a Prescribed Part distribution to be made, this will be distributed by the joint administrators in the administration.

8.4 Preferential creditors

As there was a sale as a going concern, the Company's employees were transferred to the purchaser under TUPE, and so therefore it is anticipated that there will not be any preferential creditors.

8.5 Unsecured creditors

Unsecured creditor claims are estimated to be £1,472,739 in the Estimated Financial Position of the Company. Within this amount are claims of £1,027,695 in relation to cross guaranteed creditors.

We understand that PG and Richard Gostling (PG's brother) are creditors of the Company for £36,833 and £75,000 respectively. These amounts have been recorded as connected party creditors within the Estimated Financial Position of the Company.

9. Estimated outcome for creditors

Our current assessment of the likely outcome for creditors is as follows:

- Secured creditors' position - Due to the professional costs in dealing with the secured assets, the level of distribution is uncertain at this time. However, it is anticipated that the first ranking chargeholder, FC, should be paid in full.
- Preferential creditors' position - we do not anticipate that there will be any claims.
- Unsecured creditors' position - We presently forecast that there will be a distribution to the Company's unsecured creditors under the Prescribed Part.

10. Proposals for achieving the purpose of administration

Our proposals for achieving the purpose of administration for the Company are as follows.

- i. The administrators will continue to manage the affairs of the Company in order to achieve the purpose of the administration, namely with the objective of 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) pursuant to P3(1)(b) Sch B1.
- ii. The joint administrators will take any action they consider necessary to achieve a sale of the business and assets as a going concern to maximise returns to the administration estate.
- iii. If having realised the assets of the Company, the joint administrators think that a distribution will be made to unsecured creditors, other than by way of any applicable Prescribed Part distribution, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Company automatically into CVL in order that the distribution can be made.
- iv. If the administrators consider it appropriate and cost effective to do so, they may make an application to court for permission to make any distribution to the unsecured creditors that is not from the Prescribed Part in the administration instead of moving the Company to CVL and then making a distribution. (Note: If permission is granted, subject to the need for further investigations as detailed

in the next section, the Company will exit into dissolution once the distribution has been made and the administration concluded).

- v. If the joint administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the court and the Registrar of Companies for the dissolution of the Company.
- vi. The joint administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 IA86, as they consider desirable or expedient to achieve the purpose of the administration.
- vii. The administrators propose asking creditors to consider establishing a creditors' committee. If such a committee is formed the creditors who become members of the committee will be responsible for sanctioning the basis of the joint administrators' remuneration and disbursements, any unpaid pre-administration costs and certain proposed acts on the part of the joint administrators. The committee will be able to make these decisions without the need to report back to a further meeting of creditors generally.

11. Exit route from administration

It is proposed that, at the appropriate time, the joint administrators will use their discretion to exit the administration by way of one of the following means:

- (i) If having realised the assets of the Company, the joint administrators think that a distribution will be made to the unsecured creditors other than by virtue of the Prescribed Part, they may file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Company automatically into CVL in order that the distribution can be made, but only if they consider that the associated incremental costs of a CVL are justified. In these circumstances, it is proposed that the joint administrators, Henry Anthony Shinnars and Emma Louise Thompson will become the joint liquidators of the CVL. The acts of the joint liquidators may be undertaken by either or both of them.
- (ii) Creditors have the right to nominate alternative liquidators of their choice. To do this, creditors must make their nomination in writing to the joint administrators prior to these proposals being approved. Where this occurs, the joint administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the joint administrators will automatically become the joint liquidators of the Company in the subsequent CVL.

If the joint administrators have, with the permission of the court, made a distribution to unsecured creditors in addition to any Prescribed Part distribution, or they think that the Company otherwise has no property which might permit a distribution to its unsecured creditors, subject to there being a need for further investigations as described below, they will file a notice, together with their final progress report, at court and with the Registrar of Companies for the dissolution of the Company. The joint administrators will send copies of these documents to the Company and its creditors. The joint administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Administrators have the power to bring claims against former officers of the company in respect of transactions that may have caused or exacerbated a company's insolvency. Claims with a good prospect of success may indeed be pursued by administrators but there may be cases where it would be more appropriate if a liquidator brought the claim or where the timeframe would not be long enough, given the maximum extension period available to administrators. The proposed exit route would, in these cases, be liquidation.

If a creditors' committee is established the joint administrators will consult with the members and agree the most appropriate exit route from administration.

12. Other matters relating to the conduct of the administration

The matters detailed below are not considered to be part of the proposals but are intended to provide creditors with information concerning the remaining statutory and other matters that must be dealt with in the administration.

- Submitting confidential information relating to the conduct of the directors to the Department for Business, Energy & Industrial Strategy. This obligation arises under the Company Directors' Disqualification Act 1986. Creditors should note that the content of any submission is strictly confidential and under no circumstances will discussions be entered into regarding this.
- Where applicable, agreeing and making payment of preferential claims, subject to availability of funds.
- Agreeing the claims of and making payment to secured creditors, including floating charge holders, in accordance with their respective priorities, subject to availability of funds.
- Filing corporation tax returns and obtaining tax clearance in respect of the administration period.
- Paying all costs and expenses of the administration once any required approval has been obtained.
- Further statutory reporting as required by IA86 and IR16.

