

AM10

Notice of administrator's progress report



Companies House

SATURDAY



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21/12/2019

#282

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 Administrator's name

Full forename(s) Mark
Surname Colman

3 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

4 Administrator's name ①

Full forename(s) Megan
Surname Singleton

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

5 Administrator's address ②

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

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

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6 Period of progress report

From date	d	0	d	3	m	0	m	6	y	2	y	0	y	1	y	9
To date	d	0	d	2	m	1	m	2	y	2	y	0	y	1	y	9

7 Progress report

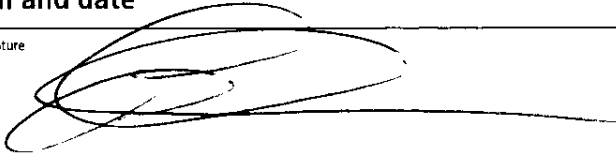
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	2	d	0	m	1	m	2	y	2	y	0	y	1	y	9
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AM10

Notice of administrator's progress report



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 attached the required documents.
- ☒ You have signed the form.



Important information

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



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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



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' first progress report in accordance
with Rule 18.3 of the Insolvency (England and Wales) Rules 2016**

Report period
3 June 2019 to 2 December 2019

20 December 2019

Mark Colman and Megan Singleton - Joint Administrators
Leonard Curtis
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
Ref: P/28/ALM/E815M/1010

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STRICTLY PRIVATE AND CONFIDENTIAL
NOT FOR PUBLICATION

TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL MEMBERS

1 INTRODUCTION

- 1.1 This report has been produced in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 ("the Rules") to provide creditors with an update on the progress of the Administration of East Lancashire Deaf Society Limited ("the Company") for the period from 3 June 2019 to 2 December 2019 ("the Period"). This is the Joint Administrators' first progress report to creditors.

2 STATUTORY INFORMATION

- 2.1 Mark Colman and Megan Singleton were appointed as Joint Administrators of the Company in the jurisdiction of High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD), number CR-2019-MAN-000450 on 3 June 2019. The Administration appointment was made by the directors. The Joint Administrators can confirm that there has been no change in office-holder since the date of Administration.
- 2.2 The Administration is being handled by the Preston office of Leonard Curtis, which is situated at 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA.
- 2.3 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

The Company also traded under a number of different trading names; Sign Communications NW, Deaf Children Northwest, Sound Solutions, Kings Nursery, Kings Court, Lancashire Rose Care Service, Home Solutions and Parthenon Greek Restaurant.

- 2.4 The registered office address of the Company at the date of the appointment of the Joint Administrators was 6-8 Heaton Street, Blackburn, Lancashire, BB2 2EF. Following the appointment, this was changed to 20 Roundhouse Court, South Rings Business Park, Bamber Bridge, Preston, PR5 6DA. The registered number of the Company is 03651082.
- 2.5 For the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 (as amended), it should be noted that during the period in which the Administration Order is in force, any act or function required or authorised under any enactment to be done by the Joint Administrators may be exercised by all or any of the persons holding that office.
- 2.6 The Company's main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

3 JOINT ADMINISTRATORS' PROPOSALS

- 3.1 Attached at Appendix A is a summary of the Joint Administrators' approved proposals for achieving one of the three statutory purposes of Administration.
- 3.2 The Proposals were deemed approved by the general body of creditors on 22 July 2019.
- 3.3 There have been no major amendments to, or deviations from, the proposals during the course of the Administration to date.
- 3.4 The objective of the Administration is to realise property in order to make a distribution to one or more secured or preferential creditors.
- 3.5 The above objective has been agreed as there has been a distribution to a secured creditor of the Company, the Charity Bank Limited ("CBL"). Please note that the distribution to CBL was made after the Period following the sale of the Company's freehold property.

4 PROGRESS OF THE ADMINISTRATION

- 4.1 Attached at Appendix B is the Joint Administrators' receipts and payments account for the period from 3 June 2019 to 2 December 2019.

Freehold Property

- 4.2 As previously reported to creditors, the Company owned freehold property, trading as Kings Court, situated at 33 King Street, Blackburn, Lancashire, BB2 2DH ("the Property"). The Property operated as a business centre, providing office spaces for tenants.

As advised previously, the business centre continued to trade following our appointment. On appointment there were 16 tenants occupying office spaces. 3 Tenants subsequently vacated their offices. As reported previously, the agents instructed on this matter, Landwood Group ("Landwood"), advised that the optimum strategy for disposal of the Property was to market and sell the Property with the tenants in situ, this being the reason for continuing to trade the business of Kings Court. Please note that Landwood attributed an open market valuation of £1,100,000 to the Property and a valuation of £990,000 to the Property subject to vacant possession.

As advised previously, in order to continue to trade the business, the Joint Administrators sought further funding from CBL. CBL consented to provide funding of £20,000. The receipts and payments accounts for trading the Property during the Period is attached at Appendix B.

Marketing of the Property by both Landwood and Leonard Curtis commenced on appointment. Landwood uploaded a marketing flyer together with sales particular on their website. Landwood also advertised the Property for sale in local newspapers. Leonard Curtis uploaded a marketing flyer on their website. From the aforementioned marketing campaign, 17 unconnected parties expressed interest in the Property. The majority of these parties were investors or accountants / solicitors who had clients that may have shown interest.

From the interest received, Landwood received two formal offers of £920,000 ("Offer A") and £965,000 ("Offer B"). Landwood advised that Offer A was a cash offer and Offer B was subject to funding and as such, Offer B would likely to have taken 2 months to complete as suggested by Landwood. The Joint Administrators discussed the two offers with CBL and it was concluded that Offer A would be accepted on the basis that they should be able to complete relatively quickly given that it was a cash offer and to minimise the running costs. Please note that the Property's business was loss making.

