

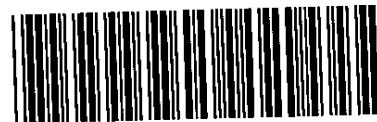
AM06

Notice of approval of administrator's proposals



Companies House

FRIDAY



A16 *A8AHUDW1* #3
26/07/2019
COMPANIES HOUSE

1 Company details

Company number 03651082
Company name in full East Lancashire Deaf Society Limited

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

2 Court details

Court name High Court of Justice Business and Property Courts in
Manchester - Company & Insolvency List (CHD)

Court case number CR2019MANN000450

3 Administrator's name


Full forename(s) Mark
Surname Colman

4 Administrator's address

Building name/number Leonard Curtis
Street 20 Roundhouse Court
South Rings Business Park
Post town Bamber Bridge
County/Region Preston
Postcode PR56DA
Country

AM06

Notice of approval of administrator's proposals

5	Administrator's name ●		Other administrator Use this section to tell us about another administrator.
Full forename(s)	Megan		
Surname	Singleton		
6	Administrator's address ●		Other administrator Use this section to tell us about another administrator.
Building name/number	Leonard Curtis		
Street	20 Roundhouse Court		
	South Rings Business Park		
Post town	Bamber Bridge		
County/Region	Preston		
Postcode	P R 5 6 D A		
Country			
7	Date administrator(s) appointed		
Date	d 0 3 m 0 6 y 2 0 y 1 9		
8	Date statement of proposals delivered to creditors		
Date	d 1 0 m 0 7 y 2 0 y 1 9		
9	Date proposals were deemed to be approved		
Date	d 2 2 m 0 7 y 2 0 y 1 9		
10	Sign and date		
Administrator's signature	Signature X  X		
Signature date	d 2 5 m 0 7 y 2 0 y 1 9		

AM06

Notice of approval 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 **Alnur Miah**

Company name **Leonard Curtis**

Address **20 Roundhouse Court**

South Rings Business Park

Bamber Bridge

Post town **Preston**

County/Region

Postcode **P R 5 6 D A**

Country

DX

Telephone **01772 646180**



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 signed and dated the form.



Important information

All information on this form will appear on the public record.



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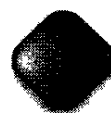
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

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LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**EAST LANCASHIRE DEAF SOCIETY LIMITED
(IN ADMINISTRATION)**

Registered Number: 03651082

Court Ref: CR-2019-MAN-000450

High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List
(CHD)

**Joint Administrators' Report and Statement of Proposals in accordance
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of
the Insolvency (England and Wales) Rules 2016**

Report date: 8 July 2019

Date report deemed to be delivered to creditors: 10 July 2019

Leonard Curtis contact details:

**20 Roundhouse Court, South Rings Business Park, Bamber Bridge,
Preston, PR5 6DA**

Tel: 01772 646180 Fax: 01772 646181

General email: alnur.miah@leonardcurtis.co.uk

Email for requests for a physical meeting: Preston.meetingreq@leonardcurtis.co.uk

Ref. P/28/ALM/E815M/1040

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TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL EMPLOYEES
ALL MEMBERS

1 INTRODUCTION

General information

- 1.1 I refer to the appointment of Mark Colman and I as Joint Administrators ("the Joint Administrators") of East Lancashire Deaf Society Limited ("the Company") on 3 June 2019 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the Joint Administrators to 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.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the Joint Administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the administrators state that they think:
- That the company has sufficient property to enable each creditor of the company to be paid in full; or
 - That the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
 - That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case the Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund. A dividend is, however, expected to be paid to one or more of the secured creditors. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
 - A statement of the requesting creditor's claim, together with:
 - A list of the creditors concurring with the request and the amount of their respective claims or values; and
 - Confirmation of concurrence from each creditor concurring. OR
 - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.

The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 1.6 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) under Court reference CR-2019-MAN-000450.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office was changed from East Lancashire Deaf Society, 6-8 Heaton Street, Blackburn, Lancashire, BB2 2EF to 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA on 24 June 2019. The registered number is 03651082. The Company traded as its registered name. It also traded as Sign Communications NW, Sound Solutions, Kings Nursery, Kings Court, Lancashire Rose Care Service, Home Solutions and Parthenon Greek Restaurant.
- 2.4 The Company operated from the following leasehold and freehold premises:

Address	Basis of occupation
Kings Court, 33 King Street, Blackburn Lancashire, BB2 2DH	Freehold
6-8 Heaton Street, Blackburn, Lancashire, BB2 2EF	Leasehold
First Floor 10 Heaton Street, Blackburn, Lancashire, BB2 2EF	Leasehold
35 King Street, Blackburn, Lancashire, BB2 2DH	Leasehold
30 Cannon Street, Preston, PR1 3NS	Leasehold
28 Keirby Walk, Burnley, BB11 2DE	Leasehold

- 2.5 The Company's directors and secretary are:

Name	Role	Date Appointed
Frederick Douglas Alker	Director	16 October 1998
Paul Ian Winterhalter	Director	18 May 2009
Richard Mark Heaton	Director	16 October 1998
Clare Stocks	Secretary	26 November 2018

- 2.6 The Company was limited by guarantee. It is understood that Douglas Alker was the sole guarantor with the guarantee being £1.
- 2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Assets Charged
The Charity Bank Limited ("CBL")	4 August 2010	Mortgage debenture	Fixed and floating charge over all property and assets
The Charity Bank Limited	6 August 2010	Legal charge	Fixed charge over the Company's freehold property
Barnfield Investment Properties Limited ("Barnfield")	13 September 2006	Legal charge	Fixed charge over the Company's property

CBL have confirmed that the amounts due to CBL as at 3 June 2019 is £975,283.61 inclusive of interest and charges.

It is understood that on 1 October 2010, the debt due to Barnfield was novated to a former director of Barnfield, Mr Christopher Holgate together with his wife, Mrs Doris Holgate. Mr and Mrs Holgate have confirmed that the amount outstanding in this regard is £567,488.97.

A deed of priority dated 6 August 2010 confirms that CBL have first charge over the Company's freehold property but only to the extent of its initial priority debt (in the amount of £600,000 and in addition to interest, costs and charges).

On 5 March 2015, a second deed of priority was signed which confirms that CBL have first charge over the Company's freehold property but only to the extent of its priority debt (in the amount of £988,744.78 and in addition to interest, costs and charges). It is understood that the deed of priority dated 5 March 2015 supersedes the one prior to this dated 6 August 2010.

- 2.8 The EC Regulation on Insolvency Proceedings 2015 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated on 16 October 1998.

- 3.2 The Company latterly traded from freehold and leasehold premises detailed below:

Address	Basis of occupation
Kings Court, 33 King Street, Blackburn Lancashire, BB2 2DH	Freehold
6-8 Heaton Street, Blackburn, Lancashire, BB2 2EF	Leasehold
First Floor 10 Heaton Street, Blackburn, Lancashire, BB2 2EF	Leasehold
35 King Street, Blackburn, Lancashire, BB2 2DH	Leasehold
30 Cannon Street, Preston, PR1 3NS	Leasehold
28 Keirby Walk, Burnley, BB11 2DE	Leasehold

- 3.3 The Company traded as not for profit charity based in Blackburn that provided support to different deaf groups across Lancashire.
- 3.4 The Company traded under a number of different trading names; Sign Communications NW, Sound Solutions, Kings Nursery, Kings Court, Lancashire Rose Care Service, Home Solutions and Parthenon Greek Restaurant.
- 3.5 Sign Communications NW provided professional British Sign Language ("BSL") interpreters for a wide range of settings such as business meetings, conferences, job interviews and theatre productions.
- 3.6 Sound Solutions offered home services for deaf customers such as those who struggled to hear the telephone and doorbell. Sound Solutions was set up to provide assistive technology for such customers.
- 3.7 The Company operated a nursery, Kings Nursery. Please note that the directors of the Company took the decision to close the nursery on 1 May 2019 as it was not able to meet its liabilities as and when they fell due. On 7 May 2019, the 15 employees employed at the nursery were made redundant by the Company.
- 3.8 The Company's freehold property which trades under the trading name Kings Court, trades as a business centre offering offices and comfort space to tenants. There are currently 16 tenants occupying office spaces at Kings Court. Please note that Kings Court is currently continuing to trade whilst the Joint Administrators, together with their agents, market the Property for sale. Further details of this are provided at 5.2.
- 3.9 In November 2018, the Company fell in arrears with its creditors when a key debtor, the Department of Work and Pensions ("DWP"), withheld funds due to the Company. As such, the Company was unable to pay expenses such as staff salaries. The directors subsequently sought advice from CBL, and were subsequently referred to Leonard

Curtis. On 27 November 2018, a meeting was held with the directors to discuss the Company's financial position. It is understood that shortly after this date, the Company was able to secure additional funding of £100,000 from CBL; this was in addition to previous loans totalling around £850,000 made from CBL.

