

The Insolvency Act 1986

Administrator's progress reportName of Company
Finance South West LimitedCompany number
03774042In the
Leeds District Registry

[full name of court]

Court case number
1013 of 2014(a) Insert full name(s) and
address(es) of
administrator(s)

I (a) Michael Chamberlain of Chamberlain & Co, Resolution House, 12 Mill Hill, Leeds, LS1 5DQ

administrator of the above company attach a progress report for the period

(b) Insert dates

from

to

(b) 22 September 2015

(b) 21 March 2016

Signed

Administrator

Dated

15/4/16

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

	Tel
DX Number	DX Exchange

Companies House receipt date barcode



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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

FRIDAY

**FINANCE SOUTH WEST LIMITED
(IN ADMINISTRATION)**

LEEDS DISTRICT REGISTRY No. 1013 of 2014

**Report to Creditors pursuant to
Section 2.47 of the Insolvency Rules 1986**

**Chamberlain & Co
15 April 2016**

1 Introduction

Michael Chamberlain was appointed Administrator of Finance South West Limited ("the Company") on 22 September 2014 by the Company's director pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986 ("The Act")

Michael Chamberlain is authorised to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England and Wales

The EC Regulation on Insolvency Proceedings 2000 will apply in this matter and these proceedings will be the main proceedings as defined by Article 3 of the EC Regulation. The Company's registered office and centre of main interests are in the United Kingdom

In accordance with Rule 2.47 of the Insolvency Rules 1986, I now set out my third progress report on the conduct of the administration. This report should be read in conjunction with the Administrator's proposals and my previous progress reports which are available on the same web page as this report. Should any creditor wish to be provided with a copy of this report, they should contact this office.

The report includes certain information which must be provided to creditors in accordance with Rule 2.47 of the Insolvency Rules 1986 (as amended). This includes statutory information in respect of the Company which is attached at Appendix 1.

2 Assets

Shares

The Company had direct interests in Finance South West Business Loans ("Loan") and Finance South West Growth Fund ("Growth"). The one remaining equity position remaining in Growth had been attributed a carrying value (cost) of £50,000. Both of these companies were dissolved in October 2014 and therefore no realisations will be forthcoming from this source.

Brand, Customer List and Tax Losses

At the date of the administration, it was believed that the Company's brand value and its customer list may have held some value. The Company also had significant knowledge on the tendering process for ERDF funds which again it was believed may have had some realisable value. Additionally, there were also some tax losses which may have been available to the Company and which may have been realisable. After some consideration of these potential assets and further investigations into the company's affairs I believe that it is unlikely that any realisations will be made from these sources.

Other Assets

As advised in the Administrator's proposals the Company's management contract was outsourced to Yorkshire Fund Managers ("YFM") and that the Company may have a claim against them in respect of ineligible loans made by YFM on behalf of the Company which created the basis for the claim against the Company for £3,993,779. At the date of my last progress report I had been in discussion with Manolete Partners plc ("Manolete"), a specialist funder of insolvency litigation claims, who, in principle, were interested in pursuing a claim on behalf of the Company but required further information before obtaining counsel's opinion on the strength of the claim against YFM. Additionally, the Company may be subject to a counter claim by YFM as the Company, it is understood, was represented on the investment committee. The matter is also difficult to process as the relevant officers involved at the time have left the respective entities. Furthermore, YFM has since changed ownership as has the Company and, due to the age of the matters, it is unclear if all the relevant documentation is still available. It is due to the foregoing difficulties that the Company's officers have not yet been able to furnish Manolete with documents for them to further consider the matter. Given the complexity of the potential claim, I believe that pursuance thereof would be time consuming and costly. There are insufficient funds within the administration to fund a claim at present. For any action to stand a chance of being launched and successfully progressed, it would need the committed involvement

of the key officers of the subrogated chargeholder who would be the recipient of the first £1million of any recoveries. It is currently undecided if it wishes to commit the necessary resource to such a difficult and arguably speculative claim.

3 Investigations

I can confirm that I have complied with my obligations in relation to my investigations into the affairs of the Company and have submitted my report in accordance with the requirements of the Company Directors Disqualification Act 1986. The contents of this report are confidential. My investigations have not identified any further potential assets that may have been capable of realisation for the benefit of creditors.

4 Receipts and Payments account

An abstract of the Administrator's receipts and payments for the period 22 September 2014 to 21 March 2016 is attached at Appendix 2.

All transactions are shown net of VAT.

5 Estimated outcome for creditors

5.1 Secured creditors

The Company granted a debenture in favour of Barclays Bank plc ("Barclays") dated 7 January 2005 which purports to create a fixed and floating charge over all property and assets of the Company. The Company is a borrower under the Barclays facilities and whilst not having direct borrowings, is liable under them for associated entity borrowings.