13. Pre-administration costs and expenses

13.1 Pre-administration costs – Funding Circle assistance

Pre-administration costs are defined as fees charged and expenses incurred by the joint administrators or another person qualified to act as an insolvency practitioner before the Company entered administration (but with a view to its doing so), and “unpaid pre-administration costs” are pre-administration costs which had not been paid when the Company entered administration.

We have assisted FC in the period leading up to the Company's administration and have charged time costs of £12,325.50 plus VAT. This amount is included within FC's indebtedness from the Company and will only be paid once their debt is repaid in full either by the Company or from the guarantors of FC's loan. Therefore, these fees remain outstanding.

14. Joint administrators' remuneration

Insolvency Practitioners are required to provide stakeholders with details of the work they propose to do and the expenses that are likely to be incurred. Prior to drawing any fees, these details must be provided to creditors and approval given. Alternatively, creditors may form a committee and, if so, it is up to the majority of committee members to give consent.

Where it is proposed that fees are drawn from the insolvent estate on a time costs basis, a fees estimate will also need to be provided. Where it is unrealistic to estimate the work to be done at the outset, an estimate may be provided for a designated period or up to a particular milestone.

Creditors should be aware that the fees estimate is based on information available at present and may change due to unforeseen circumstances arising. If any approved fees estimate is exceeded, a revised estimate will

need to be provided and approval given before any fees may be drawn in excess of the original approved estimate.

Some of the work required by Insolvency Practitioners is required by law and may not necessarily result in any financial benefit for creditors (or members). Examples of this work would include investigations required under the Company Directors' Disqualification Act 1986 or dealing with former employees' claims through the Redundancy Payments Service.

On some occasions, third parties may be instructed to provide expert advice on tax, legal or property matters *to produce a financial benefit to creditors*.

Each aspect of the work undertaken will require different levels of expertise and, therefore, cost. To make it clear, we have given the rates for each grade of staff with estimates of the total hours to be spent on each aspect in the table provided.

The basis of the joint administrators' remuneration may be fixed on one or more of the following bases and different bases may be fixed in respect of different things done by them:

- as a percentage of the value of the assets they have to deal with, or
- by reference to time properly spent by the joint administrators and their staff in attending to matters arising in the administration, or
- as a set amount

In this case, the joint administrators are seeking approval for the basis of their remuneration as follows:

- By reference to the time properly spent by the joint administrators and their staff in attending to matters arising in the administration, estimated to total £130,000 for the period to 25 February 2020. As we will be seeking approval to draw fees on this basis, a fees and costs estimate is attached at Appendix VII. This details the estimated fees according to the grade of staff, expected number of hours to perform specific tasks, some of which are mandatory, irrespective of the company, and some of which are specific to this case, and the average hourly rate.

As the administrators have concluded that the company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval of the joint administrators' remuneration will be sought from the secured and (if necessary) the preferential creditors, unless a creditors' committee has been established, in accordance with R18.18 IR16.

Included in the total estimate given in Appendix VII are the accrued, joint administrators' time costs which cover the period from the date of the administration order to 2 April 2019 and total £82,744.50. A breakdown is given in Appendix VI. This represents 316.50 hours at an average rate of £261.44 per hour.

A copy of "A Creditor's Guide to Administrator's Fees", as produced by the ICAEW, is available free on request or can be downloaded from their website as follows:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix VII.

15. Administration expenses

15.1 Subcontractors

We have not used any subcontractors.

15.2 Professional advisors

We have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Professional adviser/service	Basis of fee arrangement	Costs	Costs
		incurred	paid
		£	£
Druces LLP (legal advice regarding the sale of the business and assets)	Hourly rate and disbursements	13,000	-
SIA Group (UK) Limited (valuation and disposal advice)	Hourly rate and disbursements	1,684	-
Lambert Smith Hampton (property valuation)	Fixed fee	1,000	1,000
Total		16,000	1,000

15.3 Administrators' disbursements

We have paid and/or incurred the following disbursements in the current period:

Description	Incurred in	Paid in	Total costs
	current period	current period	outstanding at
	£	£	period end
			£
Advertising*	2,332	2,332	-
Joint Administrators' bonds	140	-	140
Travelling	3,405	-	3,405
Accommodation	609	-	609
Subsistence	206	-	206
Total	6,692	2,332	4,360

* Advertising includes the joint administrators' statutory advertising costs and the costs of advertising the Company for sale in the Financial Times, Yorkshire Post and Businessesforsale.com.

15.4 Policies regarding use of third parties and disbursement recovery

Details of Smith & Williamson's policies regarding the use of subcontractors and professional advisors and the recovery of disbursements are set out at Appendix VII.

16. Creditors decisions

The joint administrators do not believe that the Company has sufficient property to enable a distribution to be made to unsecured creditors. In accordance with P52(1)(b) Sch B1, the administrators are therefore not required to seek a decision from the Company's creditors as to whether they approve the administrators' proposals.

Unless the joint administrators receive a request that the proposals be approved via a decision instead, the proposals detailed will have gained deemed consent. A request can only be made by creditors with claims totalling at least 10% of the total company's debts and this request must be received within 8 business days of these proposals being delivered.

Creditors considering whether to request a decision procedure may wish to note that the purpose of the decision is purely to approve or modify the proposals. It does not afford creditors the opportunity to question the directors of the Company.

17. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://smithandwilliamson.com/rrsgdpr>

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

18. Next report and creditors' rights

The joint administrators are required to provide a progress report within one month of the end of the first six months of the administration or earlier if the administration has been finalised.