- 3.10 In April 2018, the Company fell in arrears with its creditors again due to the continuous issue with the DWP as mentioned above. On 2 May 2019, the directors approached Leonard Curtis again to discuss the Company's financial position. On 3 May 2019 a meeting was held with the directors at which it was concluded the Company was insolvent as it was unable to pay its liabilities as and when they fell due. As such, it was concluded that the directors should immediately take steps to place the Company in Administration.
- 3.11 On 7 May 2019, a director, Douglas Alker signed a Notice of Intention to Appoint Administrator ('NOI'). The NOI was filed at the High Court of Justice, Business and Property Courts In Manchester – Company & Insolvency List (CHD) on 10 May 2019. On the same day the NOI was served on CBL.
- 3.12 On 14 May 2019, Leonard Curtis and their agents instigated a marketing campaign in respect to Company's business and assets. A flyer detailing the opportunity was uploaded to their respective websites and forwarded to their extensive database of interested parties. Further details in respect to the marketing can be found in 5.1.
- 3.13 On 24 May 2019, Douglas Alker signed a second NOI to allow further marketing of the business to be undertaken in the interest of creditors. The second NOI was filed at the High Court of Justice, Business and Property Courts In Manchester – Company & Insolvency List (CHD) on the same date.
- 3.14 In accordance with paragraph 26(2) of Schedule B1 to the Insolvency Act 1986, the Notice of Appointment was given by the Company's directors on 3 June 2019 and filed at the High Courts of Justice, Business and Property Courts In Manchester – Company & Insolvency List (CHD) on the same date.
- 3.15 Mark Colman and I are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of the Insolvency Schedule B1 to the Act, the function of the Joint Administrators may be exercised by either or both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the years ended 31 March 2018, 2017 and 2016 are detailed below:

	Unrestricted funds £	Restricted funds £	Total funds 2018 £
Donations	759	153,102	153,861
Charitable activities	1,440,966	11,972	1,452,938
Other trading activities	253,631	-	253,631
Investments	97,759	-	97,759
Total income	<u>1,793,115</u>	<u>165,074</u>	<u>1,958,189</u>
Fundraising expenditure	(37,442)	-	(37,442)
Investment management costs	(99,867)	-	(99,867)
Charitable activities expenditure	(1,547,522)	(157,560)	(1,705,082)
Other resources expended	(95,924)	-	(95,924)
Total expenditure	<u>(1,780,755)</u>	<u>(157,560)</u>	<u>(1,938,315)</u>
Net income	<u>12,360</u>	<u>7,514</u>	<u>19,874</u>
Total funds brought forward	<u>289,722</u>	<u>6,718</u>	<u>296,440</u>
Total funds carried forward	<u>302,082</u>	<u>14,232</u>	<u>316,314</u>

	Unrestricted funds £	Restricted funds £	Total funds 2017 £
Donations	13,093	76,516	89,609
Charitable activities	1,035,378	-	1,131,588
Other trading activities	333,242	-	237,032
Investments	105,472	-	105,472
Total income	<u>1,487,185</u>	<u>76,516</u>	<u>1,563,701</u>
Fundraising expenditure	(82,110)	-	(82,110)
Investment management costs	(83,751)	-	(83,751)
Charitable activities expenditure	(1,158,562)	(79,561)	(1,238,123)
Other resources expended	(85,957)	-	(85,957)
Total expenditure	<u>(1,410,380)</u>	<u>(79,561)</u>	<u>(1,489,941)</u>
Net income	76,805	(3,045)	73,760
Total funds brought forward	212,917	9,763	222,680
Total funds carried forward	<u>289,722</u>	<u>6,718</u>	<u>296,440</u>

	Unrestricted funds £	Restricted funds £	Total funds 2016 £
Donations	14,935	203,479	218,414
Charitable activities	917,016	8,983	925,999
Other trading activities	335,166	-	335,166
Investments	140,304	-	140,304
Total income	<u>1,407,421</u>	<u>212,462</u>	<u>1,619,883</u>
Fundraising expenditure	(35,639)	-	(35,639)
Investment management costs	(55,713)	-	(55,713)
Charitable activities expenditure	(1,101,573)	(211,673)	(1,313,246)
Other resources expended	(90,016)	-	(90,016)
Total expenditure	<u>(1,282,941)</u>	<u>(211,673)</u>	<u>(1,494,614)</u>
Net income	124,480	789	125,269
Total funds brought forward	88,437	8,973	97,411
Total funds carried forward	<u>212,917</u>	<u>9,762</u>	<u>222,680</u>

Please note that the directors have advised that there were no restricted funds held by the Company as at the date of the Joint Administrators' appointment. The Joint Administrators are taking steps to reconcile the funds held.

4.2 The balance sheets as at 31 March 2018, 2017 and 2016 are detailed below:

	As at 31 March 2018 £	As at 31 March 2017 £	As at 31 March 2016 £
Fixed Assets			
Tangible Assets	4,871	7,955	8,306
Investments	1,710,204	1,710,204	1,710,204
	<u>1,715,075</u>	<u>1,718,159</u>	<u>1,718,510</u>
Current Assets			
Stocks	2,918	2,918	3,352
Debtors	259,084	264,736	211,099
Cash at bank and in hand	65,080	62,619	87,117
	<u>327,082</u>	<u>330,273</u>	<u>301,568</u>
Creditors: Amounts Falling due within one year	<u>(283,769)</u>	<u>(252,583)</u>	<u>(243,716)</u>
Net Current Assets/(Liabilities)	<u>43,313</u>	<u>77,690</u>	<u>57,852</u>
Total Assets less Current Liabilities	1,758,387	1,795,849	1,776,362
Creditors: Amounts falling due after more than year	<u>(1,442,074)</u>	<u>(1,499,409)</u>	<u>(1,553,683)</u>
Net Assets	<u>316,314</u>	<u>296,440</u>	<u>222,679</u>
Funds			
Restricted income funds	14,232	6,718	9,762
Unrestricted income funds	302,082	289,722	212,917
Total funds	<u>316,314</u>	<u>296,440</u>	<u>222,679</u>

Statement of Affairs

4.3 The directors are required to lodge a statement of affairs as at 3 June 2019 which has to be filed with the Registrar of Companies. This document has not yet been received. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

4.4 Secured Creditors

4.4.1 The Charity Bank Limited ("CBL")

CBL hold security in the form of a mortgage debenture created on 4 August 2010 and registered at Companies House on 5 August 2010, incorporating a fixed and floating charge over the undertaking and all property and assets of the Company.

CBL also have the benefit of a legal charge created on 6 August 2010 and registered at Companies House on 7 August 2010. The legal charge incorporates a fixed charge over the Company's freehold property situated at Kings Court, 33 King Street, Blackburn, BB2 2DH and 36 Clayton Street, Blackburn, BB2 2DH ("the Property").

CBL have confirmed that the amount due to CBL as at 3 June 2019 is £975,283.61 inclusive of interest and charges.

4.4.2 Mr and Mrs Holgate

According to the information held at Companies House, Barnfield Investment Properties Limited ("Barnfield") hold security in the form of a legal charge incorporating a fixed charge over the Property. The charge was created on 4 September 2006 and registered at Companies House on 13 September 2006.

As detailed previously, it is understood that on 1 October 2010, the debt due to Barnfield was novated to a former director of Barnfield, Mr Christopher Holgate together with his wife, Mrs Doris Holgate. Mr and Mrs Holgate have confirmed that the amount outstanding in this regard is currently £567,488.97.

4.4.3 Deed of priority

There is a deed of priority dated 6 August 2010 which confirmed that CBL have first charge over the Company's freehold property but only to the extent of its initial priority debt (in the amount of £600,000 and in addition to interest, costs and charges).

On 5 March 2015, a second deed of priority was signed which confirms that CBL have first charge over the Company's freehold property but only to the extent of its priority debt (in the amount of £988,744.78 and in addition to interest, costs and charges). It is understood that the deed of priority dated 5 March 2015 supersedes the one prior to this dated 6 August 2010.

Prescribed Part

- 4.5 The net property in this case is expected to be less than the prescribed minimum. Accordingly, there will be no requirement to set aside a prescribed part in this case.

Preferential Claims

- 4.6 The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions.

Evolve IS Limited ("Evolve") were instructed to assist the Company's employees with making claims with the Redundancy Payments Office ("RPO"). 76 of the Company's employees were made redundant prior to our appointment. Evolve have estimated that they anticipate the preferential claims to total £71,563.

It is considered unlikely that there will sufficient funds in this case to enable a distribution to the preferential creditors.

Unsecured Claims

- 4.7 At present, it is considered unlikely that there will be sufficient funds available to enable any form of distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix I. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

Receipts and Payments

- 4.8 A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

Sale of Business

- 5.1 Prior to and upon appointment, the Joint Administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following:

- Enhanced asset values;
- The potential of customer continuity, particularly with regards to the Company's vulnerable clientele;
- Improved debtor collections; and
- Preservation of the Company's 81 employees, mitigating significant preferential and unsecured employee claims.