The Barclays facilities were acquired in May 2014 by FC Fund Managers Investments I Limited. The liability under this facility is at least £1,181,679.

No other charges have been registered at Companies House.

5.2 Preferential creditors

The Company had no employees and therefore there are no preferential creditors.

5.3 Unsecured Creditors

I have received 3 non-preferential claims totalling £4,070,984.08. Claims from preferential and non-preferential creditors have not been admitted to rank for dividend purposes as there are insufficient funds within the administration to make a dividend available to this class of creditors at present.

5.4 Distributions to creditors

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to Section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The floating charge of Barclays is dated after the 15 September 2003. If floating charge realisations after costs exceed £10,000 there may be a distribution to non-preferential creditors, under Section 176A of the Insolvency Act 1986.

6 Administrator's Remuneration

It was proposed and agreed by a meeting of creditors held on 27 November 2014 that the Administrator will be remunerated on a time cost basis in accordance with Rule 2.106(2) (b) of

You will note from the enclosed receipts and payments account that I have drawn no remuneration to date. In accordance with the revised Statement of Insolvency Practice 9 which came into force on 1 November 2011, summaries of time costs incurred for the period 22 September 2014 to 21 March 2016 and for the period 22 September 2015 to 21 March 2016 the period since the last report are appended to this report. These costs were approximately £11,316.50 and £1,279.50 at an average hourly rate of £231 and £221 respectively. In common with all professional firms our scale rates increase from time to time over the period of administration of each insolvency case. Full details, including any increases relating to this case are available on application. A schedule of my firm's chargeout rates and charging policy is attached at Appendix 3.

The Administrator's costs in respect of work done prior to my appointment in determining that it was reasonably likely that the purpose of the administration order would be achieved and to enable the completion of Form 2.2B and completion of witness statements. Time costs prior to my appointment amounted to £2,733.50 and these costs were agreed at a meeting of creditors on 27 November 2014.

My disbursements total £213.80 and comprise the following:

Disbursement	Payee	Amount (£)
Specific Bond	Marsh Limited	24.00
Search fees	Companies House	5.00
Court Fee	Leeds County Court	50.00
Statutory advertising – London Gazette	TMP (UK) Ltd	134.80

I should advise you that creditors have the right to request that the administrator provides further information about his remuneration and expenses incurred during the administration. The request must be made in writing, within 21 days of receipt of this report, and can be made by a secured creditor or an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors or with the permission of the court. Furthermore, creditors have the right to challenge the administrator's remuneration and expenses by application to the court within 8 weeks of receiving this report.

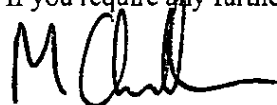
7 Extension of Administration Order

On 16 September 2015 I provided an update to FC Fund Managers Investment I Limited on the progress of the administration to date and to request that the administration be extended for a further 12 months until 21 September 2016. FC Fund Managers Investment I Limited provided their consent on 16 September 2015. At present no distribution is anticipated to the Company's unsecured creditors and an application to court will be required to extend the duration of the administration after 21 September 2016.

8 Conclusion

In accordance with the terms of the administrator's proposals, dependent upon the realisations, the Company will be dissolved under the provisions of Paragraph 84, Schedule B1, of the Insolvency Act 1986 or placed into creditors' voluntary liquidation under provisions of Paragraph 83, Schedule B1, of the Insolvency Act 1986.

If you require any further information, please contact my colleague, David Render.



M Chamberlain
Administrator

APPENDIX 1

The administrator appends below the information required under Rule 2.33 of the Insolvency Rules 1986

Statutory Information

<i>Company Name:</i>	Finance South West Limited
<i>Company Number:</i>	03774042
<i>Registered Office:</i>	c/o Chamberlain & Co, Resolution House, 12 Mill, Hill, Leeds, LS1 5DQ previously 68 Lemon Street, Truro, Cornwall, TR1 2PN
<i>Objects:</i>	To carry on business as a finance broker
<i>Company Directors:</i>	Nicholas Buckland
<i>Company Secretary:</i>	None
<i>Nominal Share Capital:</i>	None – Company is limited by guarantee
<i>Issued Share Capital:</i>	None
<i>Shareholders</i>	None
<i>Administrator:</i>	Michael Chamberlain
<i>Administrator's Address:</i>	Resolution House 12 Mill Hill Leeds LS1 5DQ
<i>Date of Administration:</i>	22 September 2014
<i>Applicants:</i>	Nicolas Buckland
<i>Debentures & Charges:</i>	Barclays Bank plc – Acquired by FC Fund Managers Investments I Limited
<i>Nature of Business:</i>	The Company's principal activity was a finance broker