Following recommendation from Landwood and consent of the secured creditors, the Joint Administrators accepted Offer A and instructed their solicitors, Freeths LLP ("Freeths"), to draft an exclusivity agreement. Offer

A was from an unconnected party, Last Seconds Manchester Ltd (CRN: 07962977), however the aforementioned party later made the offer through a shell company, Properties North West Ltd (CRN: 12211714) ("the Purchaser"). On 27 July 2019, the Joint Administrators entered in to an exclusivity agreement with the Purchaser and a completion date of 16 August 2019 was agreed, however, the Purchaser failed to adhere with the terms of the agreement.

After numerous correspondence from Landwood and Freeths with the Purchaser and their solicitor, an agreement was reached on 23 September 2019 and the sale contract was signed. It was agreed with the Purchaser that should they complete by 22 October 2019, the sale price will be £920,000 and should they complete by 19 November 2019, the sale price will be £925,000. As part of the agreement, the Purchaser paid a deposit of 5%.

Please note that the Purchaser did not complete on 19 November 2019 and as such, on 20 November 2019, Freeths issued the Purchaser and their solicitor with a Notice to Complete within 10 business days with interest charged at the applicable rate. Outside of the reporting Period on 3 December 2019, the sale completed for £925,000. The Purchaser also paid interest totalling £1,258.29. The funds from the sale will be forwarded to the Joint Administrators shortly. Please note that following the sale, a distribution totalling £826,507.87 was made to CBL under their fixed charge against the Property.

Due to the short time frame following the sale of the Property, the Joint Administrators are yet to complete their final completion statement due to a number of costs that have yet to be finalised following which a further distribution may be made to CBL under their fixed charge.

Rent and conference room bookings

- 4.3 During the Period, an amount totalling £23,853.34 plus VAT was received from tenants of the Property, £609.98 plus VAT was received in respect of rent from parties occupying parking spaces in relation to a car park leased by the Company and £1,183.00 plus VAT was received for conference room bookings. There are still balances due to the Joint Administrators in respect of conference room bookings prior to the sale of the Property. The Joint Administrators are continuing to pursue these amounts.

Motor Vehicles

- 4.4 As advised previously, the Company owned 3 motor vehicles which were of significant age and one was recorded as category D for insurance purposes as advised by Landwood. Landwood attributed a valuation in the range of £1,000 – £2,000 to the vehicles. It was reported in the Proposals that the motor vehicles were sold by Landwood for £4,500 plus VAT to an unconnected party via a private treaty sale. Landwood have confirmed that the vehicles were in fact sold for £1,500 plus VAT. The funds from the sale will be forwarded to the Joint Administrators shortly.

Plant and Machinery

- 4.5 As reported previously, Landwood attributed a value of £10,000 to the Company's plant and machinery.

During the Period, Landwood sold a number of the Company's plant and machinery for £3,320.89 plus VAT. There are also a number of catering equipment belonging to the Company which remains to be sold. Landwood have advised that they have agreed a sale of the catering equipment to the Purchaser for £3,000 plus VAT. The sale proceeds have yet to be received in this regard. As advised in the Proposals, an offer of £1,500 plus cost of removal was received for the catering equipment from an unconnected party which Landwood would not recommend acceptance of as the value of this offer was too low according to Landwood.

The funds realised in this regard will be forwarded to the Joint Administrators shortly and any future realisations will be reported in the next progress report to creditors.

Debtors – The Department of Work and Pensions (“DWP”)

- 4.6 As reported in the Proposals, this category of asset related 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 online accounting software, £268,521.13 was due to the Company from the DWP as at the date of appointment. As advised previously, the Company’s accounting software was not maintained adequately, therefore it was not clear whether the amount due from the DWP according to the software was up to date.

As detailed in the Proposals, in order to establish the amounts due from the DWP, the Company’s records are required which are currently in the possession of the DWP due to ongoing investigations. During the Period, the Joint Administrators have requested the records from the DWP a number of times. The Joint Administrators and their staff also held a meeting with DWP staff members on 18 July 2019 to discuss the position between the Company and the DWP and their ongoing investigations. The records are yet to be delivered to the Joint Administrators however during the aforementioned meeting, the DWP indicated that they anticipate to submit a substantial claim in the Administration and that they believed no amount to be validly due to the Company as at the date of our appointment. No realisations are anticipated to be made in this regard.

Debtors (Other than DWP)

- 4.7 As reported in the Proposals, according to the Company’s online accounting software, debtors other than the DWP totalling £75,045.26 were due to the Company. As advised above, the online accounting software was not kept up to date and therefore it was unclear whether the amounts due were correct.

During the Period, a total of £12,901.16 was collected in respect of debtors with a further £8,809.84 collected after the Period. The level of future realisations is unclear however the Joint Administrators are continuing to pursue the amounts due to the Company according to the records available.

Rent Debtors

- 4.8 This category of asset relates to amounts due under rent from the tenants of the Property for the period prior to Administration. The amount realised in this regard is £6,699.10. Note that there is a further amount of £892.80 outstanding from two former tenants who have subsequently vacated their offices. This amount is continuing to be pursued by the Joint Administrators.

Balance at Bank

- 4.9 As reported in the Proposals, the Company operated with bank accounts with both National Westminster Bank Plc (“NatWest”) and Santander Plc (“Santander”). It was reported that on 24 June 2019, the balance held at NatWest was £38,921.84. A reconciliation of transactions from the date of appointment to 24 June 2019 was conducted following receipt of the bank statements which showed that the balance at NatWest on the date of appointment was £30,491.64 and the remaining amounts were debtor realisations.