From receipt of the first progress report, creditors have rights under IR16 to request further information and to challenge the joint administrators' remuneration and/or expenses incurred. In summary:

- Within 21 days of the receipt of a progress report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the joint administrators provide further information about their remuneration or expenses which have been itemised in the report.
- Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of a progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the joint administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the joint administrators, as set out in the report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Henry Anthony Shinnars or Emma Louise Thompson in the first instance. If the matter is not resolved to your

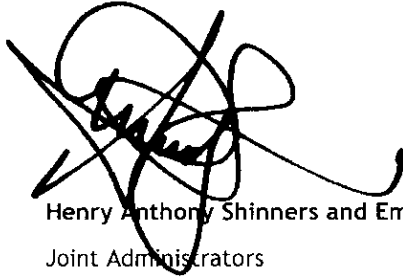
satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

i) Email: insolvency.enquiryline@insolvency.gsi.gov.uk

ii) Telephone number: +44 300 678 0015

iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

A handwritten signature in black ink, appearing to be a cursive or stylized script, positioned above the printed names of the joint administrators.

Henry Anthony Shinnars and Emma Louise Thompson

Joint Administrators

Date: 23 April 2019

I Statutory information

Relevant Court	High Court of Justice, Business and Property Courts in Liverpool, Insolvency & Companies List (ChD)
Court Reference	135 of 2019
Trading Name(s)	Gostling Limited
Trading Addresses	The Innovation Centre, Millenium Road, Skipton, North Yorkshire, BD23 2TZ
Former Name(s)	N/A
Registered Office	25 Moorgate , London, EC2R 6AY (Formerly, The Innovation Centre Millennium Road, Airedale Business Centre, Skipton, BD23 2TZ)
Registered Number	03467634
Joint Administrators	Henry Anthony Shinnars and Emma Louise Thompson both of 25 Moorgate, London, EC2R 6AY (IP No(s) 9280 and 21030) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Date of Appointment	26 February 2019
Appointor	Funding Circle
Director(s)	Philip Gostling (resigned 13 March 2019 due to Bankruptcy)
Shareholder(s)	Philip Gostling and Joanne Gostling
EU Regulations	The EU Regulation on Insolvency Proceedings 2015 applies to the administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

II Receipts and payments account

Gostling Limited
(In Administration)

Joint Administrators' Trading Account
To 11/04/2019

S of A £	£	£
POST APPOINTMENT SALES		
Sales	21,811.12	21,811.12
OTHER DIRECT COSTS		
Direct Labour	18,302.77	(18,302.77)
TRADING EXPENDITURE		
Bank Charges	18.95	
Staff expenses	40.05	
PAYE	3,318.80	
NIC	3,852.70	(7,230.50)
TRADING SURPLUS/(DEFICIT)		<u>(3,722.15)</u>

**Joint Administrators' Receipts and Payments
To 11/04/2019**

Goodwill & IPR	82,500.00	
Bank Interest FCR	1.68	
Bank Charges FCR	(1.25)	
Chargeholder	(42,841.75)	
		39,658.68
ASSET REALISATIONS		
Leasehold Property (1)	1.00	
Furniture & Equipment	2,500.00	
Contracts	1.00	
Third party claims	1.00	
WIP	4,182.00	
Book Debts	35,497.57	
Unallocated debtor receipts	524.00	
Cash at Bank	11,147.00	
License fees	1,012.60	
Bank Interest Gross	2.74	
TRADING SURPLUS/(DEFICIT)	(3,722.15)	
		51,146.76
COST OF REALISATIONS		
Agents/Valuers Fees (1)	1,000.00	
Agents/Valuers Expenses	38.40	
Statutory Advertising	2,332.43	
Bank Charges	3.95	
		(3,374.78)
UNSECURED CREDITORS		
Ransom Creditors	2,492.36	
		(2,492.36)
		84,938.30
REPRESENTED BY		
Trade Debtors	22,049.60	
VAT Receivable Ftt Chg	1,126.94	
FCR Clients Deposit (Int Bearing)	39,658.68	
Clients Deposit (Int Bearing)	26,652.36	
VAT Payable Ftt Chg	(4,328.48)	
Suspense Account	(220.80)	
		84,938.30

Notes and further information required by SIP 7

- The joint administrators' remuneration has not yet been approved.
- We have not yet sought approval of or drawn any other costs that would require the same approval as our remuneration.
- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

III Estimated Financial Position of the Company as at 26 February 2019

Estimated financial position of the Company - 26 February 2019

	Book value £	€
Assets subject to fixed charge		
Goodwill	332,155	225,000
		<u>225,000</u>
Less:		
Fixed charge holders		
Funding Circle	(198,107)	
Finance Wales	(52,277)	
HSBC	(150,000)	
		<u>(400,384)</u>
Deficiency under fixed charge		<u>(175,384)</u>
 Other assets		
Debtors	777,775	300,000
WIP	19,648	4,000
Office furniture	10,525	2,500
Furniture and fixtures	12,464	-
Prepayments	41,586	-
Other debtors	17,143	-
Estimated assets available for creditors		<u>306,500</u>
 Less costs of realisation		
Preferential creditors		-
		<u>306,500</u>
Estimated surplus as regards preferential creditors		
		<u>(61,303)</u>
Estimated prescribed part		
		<u>245,197</u>
Assets available for floating charge creditors		
		<u>(175,384)</u>
Floating charge creditors (brought down)		
		<u>69,813</u>
Surplus / (deficit) as regards floating charge creditors		
		<u>61,303</u>
Assets available to unsecured creditors		<u>131,116</u>
 Unsecured creditors		
Trade creditors		(43,671)
Finance creditors		(79,774)
Cross guarantee creditors		(1,027,695)
HIMRC		(209,566)
Connected party creditors		(111,833)
		<u>(1,341,623)</u>
Deficiency as regards creditors		
		<u>(8,678)</u>
Shareholders		
		<u>(1,350,301)</u>
Estimated total deficiency		<u>(1,350,301)</u>