On 14 May 2019, The Joint Administrators' agents, Landwood Group Limited ("Landwood") and Leonard Curtis commenced marketing of the Company's business and assets. A marketing flyer was uploaded to their respective websites and circulated via email. Any interested parties were requested to express any interest no later than 12.00pm on 21 May 2019.

A number of enquiries were received following the above marketing campaign. Much of the interest had been in the Company's freehold property and a small number of enquiries were made regarding the interpreter services and home services provided by the Company.

Landwood advised that a verbal offer of £15,000 was received for the Company's interpreting services from one of the tenants of Kings Court, however this was later retracted. No other offers were received for any part of the business. On 22 May 2019, it was subsequently decided to cease trading except for Kings Court which is currently continuing to trade.

Freehold Property

- 5.2 The Company owns freehold property, trading as Kings Court, situated at 33 Kings Street, Blackburn, Lancashire, BB2 2DH ("the Property"). The Property operates as a business centre, providing office spaces for tenants. Kings Nursery and the Parthenon Greek Restaurant used to operate from the freehold property however these were closed prior to the Joint Administrators' appointment.

A valuation report has been obtained for the Property and the Property is currently being marketed by both Landwood and Leonard Curtis. The valuation is considered to be commercially sensitive pending disposal of the Property and cannot be disclosed at this time.

Please note that the business centre is continuing to trade and there are currently 16 tenants occupying office spaces. Landwood have advised that the optimum strategy for selling the Property is to market it for sale with the tenants in situ, this being the reason for continuing to trade the site. The Joint Administrators have sought further funding from CBL in order to cover the associated costs incurred to enable Kings Court to continue trading. CBL have consented to provide funding of £20,000 in this regard.

The Joint Administrators and their staff have spent significant time planning and ensuring all health and safety and security requirements are met in running Kings Court which is currently operating with 5 members of staff. The Joint Administrators have liaised with all utility providers to ensure services are continuing to be supplied to the Property. The work undertaken by the Joint Administrators and their staff in this regard, included but was not limited to:

- Consideration of marketing strategy and discussing the optimum strategy with Landwood;
- Time has spent marketing the Company's freehold property – this included drafting a marketing flyer with sales particulars and forwarding to Leonard Curtis' extensive database of prospective interested parties;
- Time has been spent requesting regular updates from Landwood regarding the marketing of the Property;

- Significant time has been spent in continuing to trade Kings Court – further time is expected to be spent in this regard;
- Time has been spent reviewing the health and safety and security risks regarding continuing to trade Kings Court and ensuring any potential issues have been dealt with;
- Time has been spent ensuring salaries will be paid for the 5 retained employees at Kings Court;
- The Joint Administrators' staff have spent time on site providing cover for employees of Kings Court that have taken sick leave during the period of trading Kings Court;
- Further time will be spent reviewing any offers that are likely to be received for the Property;
- Time will be spent liaising with Landwood with respect to any offers received;
- Liaising with the secured creditors with respect to the optimum strategy for realisation and providing regular updates;
- Seeking legal advice from Freeths with regards to the leases in place for the Kings Court tenants;
- Obtaining and reviewing strategy report from Freeths; and
- Time will be spent instructing Freeths to draft sale agreements for the Property.

The Property currently generates monthly rent income of £5,839 together with service charges of £2,681. Kings Court also offers conference rooms to both its tenants and external parties. The income from conference room bookings vary monthly. From the information provided by the directors, it was understood that an amount of £4,825 plus VAT has been invoiced for conference room bookings for June 2019.

The estimated fixed charge costs that have been incurred to date in continuing to trade Kings Court have been detailed at Appendix F.

5.3 Motor Vehicles

It is understood that the Company owned 3 motor vehicles and had the benefit of a further 2 vehicles subject to lease agreements which have subsequently been returned. Landwood advised that the vehicles owned by the Company are of a significant age and one was recorded as category D for insurance purposes. Landwood provided a valuation in the range of £1,000 - £2,000 for the vehicles owned by the Company.

On 27 June 2019, Landwood advised that the three vehicles were sold to an unconnected party via a private treaty sale for a total of £4,500 plus VAT. The funds from the sale will be forwarded to the Joint Administrators shortly.

5.4 Plant and Machinery

Landwood have advised that the Company's plant and machinery consists of woodworking, computer and catering equipment. Landwood have attributed a value of £10,000 to this category of assets.

Landwood have advised that the optimum strategy for disposals of these assets is through private treaty sales as other methods for sale are likely to be costly and result in lower gross realisations. Landwood have commenced marketing these assets and an update will be provided to creditors in the next progress report.

On 11 June 2019, an offer of £1,500 plus cost of removal was received for the catering equipment from an unconnected party. Landwood advised they would not recommend acceptance of this offer as the value was too low.

5.5 Debtors (Other than DWP)

According to the Company's online accounting software, there are debts totalling £75,045.26 due to the Company. It is understood that this relates to interpreting services provided by the Company to clients such as schools, colleges and hospitals.

The directors have advised that the Company's accounting software was not managed adequately and therefore it is unclear whether the information regarding the Company's debtors is up to date. Also according to the software, a number of these debts date back to October 2018 and as such, it is not clear whether these have previously been paid.

The Joint Administrators are in the process of reviewing the records available in order to reconcile the position and pursue any outstanding balances due to the Company.

5.6 Debtors – The Department of Work and Pensions ("DWP")

This category of asset relates to services provided by the Company for which funding was provided by Access to Work, a department within the DWP.

According to the Company's Sage Accounting software, the amount due to the Company from DWP totals £268,521.13. However as detailed above, the directors have advised the Company's accounting software was not managed or maintained adequately therefore it is not clear whether the amount that is due to the Company from the DWP according to Sage is up to date.

The directors have advised that current claims made by the Company to DWP total approximately c.£400,000. The documentation relating to the claims made by the Company to the DWP are currently in the DWP's possession and are subject to review. The Joint Administrators are currently liaising with the DWP to establish access to this documentation.

5.7 Balance at Bank

The Company operated a business bank account with the National Westminster Bank ("NatWest"). The credit balance as at 24 June 2019 was £38,921.84. NatWest have advised that the Company operated with the use of a credit card with NatWest and that £4,686.48 is outstanding to NatWest in this regard. As such, NatWest have advised that when the credit balance is forwarded to the Joint Administrators, the amounts due under the credit card will be set off prior to transferring the funds to us to the Joint Administrators' designated bank account.

A reconciliation of transactions from the date of appointment to 24 June 2019 will be undertaken following receipt of bank statements for that period.

It is understood that the Company also operated with the use of another business bank account with Santander Plc ("Santander"). It is understood that there is a credit balance of c.£1,000 held by Santander. The Joint Administrators are currently liaising with Santander and have requested that any credit balance held be transferred to the Joint Administrators.

Professional Advisors and Subcontractors Used

5.8 On this assignment the Joint Administrators have used the professional advisors listed below.

Name of Professional Advisor	Service Provided	Basis of Fees
Freeths LLP	Legal advice	Time costs
Landwood Group	Asset valuation advice & sale of assets	% of realisations
Evolve IS Limited	Assistance with employee related claims including pension advice	Fixed Fee
CAPA	Advice on business rates and any refunds due	% of realisations

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
 - (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved);
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that this objective is unlikely to be achieved as there is little prospect of a dividend to unsecured creditors, other than by way of a distribution of the prescribed part.
- 6.4 The third objective is to realise property in order to make a distribution to secured and / or preferential creditors. This objective is likely to be achieved as it is anticipated that there will be a distribution to one or more of the secured creditors following the sale of the Company's freehold property.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors, there is no requirement to seek such a decision from creditors.
- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.
- 7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.7 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of each secured creditor of the Company.
- 8.3 The appropriate body of creditors will be contacted in due course should an extension be required.

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as:

- Fees charged; and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged £	Amount paid £	Amount unpaid £
Leonard Curtis	Assessing the financial position of the Company, dealing with the appointment papers and formalities. Marketing for sale the business and assets of the Company and liaising with interested parties in respect of the same. Liaising with local authorities in providing continued services to the Company's vulnerable clientele.	56,585.00	Nil	56,585.00
Landwood Group	Valuation of tangible assets and advice regarding exploring a potential sale of the business. Marketing for sale the business and assets of the Company and liaising with interest parties in respect of the same.	2,000.00	Nil	2,000.00
Landwood Group	Agents Disbursements	441.74	Nil	441.74
Freeths LLP	Drafting and filing Notice of Intention to Appoint Administrators, drafting the appointment documents and providing legal advice. Legal advice was sought regarding the Company's position with respect to its leasehold premises. Advice was also sought with respect to the Joint Administrators' requirements for continuing to trade Kings Court.	7,861.88	Nil	7,861.88
Freeths LLP	Solicitors' disbursements.	67.70	Nil	67.70
Evolve IS Limited	Costs of consultation with the employees and assisting 76 employees with making claims for redundancy including 3 site visits.	4,030.00	Nil	4,030.00
Total		70,986.32	Nil	70,986.32

9.3 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £56,585.00 have been incurred which represents 163.3 hours at a rate of £346.51.