It was previously understood that the balance held at Santander was c.£1,000. Following appointment, Santander have confirmed that the balance held was £3.72 which was since forwarded to the Joint Administrators after the Period. Please note that there is another bank account held with Santander which is in the name of one of the Company’s trading styles, Deaf Children North West (“DCNW”). Santander have refused to provide the bank statements for this account together with any credit balance held due to there being a limited company in the name of DCNW. The Joint Administrators are continuing to pursue details of this additional bank account.

5 ASSETS STILL TO BE REALISED**Antecedent transactions / Ongoing investigations**

- 5.1 Please note that there are a number of transactions located in the Company's bank statements which the Joint Administrators are continuing to investigate. As detailed earlier, a number of records have not yet been made available to the Joint Administrators in order to carry out our investigations, this remains ongoing. Any realisations made in this regard will be reported in future reports to creditors.

6 INVESTIGATIONS

- 6.1 Following their appointment, the Joint Administrators considered the information acquired in the course of appraising and realising the business and assets of the Company, together with information provided by the Company's directors and its creditors, to identify any further possible realisations for the estate and what further investigations, if any, might be appropriate.
- 6.2 As advised earlier, the Joint Administrators investigations in to a number of transactions remain ongoing and any realisations made as a result of our investigations will be reported in future reports to creditors.
- 6.3 Regardless of the above, the Joint Administrators have complied with their statutory obligations under the Company Directors Disqualification Act 1986 and the appropriate report has been submitted to the relevant authority.

7 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**Pre-Administration Costs**

- 7.1 On 25 July 2019, the secured creditors consented to the following pre-Administration costs and expenses being paid as an expense of the Administration:

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

EAST LANCASHIRE DEAF SOCIETY LIMITED – IN ADMINISTRATION

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

The outstanding costs will be paid as and when funds allow.

Joint Administrators' Remuneration

- 7.2 On 25 July 2019, the secured creditors agreed that the basis of the Joint Administrators' remuneration be fixed at a rate of 5% of gross sale proceeds in respect of work undertaken in relation to the sale of the Company's freehold property and an additional amount calculated by reference to time properly spent by them and their staff in attending to all other matters arising from the Administration for an amount not exceeding £54,473.50, as set out in a Fees Estimate.
- 7.3 The time charged by the Joint Administrators for the period of this report for the work carried out not related to the sale of the Property amounts to £98,860.50. This represents 299.8 hours at an average rate of £329.75 per hour. A summary of time costs incurred in the period is set out at Appendix C, together with a detailed description of work undertaken in the period, attributable to each category of time costs, and an explanation of why it was necessary for that work to be performed. The total time costs for work related to the sale of the Property during the Period amounts to £49,921.50. This represents 149.2 hours at an average rate of £334.59 per hour.
- 7.4 Attached, at Appendix D, is a summary of time costs incurred to date compared with time costs as set out in the Joint Administrators' original fees estimate.
- 7.5 You will note that time costs incurred to date do exceed the time as set out in the Fees Estimate. The areas where significant variance has occurred relate to:

Statutory and Review

Further time than initially anticipated was incurred in this regard due to the complexities around the trading and sale of the Property. As such, further time was incurred regularly reviewing the case to ensure matters and progressing as planned.

Receipts and Payments

Further time than initially anticipated was incurred in this regard due to the number of costs there were in trading the Property. Significant time has been spent liaising with suppliers to ensure ongoing supply to the Property. Significant time has also been spent invoicing the Property's tenants for rent and chasing the same due to delays in rent payments.

Assets

Further time than initially anticipated has been incurred in this regard due to pursuing the debtors of the Company. As detailed previously, the Company's accounting software was not kept up to date and as such, significant time has been spent reconciling the debtor ledger and liaising with potential debtors.

Landlords

Further time than initially anticipated has been incurred in this regard due to issues arising with landlords of the Company's leasehold trading premises. The Joint Administrators were required to seek legal assistance in this regard. Please note that the issues the Joint Administrators have come across in this regard have now been resolved.

Debenture Holder

Further time than initially anticipated has been incurred in this regard due to the time it had taken to complete the sale of the Property due to issues beyond our control. As such, the Joint Administrators and their staff spent significant time in keeping the secured creditors, particularly CBL, regularly updated through emails and a number of conference calls. Further time spent by the Joint Administrators' staff in visiting Mr and Mrs Holgate's home to sign a Form DS1.

Post Appointment Creditors' Meeting

Further time than initially anticipated has been incurred in this regard to discuss the Joint Administrators' Proposals and associated resolutions with the secured creditors. This included meeting with Mr Holgate and their solicitor to discuss the Proposals and dividend prospects.

Investigations

Further time than initially anticipated has been spent in this regard due to our investigations in to the affairs of the Company which remain ongoing. Significant time has been incurred in reviewing the records and bank statements which have been made available to us. Please note that further time will be incurred in this regard and it is unclear at this time the time frame it will take to conclude our investigations.

- 7.6 The Administration is not yet complete and it is therefore anticipated that further time costs will be incurred in dealing with this matter, however, the Joint Administrators will not be seeking approval of a revised Fees Estimate at this time. Should information come to light during the course of the Administration which means that the Joint Administrators will be required to undertake further work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to the secured creditors for further approval. The information provided above is therefore for information purposes only.
- 7.7 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" (Version 4 – April 2017) which may be downloaded from:
- <https://www.r3.org.uk/what-we-do/publications/professional/fees>
- 7.8 If you would prefer this to be sent to you in hard copy please contact Alnur Miah of this office on 01772 646180.
- 7.9 No remuneration has been drawn in respect of the Joint Administrators remuneration to date.