*The above statement does not account for the costs of the administration

Smith & Williamson LLP
Gostling Limited

B - Company Creditors

Key	Name	Address	£
CA00	Angel Springs Ltd. (T/A Waterlogic)	Shaw Road, Wolverhampton, WV10 9LE	115.30
CADM	Admiral Leasing	Chambers Business Centre, Chapel Road, Oldham, OL8 4QQ	11,778.00
CALD	Aldermore	4th Floor Block D, Apex Plaza, Forbury Road, Reading, RG1 1AX	160,236.00
CARK	Akle Finance Limited	52-60 Sanders Road, Wellingborough, Northamptonshire, NN8 4BX	51,425.73
CASS	Assetz Capital	Assetz House, Manchester Green, 335 Sial Road, Manchester, M22 5LW	7,336.00
CAST	Alphabet	Alphabet House, Summit Avenue, Farnborough, Hampshire, GU14 0FB	412.24
CBAR	Barclays Bank Plc	1 Churchill Place, London, E14 5HP	7,500.00
CBEF	Business Enterprise Fund	Blake House, 18 Blake Street, York, YO1 8QH	14,525.00
CBEG	Barclaycard Merchant Services	1234 Pavilion Drive, Northampton, NN4 7SG	28.48
CBRA	Braemar		11,250.00
CC01	County Asset Finance Ltd	11 Central Park, Leicester Road, Lutterworth, Leicestershire, LE17 4PN	44,750.00
CC02	Chetleburgh's Ltd	Temple House, 20 Holywell Row, London, EC2A 4XH	486.00
CC03	Craven District Council	Belle Vue Square, 1 Broughton Road, Skipton, BD23 1FJ	86.75
CC04	Creative Networks		929.52
CC05	Croner-i (formerly Wolters Kluwer (UK) Ltd	Victoria Place, Manchester, M4 4FB	916.17
CE00	Evolve Document Solutions	Units 44 & 45 Momentum Business Park, Dollywaggon Way, Bamber Bridge, PR5 6EW	185.74
CF00	Funding Circle	71 Queen Victoria Street, London, EC4V 4AY	198,107.00
CH00	HSBC UK Bank Plc	P.O. Box 6001, Coventry, West Midlands, CV3 9FP	150,000.00
CH01	HM Revenue & Customs	ICHU, Warkworth House, Benton Park View, Longbenton, Newcastle Upon Tyne, NE98 1ZZ	209,566.00
CI00	Institute of Chartered Accountants in England and Wales	ICEAW, Chartered Accountants' Hall, Moorgate Place, London, EC2R 6EA	1,280.88
CI01	Ideal Solutions		999.00
CI02	IPS Group Ltd	Bew's Markes House, 24 Bew's Marks, London, EC3A 7JB	5,400.00
CINV	Investec	30 Gresham Street, London, EC2V 7QP	6,944.00
CK00	Kingsway Asset Finance Limited	Barons Court, Manchester Road, Wilmslow, Cheshire, SK9 1BQ	35,627.00
CK01	Kaplan Financial Ltd	179-181 Borough High Street, London, SE1 1HR	965.40
CK02	Kirk Newsoline	4315 Park Approach, Thorpe park, Leeds, LS15 8GB	420.00
CL00	Lex Autolease Limited	Heathside, Heathside Park Road, Stockport, SK3 0RB	577.92
CLDF	LDF Group	c/o Occasio Legal Limited, Grampian House, 144 Deansgate, Manchester, M3 3EE	278,255.00
CLDG	Lexis Nexis	Gibbal Reach, Dunleavy Drive, Cardiff, CF11 0SN	756.00