9.4 Work undertaken by Leonard Curtis

In the period prior to the Administration, Leonard Curtis provided insolvency advice to the Company and carried out an assessment of their financial position with a view to establishing the appropriate insolvency procedure for the Company.

The proposed Administrators evaluated the Company's financial position and advised that the directors would be required to take immediate action unless further funding could be introduced.

The work undertaken included, but was not limited to:

- Dealing with pre-appointment formalities;
- Liaising with the directors in order to obtain the Company's financial information;
- Attending on site to obtain Company information;
- Attending a number of meetings with the directors;
- Attending a meeting with the Company's employees to explain the following the filing of the NOI;
- Liaising with the directors to arrange the swearing of the Notice of Appointment ("NOA") prior to filing at Court;
- Liaising with the appointed solicitors, Freeths LLP ("Freeths") in respect of filing the documents at Court;
- Liaising with the local authorities to ensure there are continued services provided to the Company's vulnerable clientele;
- Advising the Company on whether an early sale of the business and assets would likely be achievable and in the interest of creditors;
- Preparing and reviewing the optimal insolvency strategy;
- Liaising with Landwood with regards to asset valuations and marketing strategy;
- Attending on site with Landwood to discuss realisation strategy;
- Liaising with Landwood regarding assets on finance;
- Liaising with Landwood with regards to marketing for sale of the business and assets of the Company;
- The Joint Administrators launched their own marketing campaign of the Company's business and assets;
- Liaising with parties interested in the Company's assets;
- Discussing interested parties with Landwood;
- Liaising with Landwood with regards to the interest received;
- Advising the Company on whether an early sale of the business and assets is achievable and would likely be in the interest of creditors;
- Liaising with the floating charge holder CBL in respect of the proposed appointment and seeking their consent;
- Time was spent preparing a strategy note for CBL;
- Providing regular updates and optimal insolvency strategy to CBL;
- Liaising with Mr and Mrs Holgate in respect of the proposed appointment and their charge over the Company's freehold property;
- Meeting with the tenants of Kings Court who have requested regular updates;
- Consulting with Freeths regarding advice sought in respect of the Company's freehold and leasehold properties;
- Advice was sought from Freeths in respect of the Joint Administrators' requirements for continuing to trade Kings Court;
- Liaising with the landlord of the Company's leasehold properties;
- Arranging assistance from Evolve in respect of employee claims and consultation;
- Attended a meeting with Evolve and the Company's employees with regards to redundancies; and
- Liaising with Evolve in respect of calculating preferential and unsecured employee claims.

9.5 Work undertaken by Landwood

Landwood, RICS registered, valuers and auctioneers, were instructed to attend site to provide an assessment of the likely realisable value of the Company's assets. This information enabled Leonard Curtis to properly gauge that at least one of the statutory purposes of Administration could be achieved.

The work carried out by Landwood included:

- Time spent on the Company's site making detailed inventories of the assets and reviewing the Company's land and property;
- Time spent undertaking market research and writing their formal valuation reports;
- Time spent reviewing the lease in place in respect of the leasehold properties;
- Assisting in marketing of the Company's business and assets via online media;
- Assessing and advising on interest received; and
- Liaising with interested parties.

9.6 Work undertaken by Freeths

The work carried out by Freeths included:

- Drafting the pre-appointment documentation and filing the same at Court;
- Drafting the appointment documentation and filing the same at Court;
- Providing advice relating to the Company's leasehold properties;
- Providing advice with regards to the leases for the tenants at Kings Court; and
- Providing advice regarding the secured charges against the Company's property.

9.7 Work undertaken by Evolve

As detailed previously Evolve were instructed to provide assistance with employee related claims. Evolve visited the Company's site to provide consultation to the Company's employees. Evolve assisted 76 of the Company's 81 employees who were made redundant prior to our appointment. Evolve attended site on three occasions to assist the employees in making claims for redundancy. Evolve also provided calculations of the likely employee preferential and unsecured claims

- 9.8 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. In this case, the Joint Administrators are required to seek the approval of the secured creditors to this resolution.

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

General

- 10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

Approval by appropriate body

- 10.2 The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In such circumstances, responsibility for approving the basis of the Joint Administrators' remuneration lies with the Creditors' Committee (if there is one); or if none (or the Committee does not make the requisite determination): each secured creditor of the Company; or where the Joint Administrators intend to make a distribution to preferential creditors: each secured creditor of the Company and a decision of the preferential creditors.
- 10.3 In the absence of a Creditors' Committee being established in this case, approval will be sought from the secured creditors and the outcome will be reported to all creditors in due course.

Information to be given to creditors

- 10.4 The Joint Administrators wish, in this case, to seek the secured creditors' agreement to their remuneration being fixed on a percentage basis in relation to work undertaken in relation to the Company's freehold property and a further amount to be calculated by reference to the time properly given by them and their staff in attending to all other matters, as set out in a Fees Estimate. Prior to seeking approval of the proposed combination of fee bases, the Joint Administrators are required to provide all known creditors with their Fees Estimate, an explanation of why the percentage basis will produce a fair and reasonable reflection of the work that the office holder anticipates will be undertaken and details of the expenses that they consider will be, or are likely to be, incurred during the Administration ("Statement of Likely Expenses").

Percentage Fee

- 10.5 Fees in relation to the sale of the Property are proposed at 5% of realisations made from the sale of the Property. The likely realisable value of the Property is currently unknown and subject to marketing. The sale will likely require a significant amount of work due to the work involved in trading the business centre until such time that a suitable sale can be agreed. It is for this reason that we are seeking approval of fees on a percentage of realisation basis for the sale of the Property as we believe this is the best interest of creditors.

The work currently being undertaken or likely to be undertaken by the Joint Administrators and their staff in dealing with the Property, includes but is not limited to:

- Consideration of marketing strategy and discussing the optimum strategy with Landwood;
- Marketing the Company's freehold property – drafting a marketing flyer with sales particulars and forwarding to Leonard Curtis' extensive database of prospective interested parties;
- Regular updates with Landwood regarding the marketing of the Property and the proposed disposal strategy;
- Time spent continuing to trade Kings Court – further time is expected to be spent in this regard;
- Ensuring continued supply of utility to the Property;
- Liaising with the local authority regarding business rates;
- Reviewing the health and safety and security risks regarding continuing to trade Kings Court and ensuring any potential issues are dealt with;
- Management of retained staff and ensuring salaries are paid for the 5 retained employees at Kings Court;
- Providing cover for employees of Kings Court that have taken sick leave during the period of trading Kings Court;
- Consideration of any offers that are likely to be received for the Property;
- Liaising with Landwood with respect to any offers received;
- Liaising with the secured creditors with respect to the optimum strategy for realisation and providing regular updates;
- Seeking legal advice from Freeths with regards to the leases in place for the Kings Court tenants;
- Obtaining and reviewing strategy report from Freeths;
- Time will be spent instructing Freeths to draft a sales pack and the relevant sales and purchase agreements for the Property;

- Reviewing the aforementioned agreements and proposing amendments where necessary;
- Liaising with HMRC with regards to an option to tax on the Property;
- Transfer of title of Property; and
- Removal of charges against the Property.

Given the level of work required in selling the Property as detailed above, it is considered appropriate that 5% of realisations on the sale of the Property represents a fair and reasonable charge for this work and ensures that the Joint Administrators' fees are proportionate to the sale value achieved.

The Fees Estimate

- 10.6 The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:

- Details of the work that the Joint Administrators and their staff propose to undertake not relating to the sale of the Property;
- The hourly rate or rates that the Joint Administrators and their staff propose to use; and
- The time that the Joint Administrators anticipate that each part of the work will take.

Please note that the Fees Estimate excludes any time incurred or likely to be incurred dealing with the fixed asset, the Property.

Details of the Joint Administrators' time costs to date have also been included for comparison purposes. In summary, time costs of £23,629.00 have been incurred to date which represents 78.5 hours at an average rate of £301.01 per hour.

- 10.7 The total amount of time costs as set out in the Fees Estimate is £54,473.50. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the administration.
- 10.8 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to secured creditors for further approval.
- 10.9 Details of the firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix H.
- 10.10 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded using the following link:

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

If you would prefer this to be sent to you in hard copy please email alnur.miah@leonardcurtis.co.uk or contact Alnur Miah of this office on 01772 646180.

Statement of Likely Expenses

- 10.11 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information, it has been separated into the following categories:
- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
 - (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category

are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 disbursements" and they may not be drawn without the approval of the secured creditors in the same way as fees and the secured creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.