8 JOINT ADMINISTRATORS' EXPENSES

- 8.1 Creditors will recall that the Joint Administrators have previously circulated a 'Statement of Likely Expenses' in this matter.

Expenses are 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 a 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 are subject to the approval of the creditors. On 25 July 2019, the secured creditors also approved that category 2 disbursements could be drawn by the Joint Administrators, as detailed at Appendix F.

- 8.2 A copy of the Joint Administrators' statement of likely expenses, together with comparative details of expenses incurred during the current reporting period and confirmation as to whether those amounts are paid or unpaid is set out at Appendix E.
- 8.3 You will note that, in general, the nature and value of expenses incurred to date fall within those anticipated within the original statement of expenses.
- 8.4 The areas where any significant variance has occurred are detailed further below.
- 8.5 During the Administration, the following professional advisors have been used:

Name of Professional Advisor	Service Provided	Basis of Fees
Landwood Group	Asset sale and advice	% of realisations
Freeths LLP	Drafting sale documents for sale of the Property and other legal advice in respect of trading the Property and dealing with the leasehold properties. Investigations and any relevant action in this regard.	Time costs
Evolve IS Limited	Assistance with employee related claims and pensions advice	Fixed Fee
Leonard Curtis Legal Limited	Legal assistance	Time costs

Landwood Group ("Landwood")

Landwood were instructed to assist the Joint Administrators with marketing and selling the Company's freehold property and other assets including three motor vehicles, plant and machinery and catering equipment. It was considered cost effective instructing Landwood in this matter given their qualifications and expertise in this area.

Freeths LLP ("Freeths")

Freeths were instructed to draft the required sale documents for the sale of the Property. Freeths have also been instructed to provide legal advice and assist us with our ongoing investigations. It was considered appropriate instructing Freeths in this regard given their expertise in this area.

Please note that significant variance has occurred in the costs incurred due to legal assistance required with regards to the Company's leasehold trading premises and their landlords and our ongoing investigations in to the affairs of the Company.

Evolve IS Limited ("Evolve")

Evolve were instructed to assist with employee related claims and dealing with our duties with regards to the Company's pension scheme. It is envisaged that further work than initially anticipated is expected to be carried out in this regard by Evolve due to a number of issues which we have become aware of with regards to the Company's pension scheme. It was considered cost effective to instruct Evolve in this regard due to their experience and expertise in this area.

Leonard Curtis Legal Limited ("LC Legal")

LC Legal were instructed to assist the Joint Administrators with their requirements with regards to the employees retained for the running of the Property. It was considered cost effective to instruct LC Legal in this regard given that their experience and expertise and that their costs were incorporated in our Fees Estimate.

- 8.6 Attached at Appendix F is additional information in relation to the firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade. Please be aware that the firm's charge out rates have been amended with effect from 1 August 2019.

- 8.7 Under Rule 18.9 of the Rules, within 21 days of receipt of this report, a secured creditor, or an unsecured creditor with either the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or with the permission of the court, may make a written request to the Joint Administrators for further information about remuneration or expenses set out in this report.
- 8.8 Under Rule 18.34 of the Rules, any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court, on the grounds that the basis fixed for the Joint Administrators' remuneration is inappropriate, or the remuneration or expenses charged by the Joint Administrators are, in all the circumstances, excessive.
- 8.9 The application must be made no later than eight weeks after receipt of the progress report that first reports the fee basis, the charging of the remuneration or the incurring of the expenses in question.
- 8.10 Unless the court orders otherwise, the costs of the application shall be paid by the applicant and are not payable as an expense of the Administration.

9 ESTIMATED OUTCOME FOR CREDITORS

- 9.1 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.

Secured Creditors

9.2 The Charity Bank Limited ("CBL")

As reported previously, CBL hold security in the form of mortgage debenture incorporating fixed and floating charges over the undertaking and all property and assets of the Company. CBL also had the benefit of a legal charge against the Property.

CBL have confirmed that as at 19 November 2019, the amount outstanding to CBL including interest is £997,764.63. As advised previously, CBL consented to funding an additional £20,000 in order to run the Property which operated as a business centre. As such, the total due to CBL is £1,017,764.63.

As detailed earlier, following the sale of the Property which completed after the Period, a distribution was made to CBL. An amount of £826,507.87 was paid to CBL immediately following the sale of the Property. As detailed earlier, final costs have yet to be confirmed in this regard and as such, the final amount to be paid to CBL under their fixed charge has yet to be finalised. It is unclear at this time whether there will be any further distributions to CBL under their floating charge, this will be dependent on future realisations.

Mr and Mrs Holgate

As reported in the Proposals, Mr and Mrs Holgate hold a fixed charge against the Property. The outstanding balance due to Mr and Mrs Holgate is £567,488.97. There was insufficient funds following the sale of the Property in order to enable a distribution to Mr and Mrs Holgate under their fixed charge against the Company.

Preferential Claims

- 9.3 As detailed earlier, Evolve were instructed to assist with employee related claims. Evolve calculated that they estimate claims which have preferential status, namely unpaid wages and accrued holidays, to be c.£71,563. We are yet to receive a claim from the Redundancy Payments Office in this regard. Evolve further calculated that there are preferential claims totalling £4,818.50 in respect of unpaid pension contributions. Due to ongoing issues with regards to the Company's pension scheme, there may be further claims holding preferential status.

It is not anticipated in this case that there will be sufficient funds to enable a distribution to the preferential creditors.

Prescribed Part

- 9.4 As reported previously, 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.