Finance South West Limited
(In Administration)
Administrator's Summary of Receipts & Payments

Statement of Affairs £		From 22/09/2015 To 21/03/2016 £	From 22/09/2014 To 21/03/2016 £
	SECURED CREDITORS		
(1,181,678 85)	Due to Chargeholder (1)	<u>NIL</u> NIL	<u>NIL</u> NIL
	COST OF REALISATIONS		
	Specific Bond	NIL	24 00
	Search Fees	NIL	5 00
	Irrecoverable VAT	NIL	26 96
	Statutory Advertising	NIL	134 80
	Court Fee	<u>NIL</u>	<u>50 00</u>
		NIL	(240 76)
	PREFERENTIAL CREDITORS		
NIL	Employees - Holiday Pay	<u>NIL</u> NIL	<u>NIL</u> NIL
	UNSECURED CREDITORS		
(3,994,563 35)	Trade & Expense	NIL	NIL
NIL	Employees - Redundancy	NIL	NIL
(77,205 08)	Associated Companies	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(5,253,447.28)</u>		<u>NIL</u>	<u>(240 76)</u>
	REPRESENTED BY		
	Office		(240 76)
			<u>(240 76)</u>



Michael Chamberlain
Administrator

Chamberlain & Co**TIME & CHARGEOUT SUMMARIES**

Finance South West Ltd Finance

22/09/2014 to 21/03/2016

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	5 30	15 70	0 00	1 70	22 70	5,207 50	229 41
Investigations	0 70	7 70	0 00	0 00	8 40	1,899 00	226 07
Realisation of Assets	1 60	1 50	0 00	0 00	3 10	831 50	268 23
Trading	0 00	0 30	0 00	0 00	0 30	74 50	248 33
Creditors	1 20	12 70	0 00	0 00	13 90	3,141 50	226 01
Annulment Of Bankruptcy	0 50	0 00	0 00	0 00	0 50	162 50	325 00
Total Time Cost	3,019 50	8,218 50	0 00	78 50		11,316 50	
Total Hours	9 30	37 90	0 00	1 70	48 90		
Average Rate	324 68	216 85	0 00	46 18			

Total Fees Claimed

0 00

Chamberlain & Co**TIME & CHARGEOUT SUMMARIES**

Finance South West Ltd Finance

22/09/2015 to 21/03/2016

HOURS

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	0 00	3 00	0 00	0 30	3 30	734 00	222 42
Investigations	0 00	1 10	0 00	0 00	1 10	240 50	218 64
Realisation of Assets	0 00	0 40	0 00	0 00	0 40	86 00	215 00
Creditors	0 00	1 00	0 00	0 00	1 00	219 00	219 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Time Cost	0 00	1,264 50	0 00	15 00		1,279 50	
Total Hours	0 00	5 50	0 00	0 30	5 80		
Average Rate	0 00	229 91	0 00	50 00			
Total Fees Claimed						0 00	

Statement of Administrator's Remuneration Pursuant to Statement of Insolvency Practice No.9

Charging and Disbursement Policy

Administrator's charging policy for fees

The Insolvency Rules 1986 provide that the Administrator's remuneration may be fixed on the basis of time properly spent by the Administrator and his staff in attending to matters arising in the Administration

The Administrator has engaged managers and other staff to work on the Administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by cashiers dealing with the company's bank accounts and statutory compliance diaries, and other support services and filing clerks. Work carried out by all staff is subject to the overall supervision of the Administrator.

All time spent by staff working directly on case-related matters is charged to a time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The basis of charging is in six minutes units. The hourly rate for each category of staff over the duration of the assignment is shown below.

Grade	£ per hour 01/09/14	£ per hour 01/09/15
Directors	295-325	295-355
Managers	205-245	205-255
Other Senior Professionals	105-170	105-185
Assistants and Support Staff	30-95	30-100

A copy of the R3 (Association of Business Recovery Professionals) creditors' guide to Administrator's fees may be obtained by contacting David Render at the above address or at www.r3.org.uk

Administrator's charging policy for disbursements

Statement of Insolvency Practice No 9 divides disbursements into two categories

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with Statement of Insolvency Practice No 9, it is my firm's policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. I am prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. Statement of Insolvency Practice No 9 provides that such disbursements are subject to approval as if they were remuneration. It is not my firm's current policy to charge Category 2 disbursements. However, were this to change, I would seek approval for Category 2 disbursements before they are drawn in line with the Statement.