Further Updates

- 10.12 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 ESTIMATED OUTCOME FOR CREDITORS

- 11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.

- 11.2 The Estimated Outcome Statement assumes the following:

- a) That asset realisations are in line with those estimated at Appendix B;
- b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
- c) That the expenses of the administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.

- 11.3 In summary:

• Secured creditors –

As detailed in 4.4, CBL hold security in the form of a mortgage debenture created on 4 August 2010 and registered at Companies House on 5 August 2010, incorporating a fixed and floating charge over the undertaking and all property and assets of the Company. CBL also have the benefit of a legal charge created on 6 August 2010 and registered at Companies House on 7 August 2010. The legal charge incorporates a fixed charge over the Company's freehold property situated at Kings Court, 33 King Street, Blackburn, BB2 2DH and 36 Clayton Street, Blackburn, BB2 2DH ("the Property"). CBL have confirmed that the amount due to CBL as at 3 June 2019 is £975,283.61 inclusive of interest and charges.

According to the information held at Companies House, Barnfield hold security in the form of a legal charge incorporating a fixed charge over the Property. The charge was created on 4 September 2006 and registered at Companies House on 13 September 2006.

As detailed previously, it is understood that on 1 October 2010, the debt due to Barnfield was novated to a former director of Barnfield, Mr Christopher Holgate together with his wife, Mrs Doris Holgate. Mr and Mrs Holgate have confirmed that the amount outstanding in this regard is currently £567,488.97.

As detailed previously, it is anticipated that a distribution will be made to one or more of the secured creditors following the sale of the Property.

• Preferential creditors –

As detailed in paragraph 4.6, the only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions. Evolve have estimated the preferential claim to be c.£71,563. It is considered unlikely at this stage that there will be sufficient funds in this case to enable a distribution to the preferential creditors.

- **Unsecured creditors –**

As detailed in 4.7, it is considered unlikely at this stage that there will be sufficient funds available to enable any form of distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix I. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

12 RELEASE OF ADMINISTRATORS FROM LIABILITY

- 12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.
- 12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.
- 12.3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the secured creditors. The appropriate class of creditor will be contacted directly in this respect.

13 CONCLUSION

- 13.1 It is important that you give careful attention to this report and its Appendices.
- 13.2 Creditors will be advised of the outcome on the deemed approval of the Proposals in due course.

Should you have any queries or require any further clarification please contact Alnur Miah at my office, **in writing**. Electronic communications should also include a full postal address.

for and on behalf of
EAST LANCASHIRE DEAF SOCIETY LIMITED



MEGAN SINGLETON
JOINT ADMINISTRATOR

Mark Colman is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 9721 and Megan Singleton is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 22090

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation. It is further proposed that Mark Colman and/or Megan Singleton be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Mark Colman and/or Megan Singleton be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 3 JUNE 2019

	Notes	Book value £	In Administration £
Assets specifically pledged			
Freehold property	1	1,710,204	Uncertain
Less: The Charity Bank Limited ("CBL")	2	(971,775)	(971,775)
less: Mr and Mrs Holgate	2	(567,489)	(567,489)
Surplus/(deficit) as regards fixed charge holders		<u>170,940</u>	<u>tbc</u>
Assets not specifically pledged			
Surplus from fixed charge holders		170,940	tbc
Balance at Bank – NatWest	3	34,235	34,235
Balance at Bank - Santander	3	1,000	1,000
Motor Vehicles	4	4,871	4,500
Plant and Machinery	4	-	10,000
Stocks	5	2,918	Nil
Debtors (other than DWP)	6	75,045	Uncertain
Debtors - DWP	7	268,521	Uncertain
		<u>55,530</u>	<u>49,735</u>
Preferential creditors	8	(71,563)	(71,563)
Net property available for prescribed part		<u>485,967</u>	<u>(21,828)</u>
Prescribed part calculation	9	N/a	N/a
Available for floating charge creditor		<u>485,967</u>	<u>(21,828)</u>
Floating charge holder	2	-	tbc
Surplus as regards floating charge holder		<u>485,967</u>	<u>(21,828)</u>
Add back prescribed part		<u>N/a</u>	<u>N/a</u>
Available for unsecured creditors		<u>485,967</u>	<u>(21,828)</u>
Unsecured creditors			
Employee claims (est.)	8	(124,299)	(124,299)
H M Revenue & Customs – PAYE / NI	10	Uncertain	Uncertain
H M Revenue & Customs - VAT	10	Uncertain	Uncertain
Trade and expense creditors (est.)	11	(36,752)	(36,752)
Total value of unsecured creditors		<u>(161,051)</u>	<u>(161,051)</u>
Estimated surplus / (deficiency) as regards unsecured creditors		<u>324,916</u>	<u>(182,879)</u>

APPENDIX B (CONTINUED)

NOTES TO THE ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest Company accounts as at 31 March 2018 or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

1. Freehold Property

As detailed earlier, the Company owns freehold property, trading as Kings Court, situated at 33 Kings Street, Blackburn, Lancashire, BB2 2DH. The Property operates as a business centre, providing office spaces for tenants. Kings Nursery and the Parthenon Greek Restaurant used to operate from the freehold property however these were closed prior to the Joint Administrators' appointment.

Please note that the business centre is currently continuing to trade and there are currently 16 tenants occupying office spaces.

A valuation report has been obtained for the freehold property and the property is being marketed by both Landwood and Leonard Curtis. The valuation is considered to be commercially sensitive pending disposal of the property and cannot be disclosed at this time.

2. Fixed chargeholders

The Charity Bank Limited ("CBL")

CBL hold security in the form of a mortgage debenture created on 4 August 2010 and registered at Companies House on 5 August 2010, incorporating a fixed and floating charge over the undertaking and all property and assets of the Company.

CBL also have the benefit of a legal charge created on 6 August 2010 and registered at Companies House on 7 August 2010. The legal charge incorporates a fixed charge over the Company's freehold property situated at Kings Court, 33 King Street, Blackburn, BB2 2DH and 36 Clayton Street, Blackburn, BB2 2DH ("the Property").

CBL have confirmed that the amount due to CBL as at 3 June 2019 is £975,283.61 inclusive of interest and charges.

Mr and Mrs Holgate

According to the information held at Companies House, Barnfield Investment Properties Limited ("Barnfield") hold security in the form of a legal charge incorporating a fixed charge over the Property. The charge was created on 4 September 2006 and registered at Companies House on 13 September 2006.

As detailed previously, it is understood that on 1 October 2010, the debt due to Barnfield was novated to a former director of Barnfield, Mr Christopher Holgate together with his wife, Mrs Doris Holgate. Mr and Mrs Holgate have confirmed that the amount outstanding in this regard is currently £567,488.97.

Please note, on 5 March 2015, a deed of priority was signed which confirms that CBL have first charge over the Company's freehold property but only to the extent of its priority debt (in the amount of £988,744.78 and in addition to interest, costs and charges).

3. Balance at Bank

The Company operated a business bank account with the National Westminster Bank ("NatWest"). The credit balance as at 24 June 2019 was £38,921.84. NatWest have advised that the Company operated with the use of a credit card with NatWest and that £4,686.48 is outstanding to NatWest under the credit card. As such, NatWest have advised that when the credit balance is forwarded to the Joint Administrators, the amounts due under the credit card will be set off prior to transferring the funds to us to the Joint Administrators' designated bank account.

It is understood that the Company operated with the use of another business bank account with Santander Plc ("Santander"). It is understood that there is a credit balance of c.£1,000 held by Santander. *The Joint Administrators are awaiting for the required information from the directors in order to allow us to write to Santander to request the credit balance.*

4. Motor Vehicles and Plant and Machinery

The book value of the Company's motor vehicles and plant and machinery has been extracted from the Company's balance sheet as at 31 March 2018, with no provision for depreciation having been applied for the period since that date. These categories of assets were listed under tangible assets in the Company's balance sheet.

It is understood that the Company owned 3 motor vehicles and had the benefit of a further 2 vehicles subject to lease agreements and have subsequently been returned. Landwood advised that the vehicles owned by the Company are old and one was recorded as category D for insurance purposes. Landwood provided a valuation in the range of £1,000 - £2,000 for the vehicles owned by the Company.

On 27 June 2019, Landwood advised that the three vehicles were sold to an unconnected party via a private treaty sale for a total of £4,500 plus VAT. The funds from the sale will be forwarded to the Joint Administrators shortly.

Landwood have advised that the Company's plant and machinery consists of woodworking, computer and catering equipment. Landwood have attributed a value of £10,000 to this category of assets.

5. Stocks

The book value of the Company's stocks has been extracted from the Company's balance sheet as at 31 March 2018, with no provision for depreciation having been applied for the period since that date. Landwood have advised that the Company held no stocks at the date of appointment.

6. Debtors (other than DWP)

According to the Company's online accounting software, there are debtors totalling £75,045.26 due to the Company. It is understood that this relates to interpreting services provided by the Company to clients such as schools, colleges and hospitals.

The directors have advised that the Company's accounting software were not managed adequately and therefore it is unclear whether the information regarding the Company's debtors is up to date. Also according to the software, a number of these debts date back to October 2018 and as such, it is not clear whether these have been paid.

The Joint Administrators are in the process of writing to all of the Company's debtors and details of realisations made will be provided to creditors in the next progress report to creditors.

7. Debtors – The Department of Work and Pensions ("DWP")

This category of asset relates to services provided by the Company for which funding was provided by Access to Work, a department within the DWP.

According to the Company's Sage Accounting software, the amount due to the Company from DWP totals £268,521.13. However as detailed above, the directors have advised the Company's accounting software were not managed or maintained adequately therefore it is not clear whether the amount that is due to the Company from the DWP according to Sage is up to date.

The directors have advised that current claims made by the Company to DWP indicate a balance of c.£400,000 due to the Company. The documentation relating to the claims made by the Company to the DWP are currently in the DWP's possession and are subject to review. The Joint Administrators are currently liaising with the DWP to establish access to this documentation.

8. Preferential Creditors

As detailed in paragraph 4.8, the only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions. Evolve have estimated the preferential claim to be c.£71,563.

9. Prescribed Part

The net property in this case is expected to be less than the prescribed minimum. Accordingly, there will be no requirement to set aside a prescribed part in this case.

10. H M Revenue & Customs ("HMRC")

The liability due to HMRC is unknown as it is not contained within the Company's Sage records. Following the Joint Administrators, we wrote to HMRC requesting their claim form. This is yet to be received.

11. Trade and expense creditors

The amounts due to trade and expense creditors have been extracted from the Company's Sage records. As stated previously, the Company's sage records had not been adequately maintained. As such, the amounts shown should not be regarded as agreed.

APPENDIX B (CONTINUED)

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address			Per Estimated Financial Position	Details of security held	Date of security	Value of security £
ICH Limited	Union Bridge Works	Roker Lane	Pudsey	Leeds	LS28 9LE	N/a	N/a
Alexander Communications	597 Newchurch Road	Bacup			OL13 0NH	N/a	N/a
Mavis McCue Sign Language Interpreting Service Ltd	163 Shackleton Close	Old Hall	Warrington		WA5 9QG	N/a	N/a
Lorna Moran BSL Interpreting Service	13 Marford Crescent	Sale			M33 4DL	N/a	N/a
Jordan Smith Interpreting Services	64 Valley View	Tottington	Bury		BL8 1WN	N/a	N/a
ABC North West	24 Ullswater Close		Little Lever	Bolton	BL3 1UD	N/a	N/a
S E & K Properties Ltd	Wards Fold Farm		Abbott Brow	Mellor	BB2 7HU	N/a	N/a
Annodata Business Communications	Shannon House		Statin Road	Kings Langley	WD4 8SE	N/a	N/a
	Unit B, Easting			Herts West	BN14	N/a	N/a
Best4Systems	Business Estate		Easting Close	Worthing	8HQ	N/a	N/a
Blackburn Darwen BC	Old Town Hall	King William Street	Blackburn		BB1 7DY	N/a	N/a
Booker Wholesale	Amberley Street		Providence Row	Blackburn	BB2 2QH	N/a	N/a
BT plc	Department W	Durham TE		Durham	DH1 1RR	N/a	N/a
	c/o Baker Tilly						
British Telecom Business	Business Services	6th Floor Salisbury House	31 Finsbury Circus	London	EC2M 5SQ	N/a	N/a
Business Calls Company	Limited		Tontine Street	Blackburn	BB1 7ED	N/a	N/a
Blackburn with Darwen Borough Council	Richmond House			BLACKBUR N		N/a	N/a
	Town Hall				BB1 7DY	N/a	N/a
Cardea Solutions (UK) Ltd	Unit C4 Broadoak					N/a	N/a
Care Quality Commission	Business Park	Ashburton Rd West,	Trafford Park	Manchester	M17 1RW	N/a	N/a
Cleaning Doctor	T70 Receivables F179	Phoenix House,	Topcliffe Lane	Wakefield	WF3 1WE	N/a	N/a
Connexans Ltd	5 Rosley Street		Winehall	Colne	B88 8DE	N/a	N/a
Council for Voluntary Service	Bridge House	1 Nutfield Road	Mersham	Redhill	RH1 3EB	N/a	N/a
Central Lancashire	Units 23/27 Guild Hall Arcade		Lancaster			N/a	N/a
	23 The Tangent		Road	Preston	PR1 1HR	N/a	N/a
Deaf Access Service	Business Hub		Weightbridge Road	Shirebrook	NG20 8RX	N/a	N/a
	22 Deep Furrow Avenue					N/a	N/a
Dishwasher Direct	17 Rookfield Court	Sale	Carlton	Nottingham	NG4 1RS	N/a	N/a
Doherty Interpreting Services	Ellbrook House	Clifton Road	Blackpool		M33 1BQ	N/a	N/a
Duckworth LLP	68 King St			Blackburn	FY4 4QJ	N/a	N/a
Dulux Decorating Centre					BB2 2DT	N/a	N/a

East Lancashire Deaf Society Limited - In Administration

	Red Rose Court	Clayton Business Park	Clayton-le-Moors	B85 5JR	282.00	N/a	N/a
East Lancs Chamber of Commerce Hearing Products International Ltd Echo	Echo House		Haugb Park Newhouse Road	SK4 1OR	182.40	N/a	N/a
	Huncoat Business Park						
	24 Wellgate	Clietheroe	Accrington	B85 6NT	1,384.43	N/a	N/a
	Unit 5 Webber Court	Billingdon Road	Burnley	B87 2DP	102.50	N/a	N/a
				B811 5UB	1,076.40	N/a	N/a
	Garstang Road	Cloughton-on-Brock Oxford Business Park South	Preston	PR3 0GA	215.99	N/a	N/a
British Gas (Electricity) Gemma Bamber GB Interpreting Ltd Hiscox Underwriting Ltd Howdens Joinery Co	1600 Parkway Court		Oxford	OX4 2JY	1,075.71	N/a	N/a
	20 Bleasdale Road		Lytham	FY8 4JA	66.00	N/a	N/a
	25 London Road			ME10 1PE	3,461.61	N/a	N/a
	69 King Street	Blackburn	Sittingbourne	BB2 2DT	38.56	N/a	N/a
	4 Laurel Road	Haydock	St Helens	WA11	8.00	N/a	N/a
	Calgrath House	39-41 Bank Street PO Box 4975	Ashtford Dudley	TN23 1DQ	57.00	N/a	N/a
INBSL Indicator - FL Memo Ltd Initial Institute of Directors	Credit Control			DY1 9FA	24.96	N/a	N/a
	XYZ Building	2 Hardman Boulevard	Manchester	M3 3AQ	405.00	N/a	N/a
	Kwintet House	Syke Side Drive	Alkham	B85 5YE	93.55	N/a	N/a
	Park House	20 Harrier Drive	Business Park Blackburn	B81 8LW	926.64	N/a	N/a
	1 Swinless Street	Burnley		B810 3BN	210.00	N/a	N/a
	107 King Street	BLACKBURN		B82 2DT	1,501.34	N/a	N/a
Motion Picture Licensing Company National Westminster Bank plc North Lancs Training Group	4 Saffrons Road	Eastbourne		BN21	360.00	N/a	N/a
	PO Box 400	Central House	Otley Road	HG3 1XE	33.00	N/a	N/a
	Bradshawgate House		Oak Street Mandale	B85 1EQ	1,260.00	N/a	N/a
	Mersey House		Business Park	DH1 1TH	167.00	N/a	N/a
	1 Alberto Street		Stockton on Tees	TS18 2BQ	178.20	N/a	N/a
			Carysfort Avenue,				
PEAC Ltd Pennine Fire & Safety Pitney Bowes Limited	Administrative Office	Block 2,	Blackrock Business Park	A94 H2X4	822.08	N/a	N/a
	Plasington Street		Blackburn	B82 1UF	384.76	N/a	N/a
	Trident Place	Mosquito Way	Hatfield	AL10 9UJ	200.00	N/a	N/a
	Knowsley Industrial Park	7 Webber Road	Liverpool	L33 7SR	261.90	N/a	N/a
	Smithills Dean Road		Bolton	BL1 7NS	87.00	N/a	N/a
	Victory House		Gateshead	NE11 0EL	0.27	N/a	N/a
Rentokil Initial UK Ltd Smithills Open Farm Worldpay Telephones Online Travis Perkins Trading Co Ltd Triangle Service Ltd	Unit One	North Industrial Estate	New Road,	BN09 OHE	24.99	N/a	N/a
	Phoenix Mill		King St	B82 2DT	1,196.08	N/a	N/a
	7 Hunns Mere Way		Blackburn	BN2 6AH	192.00	N/a	N/a
			East Sussex				