Unsecured Non-Preferential Claims

- 9.5 From April 2017, the Joint Administrators have had the discretion to admit claims from creditors with claims under £1,000 without receiving a proof of debt. The Joint Administrators confirm that, to date, no claims have been admitted under the small claims provisions.
- 9.6 As reported previously, at present it is considered unlikely that there will be sufficient funds available to enable any form of distribution to the unsecured creditors.

10 MATTERS STILL TO BE DEALT WITH

- 10.1 Matters still to be dealt with before conclusion of the Administration include the following:
- Finalising costs due in respect of the Property and distributing any relevant further balance to CBL;
 - The realisation of the remaining assets, as detailed in section 5. Our investigations into certain transactions remain ongoing;
 - Recovery of records from the DWP;
 - Ongoing issues with the Company's pension scheme;
 - Continuing with pursuing amounts due from debtors other than DWP;
 - The unpaid remuneration and expenses will need to be defrayed.

11 EXTENSIONS TO THE ADMINISTRATION

- 11.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 11.2 In certain circumstances it may be necessary to extend the administrators' term of office. In the context of this case, this may be done for a specified period not exceeding twelve months as follows:
- With the consent of each secured creditor of the Company.
- 11.3 It is considered that an extension is likely to be relevant in this case. As such, the appropriate body of creditors will be contacted in due course should an extension be required.
- 11.4 The Joint Administrators will be discharged from liability immediately upon their appointment as Administrators ceasing to have effect.

12 NEXT REPORT

- 12.1 The Joint Administrators are required to provide a progress report which must be delivered within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

13 DATA PROTECTION

- 13.1 Finally, when submitting details of your claim in the administration, you may disclose personal data to the Joint Administrators. The processing of personal data is regulated in the UK by the General Data Protection Regulation EU 2016/679 as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. The Joint Administrators act as Data Controllers in respect of personal data they obtain in relation to this administration and are therefore responsible for complying with Data Protection Law in respect of any personal data they process. The Joint Administrators' privacy notice, which is attached to this report at Appendix I, explains how they process your personal data. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

If you wish to discuss the issues raised in this report or require any additional information, please contact this office.

Yours faithfully
for and on behalf of
EAST LANCASHIRE DEAF SOCIETY LIMITED



MARK COLMAN
JOINT ADMINISTRATOR

Mark Colman and Megan Singleton are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales under office holder numbers 9721 and 22090, respectively

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.

SUMMARY OF JOINT ADMINISTRATORS' APPROVED 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.

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM
3 JUNE 2019 TO 2 DECEMBER 2019**

	Estimated to realise £	This period £
RECEIPTS		
Freehold Property	Uncertain	-
Balance at Bank - NatWest	34,235	30,495.36
Balance at Bank - Santander	1,000	-
Debtors - DWP	Uncertain	-
Debtors – other than DWP	Uncertain	13,491.16
Debtors – Rent from tenants for pre- appointment period	-	6,699.10
Motor vehicles	4,500	-
Plant and machinery	10,000	-
Balance in trading account*	-	15,228.91
Third party funds (received in error)	-	1,185.30
	<u>49,735</u>	<u>67,099.83</u>
PAYMENTS		
Category 1 Disbursements		(223.00)
Category 2 Disbursements		(5.25)
Bank charges		(23.39)
		<u>(251.64)</u>
DISTRIBUTIONS		
Amounts Paid to Debenture Holders		-
		<u>-</u>
BALANCE IN HAND		<u>66,848.19</u>
Represented By		
Fixed Charge Account		21,453.35
Floating Charge Account		49,950.93
VAT Receivable/(Payable)		(4,556.09)
		<u>66,848.19</u>

*Please note as detailed earlier, the trading account is subject to additional costs and transactions which have yet to be finalised.

RECEIPTS AND PAYMENTS FOR TRADING THE PROPERTY FOR THE PERIOD FROM 3 JUNE 2019 TO 2
DECEMBER 2019

	This period £
RECEIPTS	
Funding from CBL	20,000.00
Conference Room Bookings	1,543.00
Rent from tenants	29,491.83
Rent for car park	851.64
	<u>51,886.47</u>
PAYMENTS	
Car park charges	(4,000.00)
Telephone and internet charges	(1,454.60)
Maintenance work	(2,187.20)
Business rates	(845.29)
Wages and salaries	(26,306.40)
Office supplies	(614.07)
Reception cover	(1,050.00)
Petty cash	(200.00)
	<u>(36,657.56)</u>
BALANCE IN HAND	<u>15,228.91</u>

**SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD
FROM 3 JUNE 2019 TO 2 DECEMBER 2019**

	Total	Cost	Average
	Units	£	Hourly Rate £
Statutory and Review	218	9,156.50	420.02
Receipts and Payments	308	9,236.50	299.89
Insurance	42	1,184.00	281.90
Assets			
Sale of Business	10	395.00	395.00
Properties	1,492	49,921.50	334.59
Other Assets	31	1,161.00	374.52
Debtors	339	10,448.50	308.22
Pursuing Antecedent Trans	6	237.00	395.00
Liabilities	236	7,129.50	302.10
Landlords	157	5,817.00	370.51
Trading	39	1,451.00	372.05
Debtenture Holder	610	22,450.50	368.04
General Administration	139	4,182.00	300.86
Appointment	245	6,349.00	259.14
Planning and Strategy	25	1,125.00	450.00
Post Appointment Creds Mings	282	8,064.00	285.96
Investigations	280	9,203.00	328.68
LEGAL SERV - Preparation	10	410.00	410.00
LEGAL SERV - Tel Call	11	451.00	410.00
LEGAL SERV - Email Out	10	410.00	410.00

Total	4,490	148,782.00
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Average Hourly Rate (£)	331.36
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All Units are 6 minutes

DESCRIPTION OF TIME SPENT BY CATEGORY

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 ensures that the case is managed efficiently and resourced appropriately, which is of benefit to all creditors. The work to be carried out under this category has comprised 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 involved 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 carry out regular reviews to ensure that the case is progressing as planned;
- During the Period regular meetings were held internally between the Leonard Curtis staff working on the case to discuss the progress of the case;
- 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; and
- Significant time was spent in submission of the reports on the directors given that there were six current and former directors of the Company and our ongoing investigations. Time was spent recovering contact details for a number of the directors as this was not previously provided to us.