Smith & Williamson LLP
Gosling Limited
B - Company Creditors

Key	Name	Address	£
CMA6	Macquarie	28 Ropemaker St, London, EC2Y 9HD	9,827.00
CME7	Metro Bank	One Southampton Row, London, WC1B 5HA	206,000.00
CMMO	Merchant Money	1-3 Canfield Pl, South Hampstead, London, NW6 3BT	16,652.00
CNU0	New Start Insurance Brokers Ltd	28 a church lane, Marple, Stockport, Cheshire, SK6 6DE	1,601.08
CNWF	The North West Fund for Business Loans LP	Oakleigh House, 14-16 Park Place, Cardiff, CF10 3DQ	52,777.00
		Security Given: 52777; Date Given: 10/06/2014; Amount: 0	
COO0	One PM Finance	St James House, The Square, Lower Bristol Road, Bath, BA2 3BH	25,298.00
CO01	02	260 Bath Road, Slough, Berkshire, SL1 4DX	126.63
CP01	Payzone UK Limited	Andmore House, Cheshire Business Park, Lostock, Cheshire, CW9 7YL	18.00
CP02	Pinney Bowes (Purchase Power)	Building 5 Trident Place, Hatfield Business Park, Mosquito Way, Hatfield, Hertfordshire, AL10 9JU	214.00
CP03	Principle Investments LLP	Airedale Business Centre, Millennium Road, Skipton, North Yorkshire, BD23 2TV	252.74
CPH1	Philip Gosling	The Innovation Centre Millennium Road, Airedale Business Centre, Skipton, BD23 2TZ	36,833.00
CPHO	Photo & General	7 Torriano Mews, London, NW5 2RZ	5,555.00
CQUA	Quantum Funding	C/o Baker Tilly, 6th Floor, Salisbury House, 31 Finsbury Circus, London, EC2M 5SQ	1,594.00
CRA5	D&D Leasing	Studio LU 404, The Light Bulb, 1 Filament Walk, Wandsworth, London, SW18 4GQ	5,557.00
CRGO	Richard Gosling	C/o The Innovation Centre Millennium Road, Airedale Business Centre, Skipton, BD23 2TZ	75,000.00
CSM1	Smiths Metal Centres Limited	Units 51, 52 & 53, Oakhill Trading Estate, Devonshire Road, Walkden, Greater Manchester, M28 3PT	115,401.00
CSOC1	Societe Generale	1-10 Bishops Square, Spitalfields, London, E1 6EG	176,700.00
CSOC1	Sage (UK) Limited	North Park, Newcastle Upon Tyne, NE13 9AA	12,633.45
CSOCK	S Q Marketing Solutions (UK)		188.00
CT00	Think Office Supplies Ltd	30 St Pauls Square, Birmingham, West Midlands, B3 1QZ	189.28
CT01	Thomson Reuters	1 Paul Julius Close, Blackwall Way, London, E14 2EH	281.48
CT02	Total Solution (Mercia)	Grove Park, 2 Thorpe Way, Enderby, Leicester, LE19 1SU	198.00
CV00	Venus Solutions Ltd	Canal Wharf, Eshion Road, Gargrave, North Yorkshire, BD23 3SE	10,999.83
CW00	Willis of Skipton Ltd T/A Britannia Willis of Skip	Gargrave Road, Skipton, North Yorkshire, BD23 1UD	3,308.42
CWES	Wesleyan Bank	Wesleyan Assurance Society, Colmore Circus, Birmingham, B4 6AR	14,111.00
CX00	Xero (UK) Ltd	172-176 Kings Cross Road, London, WC1X 9DH	45.60

IV Time analysis for the period

Gostling Limited
Breakdown of time spent by Smith & Williamson LLP employees
for the period ended 2 April 2019

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Initial post-appointment notification letters, including creditors	0.00	0.75	0.00	13.40	0.00	14.15	2,660.00	187.99
Cashiering general, including bonding	0.35	0.00	0.10	1.25	9.95	11.75	3,466.00	294.98
Job planning, reviews and progression inc 6 month reviews and planning meetings, checklist & diary	2.25	0.80	2.60	3.80	0.00	9.45	2,901.00	306.98
Travelling	0.00	0.00	2.00	15.50	0.00	17.50	3,292.50	186.14
Filing, file and information management	0.00	0.00	0.00	9.65	0.00	9.65	1,688.75	175.00
Agents and advisers, general	0.00	0.00	0.00	1.00	0.00	1.00	175.00	175.00
Director/manager review, approval and signing	1.55	0.45	0.00	2.70	0.00	4.70	1,467.50	312.23
Other	0.15	0.00	1.50	0.00	0.00	1.65	502.50	304.55
Investigations								
Directors' correspondence & conduct questionnaires	0.30	0.00	0.00	0.25	0.00	0.55	199.75	363.18
Statutory books and accounting records review	0.20	2.40	0.00	0.00	0.00	2.60	1,112.00	427.69
Asset tracing (e.g. Land Registry and Company Searches)	0.00	0.25	0.00	0.00	0.00	0.25	105.00	420.00
Realisation of assets								
Fixed charge Property (land and buildings)	0.00	0.00	5.00	0.00	0.00	5.00	1,450.00	290.00
Debtors not financed (includes reassigned debtors)	0.55	0.15	1.00	0.00	0.00	1.70	639.00	375.88
Sale of business as a whole, including liaison with legal advisers agents etc	18.60	0.20	58.50	0.00	0.00	77.30	26,721.00	345.68
Sale of business post completion matters	0.00	0.00	7.00	0.00	0.00	7.00	2,030.00	290.00
Trading								
Trading on decision and day to day operations	1.25	0.00	20.50	9.55	0.00	31.30	8,266.25	264.10
Sales and customers	0.95	0.00	7.50	6.10	0.00	14.55	3,736.50	256.80
Purchasing/suppliers (not landlords)	0.00	0.00	0.35	2.00	0.00	2.35	437.50	186.17
Accounting	0.00	0.00	1.50	0.25	0.00	1.75	478.75	273.57
Staff and payroll (inc PAYE/NIC for trading periods)	0.00	0.00	0.00	0.70	0.00	0.70	122.50	175.00
Premises issues (inc landlords and site clearance)	0.00	0.00	1.50	1.90	0.00	3.40	767.50	225.74
Shutdown or handover	0.00	0.00	0.00	4.00	0.00	4.00	700.00	175.00
Filing trading	0.00	0.00	0.00	2.50	0.00	2.50	437.50	175.00
Director/manager review, approval and signing	0.35	0.00	0.00	0.00	0.00	0.35	182.00	520.00
Other	0.00	0.30	11.50	0.00	0.00	11.50	3,335.00	290.00
Creditors								
Fixed charge creditors	0.80	0.00	0.00	0.00	0.00	0.80	416.00	520.00
Floating charge creditors	1.25	0.00	0.00	0.00	0.00	1.25	650.00	520.00
RPO and ERA claims & tribunals	0.00	0.00	0.00	0.25	0.00	0.25	43.75	175.00
Employees & pension (other) (incl Jobcentre/CSA etc)	0.95	0.00	0.00	4.65	0.00	5.60	1,307.75	233.53
Growth (incl RPO etc)	0.35	0.00	0.00	0.00	0.00	0.35	182.00	520.00
Unsecured creditors	0.10	0.00	0.00	3.20	0.00	3.30	612.00	185.45
Creditors (Case Specific 1)	0.00	0.00	0.40	0.00	0.00	0.40	116.00	290.00
Other	0.00	0.00	3.40	3.50	0.00	6.90	1,598.50	231.67
Corporate Tax								
Corporate Tax	2.00	0.00	8.50	20.00	0.00	30.50	5,367.50	175.98
Forensics								
Forensics	0.00	0.00	11.50	19.00	0.00	30.50	5,577.50	182.87
Total	31.95	5.00	144.45	125.15	9.95	316.50	£82,744.50	£261.44

Explanation of major work activities undertaken

Pre-appointment

This section documents relation to Smith & Williamson work in professional services provided to the Company prior to the appointment of administrators. The work included the following:

- Pre-appointment due diligence, case set-up, and complying with Anti-Money Laundering/ KYC requirements.
- Meeting and liaising with the FC in the lead up to administration.
- Preparing reports and briefing notes for FC in respect of the proposed administration.
- Travelling to Skipton, Yorkshire to meet with director.

- Engaging with solicitors to determine administration process.
- Arranging a client account to be opened to assist preserving the Company's available cash.

Administration and planning

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, and internal compliance requirements. This work includes the following:

- Statutory notifications and advertising
- Dealing with routine correspondence
- Calculating the bonding requirement
- General case planning and administration
- Maintaining physical case files and electronics case details on IPS (case management software)
- Dealing and instructing agents and other professional advisers to assist with the case
- Maintaining and managing the administrators' cash book and bank accounts
- Reconciliation of bank account
- Correspondence with banks
- Raising cheques/preparing telegraphic transfers, remittances of receipts

Investigations

This section relates to our statutory obligations to investigate the actions of the directors of the Company and to review the Company's records with a view to making to asset recoveries. This work includes the following:

- Complying with our statutory duties in accordance with the Directors' Disqualification Act 1986
- Investigation the actions of various parties in the lead up to the administration of the Company
- Corresponding with previous directors regarding our directors' questionnaire

Realisation of assets

This section is in relation to the realisation of the Company's assets. The work includes the following:

- Preparing all sales literature including a teaser document
- Undertaking a discreet marketing exercise
- Liaising and meeting with interested parties including preparing and issuing non-disclosure agreements
- Liaising with agents in respect of the sale of the business and assets
- Liaising with the banks in relation to the funds transfers
- Corresponding with debtors
- Meeting with interested parties
- Engaging with solicitors for the preparation of sale contract documentation
- Dealing with post sale matters including arranging partial deeds of release for secured creditors

Trading

This section is in relation to the ongoing trade of the Company. The work includes the following:

- Raising sales invoices for various services provided.
- Engaging with employees in respect of the trading administration.
- Engaging with management on a daily basis in respect of WIP, general trading performance, financial reporting and employee matters.
- Liaising with numerous creditors to negotiate ongoing supply.
- Dealing with the Company's bankers, HSBC, to recover funds into the administration bank account to facilitate payment of salaries.

- *Dealing with client monies received from HMRC and, where necessary, arranging for these funds to be returned in line with Clients' Money Regulations.*
- Arranging payments to suppliers.
- Dealing with post appointment taxation including VAT and PAYE.
- Arranging the payroll for February 2019's wages and salaries.
- Monitoring trade against the forecasts prepared.

Creditors

- Dealing with correspondence from creditors and employees
- Dealing with various cross guaranteed creditors
- Reporting to the fixed charge creditors
- Dealing with outstanding employee and pension matters

Corporate Tax

- Specialist tax work
- Business valuation services

Forensics

- Attending site to image the Company's individual computers
- Liaising with IT provider and hosts to copy servers

V Fees and costs estimate

Gostling Limited - In Administration								
Fees estimate according to number of hours, grade of staff and expected work to be undertaken								
Anticipated case duration	1	Year						
	Partner	Director	Senior Manager / Manager	Administrator	Assistants & support staff			
Hourly rate (£)	625	565	350	250	110			
	Hours					Total hours	Total estimated time costs (£)	Average hourly rate (£)
Classification of work function								
Administration and planning								
Statutory returns, reports & meetings	1.00	2.00	5.00	5.00	-	13.00	4,755.00	365.77
Initial post-appointment notification letters, including creditors	0.50	0.50	4.00	5.00	-	10.00	3,245.00	324.50
Cashiering general, including bonding	0.50	0.50	1.00	3.00	-	5.00	1,695.00	339.00
Job planning, reviews and progression (inc. 6 month reviews and planning meetings, checklist & diary)	1.00	2.00	2.00	2.00	-	7.00	2,955.00	422.14
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.50	0.50	1.00	2.00	-	4.00	1,445.00	361.25
Insurance & general asset protection	0.50	0.50	1.00	1.00	-	3.00	1,195.00	398.33
Filing, file and information management	0.50	0.50	4.00	7.00	-	12.00	3,745.00	312.08
Agents and advisers, general	1.00	1.00	2.00	3.00	-	7.00	2,640.00	377.14
Pensions - review and notification to the relevant bodies			1.00	2.00	-	3.00	850.00	283.33
Director / manager review, approval and signing	1.00	1.00	2.00	2.00	-	6.00	2,390.00	398.33
Investigations								
Designated members correspondence & conduct questionnaires	1.00	1.00	3.00	3.00	-	8.00	2,990.00	373.75
Statutory books and accounting records review	1.00	3.00	10.00	10.00	-	24.00	8,320.00	346.67
Reporting to The Disqualification Unit	1.00		-	1.00	-	2.00	875.00	437.50
Dealing with and reviewing creditors & members complaints / Reviewing designated members conduct	1.00	2.00	2.00	2.00	-	7.00	2,955.00	422.14
Investigation of legal claims	-	2.00	8.00	8.00	-	18.00	5,930.00	329.44
Enquiries of advisors and any parties with relevant information and former dealings	1.00	2.00	3.00	3.00	-	9.00	3,555.00	395.00
Director / manager review, approval and signing	1.00	1.00	1.00	1.00	-	4.00	1,790.00	447.50
Realisation of assets								
Book Debts / WIP	1.00	1.00	8.00	12.38	-	22.38	7,085.00	316.58
Cash at Bank	0.50	0.05	3.00	2.00	-	5.55	1,890.75	340.68
Lease Assignment	0.50	1.00	4.00	4.00	-	9.50	3,277.50	345.00
Other Assets (including goodwill)	1.00	1.00	12.00	10.81	-	24.81	8,091.75	326.19
Trading (closure)								
Trading and day 1-3 operations	0.50	0.50	20.00	22.00	-	43.00	13,095.00	304.53
Property issues (inc landlord and site clearance)	1.00	0.50	1.00	2.00	-	4.50	1,757.50	390.56
Security	1.00	1.00	1.00	1.00	-	4.00	1,790.00	447.50
Shutdown or handover	1.00	1.00	3.00	4.00	-	9.00	3,240.00	360.00
Director / manager review	1.00	1.00	2.00	2.00	-	6.00	2,390.00	398.33
Other	1.00	1.00	2.00	2.00	-	6.00	2,390.00	398.33
Creditors								
Floating charge creditors			1.00	1.00	-	2.00	600.00	300.00
Employees & pension (other) (Incl Jobcentre/CSA etc)	0.50	1.00	1.00	1.00	-	3.50	1,477.50	422.14
HMRC	0.50		5.00	5.00	-	10.50	3,312.50	315.48
Unsecured creditors	1.00	1.00	5.00	4.00	-	11.00	3,940.00	358.18
Director / manager review	0.50	1.00	4.00	4.00	-	9.50	3,277.50	345.00
Distributions								
Initial review and agreement of claims	1.00	1.00	1.00	2.00	-	5.00	2,040.00	408.00
Fixed and floating charge creditors	1.00	1.00	1.00	2.00	-	5.00	2,040.00	408.00
Notices of intended dividend and claim adjudication	1.00	1.00	1.00	2.00	-	5.00	2,040.00	408.00
Prescribed part, (where applicable) and dividends	1.00	1.00	1.00	2.00	-	5.00	2,040.00	408.00
Forensics - where applicable								
Forensics	1.00	-	10.00	10.00	-	21.00	8,700.00	414.29
Costs of Administration Extension (if applicable)								
Costs of fitting for Administration extension	2.00	3.00		5.00	-	10.00	4,195.00	419.50
Total	30.50	37.55	136.00	160.19	-	364.24	130,000.00	356.91

Gostling Limited - In Administration		
Estimated expenses in accordance with Categories 1 & 2 (SIP 9) and payable to third parties *		
Estimated expenses applicable to all cases		Total
Specific bond		500.00
Statutory advertising costs		3,000.00
Search costs (HM Land Registry & Companies House)		200.00
Case specific costs - where applicable		
Security & other property costs		500.00
Insurance		2,000.00
Pensions - Smith & Williamson Financial Services Limited		5,000.00
Agents' fees		500.00
Legal fees		5,000.00
Storage costs		500.00
Subsistence		500.00
Accommodation		1,500.00
Travel		2,500.00
Total		19,200.00
Category 1 expenses, in accordance with Statement of Insolvency Practice 9 are specific costs payable to an independent third party and relate directly to the case in question. Category 2 expenses are payable to the office holder's firm and are shared or allocated costs, most notably business mileage.		

Explanation of the above categories

Administration and Planning

This section of the analysis encompasses the cost of the office holders and their staff in complying with their statutory obligations, internal compliance requirements, and all the work includes the following:

- Preparing the documentation and dealing with the formalities of appointment.
- Statutory notifications and advertising.
- Protection of Company's assets and records (including electronic).
- Dealing with routine correspondence.
- Dealing with agents on general appointment matters, not relating to the sale of assets or correspondence with advisers on investigation matters.
- Maintaining physical case files and electronics case details on IPS (case management software).
- Case reviews (including 6 month reviews).
- Case bordereau and reviews.
- Case planning; administration; and general case progression, including adjustments in appointment strategy.
- Preparing reports to stakeholders.
- Maintaining and managing the appointment's cash book and bank accounts.
- Ensuring statutory lodgements and tax lodgements obligations are met.
- Submitting VAT returns and Corporation Tax returns (when due).
- Dealing with client identification and internal Smith & Williamson LLP compliance requirements.

Investigations

- Investigations to be carried out in accordance with the Joint Administrators' statutory responsibilities.

Realisation of assets

This section is in relation to the realisation of the Partnership's assets.

The work generally includes the following:

- Discussions with our sales agents including in respect of the most appropriate sales strategy and tactics to conclude the sale as soon as reasonably practicable.
- Discussions with our legal advisors in respect of sales documentation and subsequently in relation to tax matters.
- Sourcing information necessary for the sale.
- Negotiating sale of the business and assets
- Book debt collection.
- Insurance of the assets, and claims under policies if required.
- Dealing with any assignment of the lease.
- Miscellaneous asset realisations outlined in the contents of the report.
- Liaising with Professional Advisers in respect of the above.

Creditors

Work under this section includes correspondence and other contact with the creditors of the LLP. The work includes the following:

- Assisting employees with any claims to the Redundancy Payments Service.
- Dealing with creditor & employee correspondence.
- Dealing with creditors' correspondence. Convening and chairing any creditors' meetings.
- Maintaining creditors' information on our insolvency database.
- Distributions to various categories of creditors.

Distributions

- Agreeing creditor claims and adjudicating accordingly.
- Issuing Notice of Intended Dividend (if applicable).
- Calculating distribution and issuing payment.

VI Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers [*if appropriate add including S&WFS*]
 - Disbursement recovery

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the joint administrators' remuneration was approved.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates as at 1 July 2018	London office £/hr	Regional offices £/hr
Partner / Director	450-520	360-380
Associate Director	420	290-320
Managers	250-365	225-310
Other professional staff	170-320	140-185
Support & secretarial staff	90	60-140

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.

VII Notice of a Decision being sought by the Deemed Consent Procedure

Gostling Limited- In Administration (the 'Company')
Registered Number - 03467634

This notice is given pursuant to Part 15 of the Insolvency (England and Wales) Rules 2016 (**the Rules**).

Court details	
Court Name	High Court of Justice, Business and Property Courts in Liverpool, Insolvency & Companies List (ChD)
Court Number	135 of 2019

Office Holder details	
Joint Administrators' Names	Henry Anthony Shinnars and Emma Louise Thompson
Administrators' Firm Name	Smith & Williamson LLP
Date of Appointment of Administrators	26 February 2019

THE PROPOSED DECISION

The following decision is proposed by the joint administrators (**the Convener**) to be made by the deemed consent procedure:

1. That the joint administrators' proposals for achieving the purpose of the Administration, as set out in the joint administrator's report and statement of proposals, be approved.

In the absence of 10% in value of the Company's creditors (**the Threshold**) objecting to the Proposed Decision by no later than 8 May 2019 (**the Decision Date**), creditors will be treated as having made the Proposed Decision.

Procedure for objecting

In order to object to the Proposed Decision, a creditor must have delivered a notice in writing of their objection, together with a proof of debt in respect of their claim (unless a proof has already been submitted) to the Convener, whose contact details are below, by no later than the Decision Date, failing which their objection will be disregarded.

It is the Convener's responsibility to aggregate any objections to determine if the Threshold is met for the Proposed Decision to be taken as not having been made. A creditor may appeal the decision of the Convener

on the aggregation of objections. However such an appeal may not be made later than 21 days after the Decision Date.

If the Threshold is met, the deemed consent procedure will terminate without a decision being made and if a decision is sought again on the same matter it will be sought by an alternative decision procedure.

Creditors with a small debt

Any creditor whose debt is treated as a small debt (less than £1,000 inclusive of VAT) must still deliver a proof in respect of their claim by no later than the Decision Date if they wish to object to the Proposed Decision.

Creditors who have opted out from receiving notices

Any creditor who has opted out of receiving notices but still wishes to object to the Proposed Decision is entitled to do so. However, they must have delivered a notice in writing of their objection, together with a proof in respect of their claim (unless a proof has already been submitted) to the Convener, whose contact details are below, by no later than the Decision Date, failing which their objection will be disregarded.

Request for a physical meeting

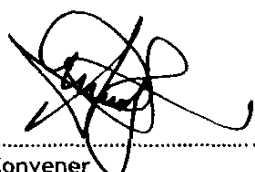
Creditors who meet certain thresholds prescribed by the Insolvency (England & Wales) Rules 2016, namely 10% in value of creditors, 10% in number of creditors or 10 creditors, may require a physical meeting to be held to consider the Proposed Decision. However, such a request must be made in writing to the Convener within 5 business days from 24 April 2019 and be accompanied by a proof in respect of their claim (unless one has already been submitted).

In the event that a physical meeting is convened and our fees are approved on a time cost basis (in line with any fees estimate(s)) and there are funds available in the estate, the associated costs will be charged to the estate and drawn accordingly.

Contact details

The Convener's postal address is at Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY. Any person who requires further information may contact the Convener by telephone on 020 7131 4000 or alternatively by e-mail at Cameron.Dalrymple-Rockett@smithandwilliamson.com

Dated: 23 April 2019

Signed: 
Convener