East Lancashire Deaf Society Limited - In Administration

Virgin Media Business Wolseley UK Ltd	Business Payments PO Box 68	PO Box 4459	Ripon	Worthing	RN13 1XP HG4 1XY BB12	72.00 41.55	N/a N/a	N/a N/a	N/a N/a
Woodlands Insurance Services Ltd	12 Church Street	Read	Burnley	Lancashire	7RW	447.77	N/a	N/a	N/a
Mr & Mrs Holgate	Thimble Hall	Clitheroe			BB7 4DZ	567,488.97	Legal charge over Company's property Legal charge and mortgage debenture creating fixed and floating charge over Company's assets	04/09/2 006	567.48 8.97
The Charity Bank Limited The Redundancy Payments Office The Redundancy Payments Office 76 employees with a total debt of 23 consumer creditors with a total debt of	Newby	Tonbridge			TN9 1BE	971,775.30 - - 195,861.77	N/a N/a N/a	06/08/2 010 N/a N/a	971.77 5.30 N/a N/a
Total						7,869.01 1,771,277.60			

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
3 JUNE 2019 TO 8 JULY 2019

	Estimated Financial Position £	Received to date £	Held by Landwood £
RECEIPTS			
Freehold Property	tbc	-	-
Balance at Bank	34,235	-	-
Motor Vehicles	4,500	-	4,500.00
Plant and Machinery	10,000	-	-
Debtors (other than DWP)	Uncertain	-	-
Debtors - DWP	Uncertain	-	-
Funding from CBL	-	-	-
		-	4,500.00
PAYMENTS			
No payments have been made to date		-	
		-	
BALANCE IN HAND		-	
BALANCE HELD BY LANDWOOD			4,500.00

APPENDIX D

SUMMARY OF JOINT ADMINISTRATORS PRE-ADMINISTRATION COSTS

	Total	Average
	Units	Hourly Rate
		£
General Administration	8	120.00
Financial assessment	155	4,922.00
Strategy & purpose evaluation	916	32,761.00
Preparation of documents	401	12,355.00
Chargeholder	151	6,375.00
Court related issues	2	52.00
Total	1,633	56,585.00
Average Hourly Rate (£)		346.51
All Units are 6 minutes		

APPENDIX D (CONTINUED)

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

Financial Assessment

The Joint Administrators and their staff held a number of physical meetings with the directors to establish the Company's financial position and to determine the most appropriate strategy for the Company and its creditors.

Time was spent reviewing cash flow forecasts prepared by the directors to determine the optimal insolvency strategy. Time was spent in meetings with the directors to discuss the Company's cash flow.

Time was spent meeting with Landwood to discuss the Company's business, cash flow and the Company's freehold property.

Strategy & Purpose Evaluation

Time was spent planning the course of the Administration and the best strategy to maximise realisations, which included marketing the business for sale, and preparation of a strategy memo summarising the options available to the Company and the proposed Joint Administrators.

This included time spent;

- Considering the various courses of alternative action other than administration and the possibility for trading the Company in Administration – As detailed previously, the Company's freehold property is still continuing to trade as a business centre under the trading name Kings Court;
- Liaising with Landwood regarding valuations of the Company's assets including the freehold property;
- Liaising with Landwood regarding health and safety evaluations for trading purposes;
- Liaising with Landwood regarding security issues;
- Time was spent by Leonard Curtis in respect of marketing the Company's business and assets;
- Time was spent liaising with Landwood in respect of their marketing campaign;
- Time was spent liaising with Landwood in respect of the interest received for the Company's business and assets;
- Preparing and updating strategy note for the secured creditors;
- Numerous internal strategy meetings to progress matters and discuss continuing strategy;
- Dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the intention to make such appointment to the floating charge holder, CBL and other parties entitled to receive notice;
- Dealing with pre-appointment formalities;
- Liaising with the local authorities to ensure there are continued services provided to the Company's vulnerable clientele;
- Liaising with and holding numerous meetings with the directors to obtain the Company's financial position and discuss the reasons for failure;
- Reviewing cash flow forecasts prepared by the directors;
- Preparing and reviewing the optimal insolvency strategy;
- Liaising with the directors to arrange the swearing of the first Notice of Intention to Appoint an Administrator ("NOI") prior to filing at Court;
- Dealing with all formalities relating to the appointment of Administrators including giving appropriate notification of the intention to make such appointment to CBL and other parties entitled to receive notice;
- Liaising with Freeths in respect of filing the NOI;
- Meetings with the Company's employees to discuss their options;
- Liaising with and arranging assistance from Evolve in respect of employee claims; and

- Liaising with Evolve in respect of calculating preferential claims.

Preparation of Documents and General Administration

Time has been incurred preparing the engagement letter and verifying the identities of the directors and guarantor in compliance with money laundering obligations. This also included setting up the case file and ensuring statutory requirements were met.

Time was spent liaising with the directors to collate the relevant information for inclusion on the appointment documents and recovering Company records, including asset and employee information. This included time spent on site to recover the information needed for the Administration.

Time was spent in a number of meetings with the directors to discuss the reasons for the Company's insolvency and the Administration process.

Time was spent processing the information of the Company's members and other creditors including 81 employees. This included time being spent generating the Company's Sage records and extracting creditor information.

Time was spent creating the relevant engagement letters instructing solicitors and agents.

Time was spent liaising with Freeths in respect of drafting the NOI and Notice of Appointment of Administrators ("NOA").

Time was spent preparing a strategy memo to present to the secured creditors.

Chargeholder

Time was spent liaising with Freeths in respect of seeking consent of the Administration from CBL.

Time was spent by the Joint Administrators and their staff in numerous telephone conversations with CBL in respect of the optimal insolvency strategy and the Company's financial position.

Time was spent liaising with CBL and discussing the amounts they are owed under their security.

Time was spent with CBL to discuss further funding required to continue running Kings Court. Time was spent preparing and presenting a monthly cash flow forecast in this regard.

Time was spent liaising with Mr and Mrs Holgate to discuss the proposed Administration and their security.

Court related issues

Time was spent liaising with Freeths in respect of filing of the NOI and NOA.

Time was spent meeting with the directors to swear the NOI and NOA.

APPENDIX E

JOINT ADMINISTRATORS' FEES ESTIMATE INCORPORATING TIME INCURRED TO DATE

	FEES ESTIMATE			INCURRED TO DATE			Variance
	Units	Cost £	Average Hourly Rate £	Units	Cost £	Average Hourly Rate £	
A01: Statutory & Review	98	3,137.50	320.15	58	2,064.00	355.86	1,073.50
A02: Receipts & Payments	56	1,528.50	272.95	3	63.00	210.00	1,465.50
A03: Insurance	27	943.50	349.44	8	184.00	230.00	759.50
A04: Assets	297	8,655.50	291.43	-	-	-	6,307.50
Other Assets	-	-	-	13	416.00	320.00	-
Debtors	-	-	-	66	1,932.00	292.73	-
A05: Liabilities	236	6,832.00	289.49	125	3,341.00	267.28	3,491.00
A06: Landlords	110	3,450.00	313.64	54	2,320.00	429.63	1,130.00
A08: Debenture Holder	192	6,051.50	315.18	103	3,447.00	334.66	2,604.50
A09: General Administration	180	4,813.50	267.42	80	2,247.00	280.88	2,566.50
A11: Appointment	229	5,629.00	245.81	229	5,629.00	245.81	0.00
A12: Planning & Strategy	105	3,312.00	315.43	25	1,125.00	450.00	2,187.00
A13: Post Appointment Credits Mtngs	104	3,080.50	296.20	-	-	-	3,080.50
A15: Investigations	120	3,842.00	320.17	-	-	-	3,842.00
A38: LEGAL SERV - Tel Call	38	1,558.00	410.00	11	451.00	410.00	1,107.00
A40: LEGAL SERV - Email Out	40	1,640.00	410.00	10	410.00	410.00	1,230.00
TOTAL	1,832	54,473.50	297.34	785	23,629.00	301.01	30,844.50

APPENDIX E (CONTINUED)

JOINT ADMINISTRATORS' FEES ESTIMATE

DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve weekly team meetings to discuss and agree case strategy and a month 1 review by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses we will as a minimum carry out three monthly and six monthly reviews to ensure that the case is progressing as planned;
- Allocation of staff, management of staff, case resourcing and budgeting;
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9;
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice;
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of the all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements; and
- Completion of case closing procedures at the end of the case.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank accounts – two separate bank accounts have been opened in this case for fixed and floating charge realisations;
- Management of case bank accounts to ensure compliance with relevant risk management procedures;
- Regular review of case bank account by senior member of staff to ensure that fixed and floating charge assets have been properly identified and prescribed part funds have been set aside where appropriate;
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports;
- Timely completion of all post appointment tax and VAT returns; and
- Managing estate expenses.

Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Notification and progression of post-appointment insurance claims if required;
- Periodic review of insurance requirements over physical assets, to minimise costs to the estate – the Joint Administrators have arranged for open cover insurance to be put in place for the Company's freehold property;
- Calculation and request of joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three month intervals in accordance with best practice;
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation; liaising with pensions providers to understand the nature of the scheme, and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme; and
- Liaising with pension companies to arrange for prompt wind up of schemes.

Assets

The work undertaken and proposed to be undertaken in this regard relates to work carried out not relating to the sale of the Property. This includes, but not limited to:

- Agreeing strategy for realisation of Company assets – the Joint Administrators and their staff have spent time in a number of internal meetings to agree the best strategy for realisation of the Company assets;
- Instruction of and liaising with agents as required – As previously detailed, the Joint Administrators have instructed Landwood to assist with realising the Company assets;
- Time has been spent reviewing valuation reports provided by Landwood;
- Time has been spent discussing with Landwood the optimum strategy for realising the Company's motor vehicles and plant and machinery;
- Discussing the sale of the Company's motor vehicles with Landwood;
- Further time will be spent liaising with Landwood following the disposal of the Company's plant and machinery;
- Liaising with Company's bankers re pre-appointment bank accounts – Time has been spent requesting for the credit balance to be forwarded to the Joint Administrators' designated bank account;
- Time will be spent pursuing the Company's book debts;
- Time has been spent reviewing the Company's online accounting software to collate debtor information;
- Time will be spent writing to the Company's debtors;
- Instruction of debt collection agents where necessary;
- Time will be spent liaising and meeting with the DWP in respect of the potential debts due from them; and
- Identification and return of third party assets.

Liabilities

This category of time includes both statutory and non-statutory matters.

Statutory

- Processing of claims from the Company's creditors;
- Processing of claims from the Company's employees;
- Preparation, review and submission of pre-appointment tax and VAT returns; and
- Preparation and submission of periodic progress reports to creditors.

Non-statutory

- Dealing with enquiries from the Company's creditors.

Landlords

- Review of current leases in respect of Company premises;
- Liaising with landlords in respect of leasehold premises;
- Time has been spent instructing Freeths to provide assistance with liaising with the landlord and their solicitor in respect of surrendering the leasehold premises; and
- The landlord has raised significant issues which are currently being dealt with by the Joint Administrators and Freeths.

Debenture Holder

- Time has been spent in a number of teleconference calls with the secured creditors to discuss the optimum strategy with respect to realising the Property;
- Time has been spent preparing an estimated outcome statement and cash flow forecasts for the secured creditors;
- Time has been spent providing regular updates to the secured creditors in respect of the ongoing marketing for the Property; and
- Discussing with CBL the funding required for the ongoing trading of Kings Court.

General Administration

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration:

- General planning matters;
- Setting up and maintaining the Joint Administrators' records;
- Arranging collection and storage of company records; and
- Dealing with general correspondence and communicating with directors.

Appointment

There are certain tasks which the Joint Administrators have a statutory obligation to undertake during the administration process. Other tasks are completed in order to ensure the administration is progressed to the benefit of all creditors and stakeholders. Actions completed to date are both statutory and non-statutory and include the following:

- Statutory notifications to creditors and other interested parties following the administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

Post Appointment Creditors' Decisions

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (Amendment) Rules 2015; and
- Convening a decision by correspondence to agree Fees Estimate with appropriate body of creditors;
- Reporting on outcome of voting.

Investigations

- Collecting and reviewing the Company's records; and
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the *Company Directors Disqualification Act 1986*.

Legal Services

The Joint Administrators have sought assistance from Leonard Curtis Legal ("LC Legal") with respect to employee contracts and providing advice on suppliers of Kings Court requesting the Joint Administrators to provide indemnities.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
AML Checks	Electronic client verification	15.00
Bond Fee	Insurance bond	90.00
Document Hosting	Hosting of documents for creditors	56.00
Software Licence Fee	Case management system licence fee	87.00
Statutory Advertising	Advertising	85.95
Storage Costs	Storage of books and records	300.00
Land Registry Search	Property Search	3.00
	Total standard expenses	636.95

Case Specific Expenses

Type	Description	Amount £
Agents' Fees - Landwood	Costs of realising motor vehicles, plant and machinery	1,500.00
Legal Fees – Freeths (est.)	Assistance and advice required in dealing with Company's former leasehold premises. Drafting assignment for the aforementioned leases. Assistance with collection of debtors if required and advice in this regard.	10,000.00
Legal Fees – Freeths	Review of validity of debentures.	1,250.00
Legal Disbursements - Freeths	Disbursements paid by Freeths	147.00
Accountancy Fees – Moore and Smalley Chartered Accountants	Assisting directors with preparing the Company's statement of affairs	1,000.00
Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	50.00
	Total case specific expenses	13,947.00

Costs incurred in dealing with the fixed charge asset, the Property

Type	Description	Estimated to be incurred £
Agents' Fees - Landwood	Costs of valuing and realising assets	1.5% of sale price
Agents' Disbursements - Landwood	Cost of signboard and EPC rating	620.00
Legal Fees – Freeths (est.)	Costs of drafting sale documents and legal advice provided in this regard	7,000.00
Health & Safety Report	Report on health and safety check on Kings Court and works required including maintain fire exits, servicing and maintaining lighting and legionella testing.	2,775.00
	Total fixed charge asset expenses	TBC*

*Please note that total fixed charge asset expenses is dependent on the sale price achieved for the Property as the fee charged by Landwood will be on a % basis.

Estimated monthly expenses for trading Kings Court

The monthly costs for trading Kings Court shown below have been extracted from the information provided by the directors. The Joint Administrators are currently liaising with each supplier as listed below in order to establish the position in this regard,

Type	Description	Estimated to be incurred £
Parking at Kings Court – Harwood Solicitors	Car park leased by the Company for the benefit of Kings Court Tenants.	1,000.00
Staff salaries – gross salary	Salaries for staff retained at Kings Court	5,371.36
Staff salaries – portion due under tax, pension and student loans	Salaries for staff retained at Kings Court	918.64
Gas and Electricity – EON Energy	Energy Consumption at Kings Court	3,165.00
Telephone charges - Vodafone	Telephone charges at Kings Court	500.00
Internet charges – The Business Calls Company Ltd	Use of internet by Kings Court tenants	153.21
Water rates – Water Plus	Water consumption and waste charges at Kings Court	417.00
Insurance – AUA Insolvency Risk Services	Insuring Kings Court	501.77
Maintenance – various	General maintenance at Kings Court and cover required for reception at Kings Court due to staff sick leave. Petty cash costs, etc.	150.00
	Total monthly trading expenses	12,176.98

APPENDIX G

ESTIMATED OUTCOME STATEMENT

	Secured	Financed	Preferential	Unsecured
	£'000	£'000	£'000	£'000
Amount estimated available to class of creditor	TBC	N/a	Nil	Nil
Amount due to creditor per Appendix B	(1,540)	N/a	(72)	(161)
Estimated dividend rate (as a %)	TBC%	N/a	Nil	Nil

LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

6 Jan 2014 onwards	Standard £	Complex £
Director	450	562
Senior Manager	410	512
Manager 1	365	456
Manager 2	320	400
Administrator 1	260	325
Administrator 2	230	287
Administrator 3	210	262
Administrator 4	150	187
Support	0	0

Office holders' remuneration may include costs incurred by the firm's in-house legal team, who may be used for non-contentious matters pertaining to the insolvency appointment.

Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount
AML checks	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per individual

East Lancashire Deaf Society Limited - In Administration

Bond / Bordereau fee	Insurance bond to protect the insolvent entity against and losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting	Hosting of documents for creditors/shareholders. Cost per upload.	<table> <tr> <th>Type</th><th>First 100</th><th>Every addtl 10</th></tr> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IVA</td><td>£10 p.a. or £25 for life of case</td><td></td></tr> </table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
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Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £204.00 3-6 months £303.00 6-12 months £490.00																								
Software Licence fee	Payable to software provider for use of case management system	£87.00 plus VAT per case																								
Statutory advertising	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£85.95 plus VAT per advert Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of externally appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions.	Time costs plus disbursements plus VAT
Other disbursements	See disbursements section below	See disbursements section below

Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£81.25 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

Proof of Debt – General Form

Relevant date: 3 June 2019

Name of Company in Administration:

East Lancashire Deaf Society Limited

Company registered number:

03651082

1. Name of creditor (if a company, provide registration number)

2. Correspondence address of creditor (including email address)

3. Total amount of claim (£) at relevant date (include any Value Added Tax)

4. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

6. Details of any security held, the value of the security and the date it was given

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7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

8. Details of any document by reference to which the debt relates

9. Signature of creditor (or person authorised to act on the creditor's behalf)

10. Date of signing:

11. Address of person signing (if different from 2 above)

12. Name in BLOCK LETTERS

13. Position with, or relation to, creditor

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.