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 bank accounts were 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;
- Timely completion of all post appointment tax and VAT returns;
- Managing estate expenses; and
- Please note that due to the Property still trading, significant time was spent liaising with suppliers and defraying costs of trading;
- Time was spent liaising with gas and electricity suppliers to ensure there is ongoing supply to the Property. This included setting up an undertaking account;
- Time was spent liaising with telephone and internet suppliers to ensure that there is ongoing supply to the Property;
- Time was spent paying salaries for the 5 staff members retained at the Property;
- Time was spent arranging cover for staff members who took days off due to sickness;
- Time was spent liaising with the local authorities in respect of business rates;
- Time was spent arranging maintenance work on the Property; and
- Significant time was spent defraying numerous other costs.

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 of potential post-appointment insurance claim due to damage caused to the Property's roof;
- Periodic review of insurance requirements over physical assets, to minimise costs to the estate;
- 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;
- Liaising with pension companies to arrange for prompt wind up of schemes; and
- Dealing with ongoing issues relating to the Company's pension scheme.

Assets

- Agreeing strategy for realisation of Company assets;
- Instruction of and liaising with agents as required – As detailed previously, the Joint Administrators instructed Landwood to assist with the marketing and sale of the Property and the Company's other assets including motor vehicles and plant and machinery;
- Time was spent liaising with Landwood to agree a marketing strategy;
- Significant time was spent in regular updates on the marketing process with Landwood;
- Time was spent reviewing the interest received for the Property;
- A marketing flyer was also uploaded on Leonard Curtis' website;
- Time was spent liaising with interested parties;
- Time was spent in a number of conference calls with CBL to discuss the offers received;
- Formally accepting an offer for the Property;
- Instructing and liaising with Freeths with regards to drafting an exclusivity agreement and sale contract;
- Reviewing and discussing the correspondence between Freeths and the solicitor of the party that bought the Property;
- Significant time was spent invoicing the Property's tenants for rent and collecting the same;
- Two of the tenants were threatened with legal action due to delay in rent payments;
- Time was spent invoicing third parties for usage of the conference rooms at the Property;
- Time was spent by the Joint Administrators staff in providing cover at the reception area of the Property due to staff absences;
- Liaising with Company's bankers re pre-appointment bank accounts;
- Investigating and pursuing antecedent transactions;
- Extra time has been spent recovering details of an account in the name of DCNW, this remains ongoing; and
- Liaising with Landwood in respect of progress with the sale of the Company's motor vehicles, plant and machinery and catering equipment.

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; and
- Submission of claim to the Redundancy Payments Office.

Non-statutory

- Dealing with enquiries from the Company's creditors – time was spent liaising with the local authorities in respect of the Company's vulnerable clientele to ensure ongoing support;
- Advising creditors on the procedure of the Administration and dividend prospects; and
- Dealing with enquiries from the Company's employees – a number of queries were received with regards to the ongoing issues with the Company's pension scheme.

Landlords

- Review of current leases in respect of Company premises – the company had four trading premises situated in Blackburn, Burnley and Preston;
- Liaising with landlords in respect of premises;
- Instruction and liaison with Freeths in respect of issues arising with landlords; and
- A number of site visits to ensure any Company records held on site were recovered or disposed of.

Debenture Holder

- Providing regular marketing updates to CBL;
- A number of conference calls were held with CBL during the Period to discuss interest received and Landwood's advice;
- Meeting with Mr and Mrs Holgate and their solicitor to discuss the sale of the Property and dividend prospects;
- Reviewing the offers received for the Property with CBL;
- Discussing acceptance of any offers;
- Providing regular updates to CBL with regards to the receipts and payments position of the trading of the Property;
- Discussing requirements for any further funding above the £20,000 of funding already provided;
- Providing regular updates with regards to the sale of the Property;
- Significant time was incurred due to the long delays caused by the party purchasing the Property;
- The purchasing party had failed to deliver on three completion dates provided by them;
- Instructing Freeths to issue a Notice to Complete to the purchasing party and discussing this and the advice from Freeths with CBL;
- Visiting the home of Mr and Mrs Holgate to sign their DS1 form;
- Requesting the DS1 Form and redemption figures from CBL; and
- Discussing with Freeths the amounts payable to CBL from the sale proceeds.

Trading

- As advised previously, the Property traded as a business centre and it was advised by Landwood that the optimum strategy for disposal of the Property was to sell it with the tenants in-situ and as such, time has been spent trading the Property;
- Ensuring ongoing supply of services to the Property;
- Insuring the Property and conducting regular reviews of the insurance requirements; and
- Regular review of rent payments received and pursuing arrears where necessary.

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 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 Joint Administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

Planning and Strategy

- Seeking legal advice from Freeths;
- Internal meetings held by Joint Administrators and their staff members to discuss the optimum strategy in progressing matters in the Administration; and
- Liaising with the Company's former accountant.

Post Appointment Creditors' Decisions

Agreeing and reporting on our proposals and fee basis is a statutory requirement. Work completed to date includes the following:

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the Administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with the Rules; and
- Convening a meeting by correspondence to agree Fees Estimate with the secured creditors;
- Reporting on outcome of voting.

Investigations

- Collecting and reviewing the Company's records – please note that the majority of the relevant records required for investigative purposes are held by the DWP;
- 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 – significant time was spent in this regard due to there being 6 current and former directors, a number of whom we were not provided with contact details and as such, time was spent in recovering this;
- Significant time was spent reviewing the Company's bank statements following which we became aware of a number of transactions which require further investigation;
- Meeting and liaising with the DWP in respect of ongoing investigations;
- Correspondence with the Charity Commission;
- Liaising with Freeths in respect of our ongoing investigations;
- Further information and records requested by the Insolvency Service following submission of the relevant conduct reports; and
- Liaising with the Company's former bankers to recover further bank statements and clarity on a number of transactions.

Legal Services

- Liaising with Leonard Curtis Legal ("LC Legal") with regards to general legal advice;
- Reviewing our requirements with regards to the retained staff members of the Property; and
- Reviewing documents provided by suppliers of the Property and providing guarantees to the suppliers.

**SUMMARY OF JOINT ADMINISTRATORS' TOTAL TIME COSTS TO DATE
INCORPORATING A COMPARISON WITH THE JOINT ADMINISTRATORS' APPROVED FEE ESTIMATE**

	FEES ESTIMATE			INCURRED TO DATE			Variance
	Units	Total Cost £	Average Hourly Rate £	Units	Total Cost £	Average Hourly Rate £	
A01: Statutory and Review	98	3,137.50	320.15	218	9,156.50	420.02	(6,019.00)
A02: Receipts and Payments	56	1,528.50	272.95	308	9,236.50	299.89	(7,708.00)
A03: Insurance	27	943.50	349.44	42	1,184.00	281.90	(240.50)
A04: Assets (not relating to property sale)	297	8,655.50	291.43	386	12,241.50	317.14	(3,586.00)
A05: Liabilities	236	6,832.00	289.49	236	7,129.50	302.10	(297.50)
A06: Landlords	110	3,450.00	313.64	157	5,817.00	370.51	(2,367.00)
Trading	-	-	-	39	1,451.00	372.05	(1,451.00)
A08: Debenture Holder	192	6,051.50	315.18	610	22,450.50	368.04	(16,399.00)
A09: General Administration	180	4,813.50	267.42	139	4,182.00	300.86	631.50
A11: Appointment	229	5,629.00	245.81	245	6,349.00	259.14	(720.00)
A12: Planning and Strategy	105	3,312.00	315.43	25	1,125.00	450.00	2,187.00
A13: Post Appointment Creds Mtngs	104	3,080.50	296.20	282	8,064.00	285.96	(4,983.50)
A15: Investigations	120	3,842.00	320.17	280	9,203.00	328.68	(5,361.00)
LEGAL SERV - Preparation	-	-	-	10	410.00	410.00	(410.00)
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	2,998	98,860.50	329.75	(44,387.00)

APPENDIX E

**SUMMARY OF JOINT ADMINISTRATORS' EXPENSES
FROM 3 JUNE 2019 TO 2 DECEMBER 2019
INCORPORATING A COMPARISON OF THE JOINT ADMINISTRATORS'
STATEMENT OF LIKELY EXPENSES**

Standard Expenses

Type	Charged by	Description	Estimated Amount £	Total Amount Incurred to Date £	Amount Incurred in This Period £	Amount Paid £	Amount Unpaid £
AML Checks	Business Tax Centre	Electronic client verification	15.00	15.00	15.00	15.00	-
Bond Fee	AUA Insolvency Risk Services	Insurance bond	90.00	135.00	135.00	90.00	45.00
Document Hosting	Pelstar	Hosting of documents for creditors	56.00	28.00	28.00	28.00	-
Software Licence Fee	Pelstar	Case management system licence fee	87.00	87.00	87.00	87.00	-
Statutory Advertising	Courts Advertising	Advertising	85.95	85.95	85.95	-	85.95
Storage Costs	Auctus Ltd	Storage of books and records	300.00	-	-	-	-
Land Registry Search	HM Land Registry	Property Searches	3.00	6.00	6.00	3.00	3.00
		Total standard expenses	636.95	356.95	356.95	223.00	133.95

EAST LANCASHIRE DEAF SOCIETY LIMITED – IN ADMINISTRATION

Case Specific Expenses

Type	Charged by	Description	Estimated Amount £	Total Amount Incurred to Date £	Amount Incurred in This Period £	Amount Paid £	Amount Unpaid £
Agents Fees	Landwood	Costs of realising motor vehicles, plant and machinery	1,500.00	1,950.00	1,950.00	-	1,950.00
Agents Fees	Landwood	Costs of valuing and realising Property	1.5% of sale price	13,875.50	13,875.50	-	13,875.50
Agents Disbursements	Landwood	Costs of sign board, EPC rating and Report on health and safety check on the Property	3,395.00	1,582.50	1,582.50	-	1,582.50
Accountancy Fees	Moore and Smalley Chartered Accountants	Assisting directors with preparing the Company's statement of affairs	1,000.00	-	-	-	-
Agents Fees	Evolve	Assistance with pension scheme	-	tbc	tbc	-	-
Legal Fees	Freeths	Costs incurred in Property sale	7,000.00	7,000.00	7,000.00	-	7,000.00
Legal Fees	Freeths	Legal advice and assistance	10,000.00	23,595.00	23,595.00	-	23,595.00
Legal Fees	Freeths	Review of validity of debentures.	1,500.00	1,500.00	1,500.00	-	1,500.00
Legal Disbursements	Freeths	Legal Disbursements	147.00	159.00	159.00	-	159.00
Staff Mileage		Category 2 disbursement requiring specific creditor / committee approval	50.00	57.86	57.86	5.25	52.61
		Total case specific expenses	TBC	49,719.86	49,719.86	5.25	49,714.61

EAST LANCASHIRE DEAF SOCIETY LIMITED – IN ADMINISTRATION

Trading Expenses for the Property

Type	Charged by	Description	Estimated Monthly Amount £	Total Amount Incurred to Date £	Amount Incurred in This Period £	Amount Paid £	Amount Unpaid £
Car park charges	Freckleton Park Limited	Car park leased by the Company	1,000.00	6,000.00	6,000.00	4,000.00	2,000.00
Staff Salaries	5 staff members retained at the Property	Staff members retained to trade the Property	5,371.36	31,677.76	31,677.76	26,306.40	5,371.36**
PAYE/National Insurance	HMRC	PAYE/NI incurred on wages	667.17	4,003.04	4,003.04	-	4,003.04
Pension	NEST Pensions	Staff pension contributions	270.72	1,614.72	1,614.72	-	1,614.72
Student Loan	Student Loans Company	Student loan repayment on wages	73.00	438.00	438.00	-	438.00
Cover required for staff	C. Stocks, C. Hartley-Poole, J. Morris	Cover required due to staff absences	-	1,050.00	1,050.00	1,050.00	-
Gas and Electricity	EON Energy	Supply for Property	3,165.00	tbc	tbc	-	-
Telephone Charges	Vodafone	Telephone charges for Property	500.00	tbc	tbc	994.97	-
Internet Charges	Business Calls Company	Internet charges for Property	153.21	tbc	tbc	459.63	-
Water rates	Water Plus	Water consumption and waste charges at Property	417.00	tbc	tbc	-	-
Insurance	AUA Insolvency Risk Services	Insurance for Property and employees	501.77	tbc	tbc	-	-
Business rates	Blackburn with Darwen Council	Business rates for the Property	-	tbc	tbc	845.29	-
Office supplies	Lomas Office Furniture & Stationary Ltd	Office supplies	-	409.67	409.67	409.67	-
Office supplies	S. Quraishi-	Office supplies paid by a retained staff member	-	204.40	204.40	204.40	-
Maintenance	Various – see below		150.00	-	-	-	-
Maintenance	S. Ali	Repair works required for bathroom	-	90.00	90.00	90.00	-
Maintenance	Lancs and Cumbria Lifts UK Ltd	Repair to lift	-	320.00	320.00	320.00	-
Maintenance	PJD IT Ltd	IT maintenance	-	90.00	90.00	90.00	-
Maintenance	Eco Switch	Health and Safety maintenance	-	1,556.00	1,556.00	1,556.00	-
Maintenance	Rentokil Initial UK Ltd	Sanitary waste disposal service	-	31.20	31.20	31.20	-
Maintenance	Burton Office & Window Cleaning	Maintenance of Property	-	100.00	100.00	100.00	-
Maintenance	M. Murray	Issues to roof of Property	-	50.00	50.00	-	50.00
Maintenance	Parkinson Signs Ltd	Maintenance for signboards	-	32.00	32.00	-	32.00
Petty Cash	Leonard Curtis	Petty cash required for ongoing trading of the Property	-	480.00	480.00	200.00	280.00
		Total trading expenses	12,269.23	48,146.79	48,146.79	36,657.56	13,789.12

EAST LANCASHIRE DEAF SOCIETY LIMITED – IN ADMINISTRATION

*As advised previously, there are a number of trading costs which have yet to be finalised. This may include costs incurred in the period however as we have yet to receive final invoices are unable to confirm at this time.

**Please note, June wages totalling £5,371.36 were paid from Leonard Curtis' office account due to a delay in receipts of funds. This amount has yet to be charged back to the case but will be repaid shortly.

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.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

6 Jan 2014 onwards	Standard £	Complex £	1 Aug 2019 onwards	Standard £	Complex £
Director	450	562	Director	525	656
Senior Manager	410	512	Senior Manager	445	556
Manager 1	365	456	Manager 1	395	494
Manager 2	320	400	Manager 2	345	431
Administrator 1	260	325	Administrator 1	280	350
Administrator 2	230	287	Administrator 2	250	313
Administrator 3	210	262	Administrator 3	230	288
Administrator 4	150	187	Administrator 4	165	206
Support	0	0	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 search

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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, plus VAT.	<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 colspan="2">£10 p.a. or £25 for life of case</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.

APPENDIX G

ESTIMATED OUTCOME STATEMENT

	Secured	Financed	Preferential	Unsecured
	£'000	£'000	£'000	£'000
Amount available to class of creditor	TBC*	N/a	Nil	Nil
Amount due to creditor per Estimated Financial Position	1,585	-	(72)	(161)
Estimated dividend rate (as a %)	TBC%	N/a	Nil	Nil

*As detailed earlier, an amount of £826,507.87 was paid to CBL immediately following the sale of the Property. The final costs of trading have yet to be finalised and as such, the final balance to be paid to CBL under their fixed charge has yet to be finalised. There are no surplus funds following the sale of the Property to enable a distribution to the 2nd fixed charge holder, Mr and Mrs Holgate.

Proof of Debt – General Form
Relevant date: 3 June 2019

Please e-mail completed form to:

recovery@leonardcurtis.co.uk quoting ref: E815M/ALM/PROOF

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.
3. **Please e-mail completed form to:**

recovery@leonardcurtis.co.uk quoting ref: E815M/ALM/PROOF

PRIVACY NOTICE

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, 5th Floor, Grove House, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS