

AM03

Notice of administrator's proposals



Companies House

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16/11/2019

#146

COMPANIES HOUSE

1 Company details

Company number 0 4 0 8 9 1 8 6

Company name in full Sunfold Systems Limited

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

2 Administrator's name

Full forename(s) Claire Elizabeth

Surname Dowson

3 Administrator's address

Building name/number 3rd Floor

Street Westfield House

Post town 60 Charter Row

County/Region Sheffield

Postcode S 1 3 F Z

Country

4 Administrator's name ①

Full forename(s) Joanne Louise

Surname Hammond

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

5 Administrator's address ②

Building name/number 3rd Floor

Street Westfield House

Post town 60 Charter Row

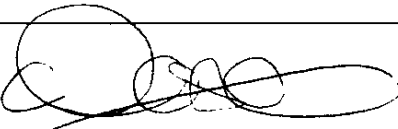
County/Region Sheffield

Postcode S 1 3 F Z

Country

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

AM03
Notice of Administrator's Proposals

6		Statement of proposals		
		<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
7		Sign and date		
Administrator's Signature	Signature			
Signature date	<div><div>d1</div><div>d4</div><div>m1</div><div>m1</div><div>y2</div><div>y0</div><div>y1</div><div>y9</div></div>			

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Sunfold Systems Limited (In Administration)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Contents

- ❑ Interpretation
- ❑ Statutory information
- ❑ Details of appointment of administrators
- ❑ Circumstances giving rise to our appointment
- ❑ Statement of affairs
- ❑ The administration period
- ❑ Estimated outcome for creditors
- ❑ Proposals for achieving the purpose of the administration
- ❑ Pre-administration costs
- ❑ Remuneration and disbursements
- ❑ Other information to assist creditors
- ❑ Conclusion
- ❑ Appendices
 - 1. Account of receipts and payments
 - 2. Joint Administrators' statement of affairs
 - 3. Remuneration and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Sunfold Systems Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 25 September 2019
"the administrators", "we", "our", "us"	Claire Elizabeth Dowson of Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, 60 Charter Row , Sheffield , S1 3FZ and Joanne Louise Hammond of Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	Sunfold Systems Limited										
Trading name(s):	Sunfold Systems Limited										
Date of Incorporation:	12 October 2000										
Company registered number:	04089186										
Company registered office:	3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ										
Former registered office:	Sunfold House, Wymondham Business Park, Chestnut Drive Wymondham, Norfolk, NR18 9SB										
Trading address(es): (or attach a separate sheet if more than one)	Sunfold House, Wymondham Business Park, Wymondham, Norfolk, NR18 9SB										
Principal business activities:	Window Glazing										
Directors and details of shares held in the Company (if any):	<table> <tr> <th>Name</th><th>Shareholding</th></tr> <tr> <td>Michael J W Rawlings</td><td>7,000 ordinary £1 shares</td></tr> <tr> <td>Elizabeth R W Steward</td><td>1,500 ordinary £1 shares</td></tr> <tr> <td>Linda S Rawlings</td><td>1,500 ordinary £1 shares</td></tr> <tr> <td>Beverley A Marshall</td><td>n/a</td></tr> </table>	Name	Shareholding	Michael J W Rawlings	7,000 ordinary £1 shares	Elizabeth R W Steward	1,500 ordinary £1 shares	Linda S Rawlings	1,500 ordinary £1 shares	Beverley A Marshall	n/a
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Michael J W Rawlings	7,000 ordinary £1 shares										
Elizabeth R W Steward	1,500 ordinary £1 shares										
Linda S Rawlings	1,500 ordinary £1 shares										
Beverley A Marshall	n/a										
Company Secretary and details of the shares held in Company (if any):	<table> <tr> <th>Name:</th><th>Shareholding</th></tr> <tr> <td>Elizabeth R W Steward</td><td>1,500 ordinary £1 shares (as above)</td></tr> </table>	Name:	Shareholding	Elizabeth R W Steward	1,500 ordinary £1 shares (as above)						
Name:	Shareholding										
Elizabeth R W Steward	1,500 ordinary £1 shares (as above)										
Auditors:	MHA Larking Gowan 1 Tavern Lane Dereham NR19 1PX										
Share capital:	10,000 ordinary £1 shares										
Shareholders:	Michael J W Rawlings, 7,000 ordinary £1 shares Elizabeth R W Steward, 1,500 ordinary £1 shares Linda S Rawlings, 1,500 ordinary £1 shares										

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	25 September 2019
Date of resignation:	N/A
Court:	High Court of Justice Leeds
Court Case Number:	001056 of 2019
Person(s) making appointment / application:	David Stephan Mudd, Beverley Ann Marshall, Michael John Winstanley Rawlings, Linda Rawlings and Elizabeth Rebecca Winstanley Steward, the directors of the Company c/o Sunfold House, Wymondham Business Park, Wymondham, Norfolk NR18 9SB
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings.	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-

- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

Background Information

The Company was formed in October 2000. Prior to incorporation the business had operated as the sole tradership of Michael Rawlings since the late 1980s under the trading style of 'Rawlings Doors'. Initially the Company's main business activity was the supply and fit of folding doors, being the first company to bring sliding folding doors to the UK. Over the years trade developed to include the supply and installation of bespoke sliding folding doors, windows, lift & slide doors, roof glazing, canopies and roof lights. The Company became an industry leader with a reputation for quality, prestige and diversity using a range of innovative materials.

For many years from incorporation trade was very good, which led to the Company moving to the larger, current premises in 2006. The workforce grew to fifteen staff including the directors plus the use of sub-contractor fitters as and when required. Michael Rawlings acted as Managing Director, Elizabeth Rawlings as Sales Director, Beverley Marshall as Finance Director and David Mudd (who resigned on 29 August 2019) as Operations Director.

In recent years profitability diminished to the extent that an operating loss of £29,350 was incurred for the year ended 31 October 2017 and for the year ended 31 October 2018 the operating loss had increased to £213,340.

The Directors attribute the Company's demise to a number of contributing factors including:

- The volatility of the exchange rate and the decline in the value of the Pound Sterling, given that the Company imported the majority of its products from Germany and Italy;
- The German supplier (who was a main supplier to the Company) was unable to remain competitive;
- Exclusivity with a supplier was lost;
- Increased competition within the industry;
- The UK market appearing to become more cost conscious and a general nervousness in the run to Brexit.

As the situation continued to deteriorate and creditor pressure increased the directors sought independent financial advice from Begbies Traynor with regard to the financial position of the Company.

5. STATEMENT OF AFFAIRS

Following the joint administrators' appointment, a request has been made to the Company's directors for the completion of a statement of affairs of the Company. Whilst the joint administrators have chased the same, to date this has not been received.

Notwithstanding the above, the directors have provided sufficient information to enable the preparation of a statement of affairs of the Company as at 25 September 2019 which is attached at Appendix 2. This incorporates a list of the Company's creditors, as supplied by the Company, the accuracy of which the joint administrators are unable to vouch for.

The statement of affairs also makes no provision for the costs of the Administration or any subsequent liquidation.

Our comments on the statement of affairs are provided in the appendices to this report.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of Administration on 25 September 2019 to 14 November 2019.

Receipts

Book Debts

As can be seen from the attached, the sum of £8,893.46 has been received from Barclays Bank Plc. We understand that this represents book debts received by into the Company's bank account subsequent to the joint administrators' appointment.

Payments

Bank Charges

Bank charges of £1 have been incurred in relation to the monthly cost of the estate bank account.

Given the short period of time which has passed since our appointment, no further receipts or payments have been received or paid to date.

Work undertaken by the Administrators and their staff

Prior to their appointment the joint administrators and their staff attended the Company's premises to review the Company's financial position and to agree a strategy in relation to the action required. Details of the pre-appointment work undertaken are provided later in this report.

As at the date of the joint administrators' appointment the Company had made five of its thirteen employees redundant and had stopped taking any further orders. Whilst the Company had some stock on site, having instructed Eddisons Commercial Limited ("Eddisons"), valuers who are a part of the Begbies Traynor group and who are therefore connected to Begbies Traynor (SY) LLP, to review the same, we were advised that the Company held insufficient stock to allow any works to be completed.

Furthermore, as one of the Company's main suppliers was subject to administration proceedings in Germany, it was therefore not possible to source guaranteed goods as necessary.

A review of the Company's creditor position showed that a number of creditors had paid deposits for goods which the Company had not yet received. Without a forecast cash inflow from customers it was not possible to fund ongoing trading. As such, the decision was made to cease trading on the date of our appointment, 25 September 2019.

The remaining eight employees of the Company's were made redundant with immediate effect. Information regarding the claims of such employees and how to proceed with the same were provided as soon as possible to allow such employees to make their claims to the Redundancy Payments Service.

Eddisons have been instructed to review the Company's chattel assets, including its stock, equipment, office furniture and motor vehicles. Various discussions have been held with Eddisons in relation to the possible realisation strategies with such assets now looking to be sold on a piecemeal basis where possible.

Following their appointment the joint administrators have received a high number of calls from third party customers enquiring as to their orders and whether any goods were on site for delivery. Enquiries have been made in relation to the same and whilst goods have been supplied where possible, as advised above, there was limited stock on site as at the date of our appointment.

As at the date of the joint administrators' appointment the Company's trading premises at Sunfold House, Wymondham Business Park, Chestnut Drive, Wymondham, Norfolk, NR18 9SB ("the Premises") were wholly owned by the Company and were not subject to any charges

Eddisons Insurance Services Limited ("Eddisons Insurance") and RemoteZone, both of which are part of the Begbies Traynor Group and which are therefore connected to Begbies Traynor (SY) LLP, were instructed to place the Premises on the joint administrators open cover insurance policy and to change the locks to the building to ensure that the premises were secured.

Brown & Co property agents of Norwich were instructed to attend the Company's Premises and to provide their recommendation strategy for marketing the same. Having received their advice, Brown & Co have been formally instructed to proceed with marketing the Premises for sale. Any parties interested in the premises should contact the joint administrators in the first instance.

Minimal time has also been spent liaising with Leslie Keats quantity surveyors in relation to the Company's debtor ledger. Having reviewed the Company's ledger, and having taken account of all deposits paid where goods have not been delivered, the remaining ledger is nominal. Leslie Keats have however been instructed to pursue the remaining ledger where possible.

In addition to the above, following their appointment the joint administrators and their staff have spent time in relation to general case administration and planning (which includes the setting up of the case on the joint administrators internal systems, preparing a case strategy document and opening a bank account in the Company's name) and complying with the Insolvency Act and Rules (including issuing notices of their appointment to the relevant parties prescribed within the Act and obtaining their statutory bond to secure the assets within the estate). Full details of the works undertaken since the joint administrators appointment is provided later in this report.

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment, as detailed in the joint administrators' estimated statement of affairs are as follows:

Secured creditors

There are no secured creditors of the Company

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay are estimated at £14,633.17, of which £13,704.08 relates to claims anticipated from the Redundancy Payments Service, with the balance of £929.09 being anticipated to be received from the Company's employees personally.

There may also be an element of preferential pension contributions due however we await further details to confirm the same.

On the basis of estimated future realisations we anticipate that all preferential claims will be repaid in full once all assets of the Company have been realised.

Unsecured creditors

Claims of unsecured creditors are estimated at £1,033,712.59. This is subject to change as further claims continue to be received from customers.

Based upon estimated future realisations we anticipate that there will be sufficient funds available to enable a dividend to be paid to the unsecured creditors. The quantum and timing of any such distribution is however dependent upon the level of realisations achievable from the sale of the Company's Premises.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), this is due to the Company being insolvent on a cashflow basis and having ceased to trade..

Consequently, the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

As the Company was under significant creditor pressure prior to our appointment, it was necessary for the Company to enter into a process as a matter of urgency to safeguard the assets, most notably the Premises. Shortly prior to our appointment the Premises had been broken into. Should the Company have entered into liquidation rather than administration there would have been a time delay in the appointment of office holders, something which was considered detrimental to safeguarding and realising the Company's assets

The appointment of administrators is therefore anticipated to maximise the return to the Company's creditors as a whole and is anticipated to allow the above objective to be achieved.

Notwithstanding the above, it is also anticipated that objective 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors, will be achieved. Whilst the Company did not grant any security over its assets to third parties, following the Company's employees being made redundant such parties have preferential claims in relation to outstanding wages and holiday pay. It is anticipated that such claims will be repaid in full during the administration from the realisations achieved, thereby also achieving this objective.

In order for the purpose of the Administration to be fully achieved, we propose to remain in office as joint administrators in order to conclude the realisation of the Company's property and to make a distribution to the preferential creditors. The principal matters to deal with in this respect are as follows.-.

- Completing internal compliance matters to ensure that the case is progressed as efficiently as possible;
- Undertaking regular banking duties in relation to the estate bank account;
- Liaising with Eddisons and Brown & Co with regard to realising the chattel assets and the Premises;
- Seeking to realise book debts due to the Company;
- Reviewing and responding to all creditor claims and correspondence;
- Seeking and obtaining approval of the Proposals and connected resolutions;
- Agreeing preferential creditor claims;
- Undertaking investigations into the Company's failure and the directors' conduct; and
- Preparing statutory progress reports to creditors in line with the Act.

Following these events we propose to make a distribution to the Company's preferential creditors as appropriate before taking steps to finalise the Administration.

Exit from Administration

As creditors will see from the attached statement of affairs, should the Company's premises be sold for market value, it is anticipated that there will be sufficient funds, to make a distribution to the Company's preferential and unsecured creditors. It is possible that this distribution may be 100 pence in the pound.

Should this be the case, following the realisation of all Company assets, we anticipate issuing a proposal that the Company enters into a Creditors Voluntary Arrangement ("CVA"). If this is approved, we propose to act as the supervisors of the CVA. It will be for the members and creditors of the Company to approve any CVA proposal issued.

The CVA proposal will detail the timing for the ceasing to act of the joint administrators.

Should net realisations ultimately be insufficient to allow unsecured creditors to be repaid in full, it is still anticipated that there will be sufficient realisations to allow a partial distribution to be made to unsecured creditors. As there are no secured creditors in this matter, the provisions of the prescribed part will not apply and therefore any distribution to creditors does not represent a prescribed part distribution.

Whilst we have the authority to make a distribution to the Company's preferential creditors from the administration, we are not authorised to make a distribution to unsecured creditors (other than via the prescribed part) without the permission of the court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, once the Company's assets have been realised in full and once preferential creditors have been repaid in full, should there be insufficient funds to repay unsecured creditors in full, or should any CVA proposal be rejected, we propose to deliver a notice of moving from administration to creditors voluntary liquidation to the Registrar of Companies. Upon the registration of such notice, our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

Notwithstanding the above, should it be deemed more appropriate to make an application to court to facilitate a distribution from the administration once the assets have been realised, the joint administrators will make such an application. It may also be necessary for them to seek directions regarding the exit strategy should a CVA not be a viable option or should any CVA proposal not be approved.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude a sale of the Company's premises within this period. The appointment of an administrator shall cease to have effect at the

end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we carried out work consisting of discussions with the directors and advising on the financial position of the Company and the options available. In addition we sought the advice of Eddisons on the value of assets and viability of trading to complete any ongoing works. We also liaised with Eddisons in relation to the strategy for securing the Premises upon our appointment, we held discussions with Leslie Keats quantity surveyors regarding the collectability of the Company's debtor ledger to ascertain whether any steps could be taken to maximise the same and we liaised with Irwin Mitchell LLP regarding the appointment process and technical queries ("the Work"). The Work was carried out pursuant to an agreement made between us and the Company's directors entered into on 9 September 2019 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration because it enabled the Directors to be professionally appraised of the situation and prevented unnecessary costs being incurred by trading and retaining staff upon appointment. In addition it allowed the Company's assets to be assessed so that they could be safeguarded immediately on our appointment. For these reasons we consider that the Work has furthered the achievement of the objectives of administration being pursued, namely being able to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration) and realising property in order to make a distribution to the preferential creditors.

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	18,451.50	3,690.30	22,141.80
Our costs in relation to the Work – mileage to site	Begbies Traynor	296.10	59.22	355.32
Legal Fees	Irwin Mitchell LLP	3,298.50	659.70	3,958.20
Legal Disbursements	Irwin Mitchell LLP	65.60	3.12	68.72
Quantity Surveyor's Fee	Leslie Keats	3,000.00	600.00	3,600.00
Agent's costs – valuation fee	Eddisons Commercial Limited	1,500.00	300.00	1,800.00
Agent's costs – disbursements	Eddisons Commercial Limited	50.00	10.00	60.00
TOTAL PRE-ADMINISTRATION COSTS		26,661.70	5,322.34	31,984.04

As disclosed earlier in this report, Eddisons Commercial Limited are part of the Begbies Traynor Group and are therefore connected to Begbies Traynor (SY) LLP.

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make

a determination, by seeking decisions of creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

We are seeking that the unpaid pre-administration costs be paid as an expense of the administration. Approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by seeking decisions of creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 on a mixture of the various bases as detailed in Appendix 3.

It is for the creditors' committee to approve the basis of our remuneration under Rule 18.18 of the Rules, but if no such committee is appointed it will be for the creditors to determine. We intend to deal with this by seeking decisions of creditors via a virtual meeting.

Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

Expenditure incurred to date

As stated above the Company's main asset is its Premises. Upon our appointment Eddisons Insurance Limited were instructed to place the Premises on our block insurance policy to ensure the same was sufficiently covered. In addition, RemoteZone, a company which is a part of Eddisons, may also be required to install an alarm and undertake regular site inspections to ensure that the insurance conditions are adhered to.

Whilst the costs in relation to the above are ongoing/are yet to be incurred, the costs are likely to be reasonably considerable and are therefore worthy of note.

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Investigations carried out to date

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. These investigations remain at an early stage and therefore we are unable to comment on any actions or realisations which may result in this regard. Further information if appropriate will be provided in future reports.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

Deemed delivery

These proposals will be deemed to have been delivered on 18 November 2019.

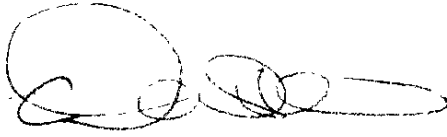
Use of personal information

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

12. CONCLUSION

We consider that the Company has sufficient property to enable a distribution to the unsecured creditors, other than from the prescribed part fund of any net floating charge property, under the insolvency legislation, and we are therefore required to seek a decision from the Company's creditors as to whether they approve our proposals. This decision will be sought via a virtual meeting and a notice of the meeting has been issued to creditors.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.

A handwritten signature in black ink, consisting of a large, loopy initial 'C' followed by a series of smaller, connected loops and a long horizontal stroke at the end.

Claire Elizabeth Dowson
Joint Administrator

Date: 14 November 2019

ACCOUNT OF RECEIPTS AND PAYMENTS

25 September 2019 to 14 November 2019

Sunfold Systems Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 14/11/2019

S of A £		£	£
	SECURED ASSETS		
1,450,000.00	Freehold Land & Property	NIL	NIL
	HIRE PURCHASE		
22,600.00	2 X Peugeot Boxer Vans	NIL	
(29,576.00)	LeasePlan UK Limited	NIL	NIL
	ASSET REALISATIONS		
4,000.00	Warehouse Equipment	NIL	
600.00	Furniture & Equipment	NIL	
900.00	Motor Vehicles	NIL	
1,400.00	Yard Assets	NIL	
18,893.46	Book Debts	8,893.46	8,893.46
	COST OF REALISATIONS		
	Bank Charges	1.00	(1.00)
	PREFERENTIAL CREDITORS		
(13,704.08)	RPO re Arrears/Holiday Pay	NIL	
(929.09)	Employees re Arrears/Hol Pay	NIL	
Uncertain	Pension Contributions	NIL	NIL
	UNSECURED CREDITORS		
(122,043.21)	Trade Creditors	NIL	
(4,642.88)	Employees	NIL	
(69,937.46)	RPO	NIL	
(355,528.60)	Consumer Creditors	NIL	
(103,052.44)	Barclays Bank Plc	NIL	
(8,000.00)	HMRC (PAYE)	NIL	
(25,000.00)	HMRC (VAT)	NIL	
(45,000.00)	Mrs Rawlings - Directors Loan Account	NIL	
(293,532.00)	Mr Rawlings - Directors Loan Account	NIL	NIL
	DISTRIBUTIONS		
(10,000.00)	Ordinary Shareholders	NIL	NIL
417,447.70			8,892.46
	REPRESENTED BY		
	Bank 1 Current		8,892.46
			8,892.46

**ESTIMATED STATEMENT OF AFFAIRS AS AT 25
SEPTEMBER 2019**

Insolvency Act 1986

Sunfold Systems Limited

Estimated Statement Of Affairs as at 25 September 2019

	Book Value £	Estimated to Realise £	£
ASSETS			
Freehold Land & Property	1,038,963.25	1,450,000.00	
		1,450,000.00	1,450,000.00
2 X Peugeot Boxer Vans		22,600.00	
LeasePlan UK Limited		(29,576.00)	
Deficiency c/d		(6,976.00)	
Warehouse Equipment	2,651.00		4,000.00
Furniture & Equipment	412.00		600.00
Motor Vehicles	1,945.00		900.00
Yard Assets	884.00		1,400.00
Book Debts	45,645.46		18,893.46
			1,475,793.46
LIABILITIES			
PREFERENTIAL CREDITORS:-			
RPO re Arrears/Holiday Pay		13,704.08	
Employees re Arrears/Hol Pay (Count=7)		929.09	
Pension Contributions		Uncertain	
			14,633.17
			1,461,160.29
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			NIL
			1,461,160.29
Estimated prescribed part of net property where applicable (to carry forward)			
			NIL
			1,461,160.29
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003			
			NIL
			1,461,160.29
Estimated prescribed part of net property where applicable (brought down)			
			NIL
			1,461,160.29
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Deficiency b/d		6,976.00	
Trade Creditors (Count=45)		122,043.21	
Employees (Count=5)		4,642.88	
RPO		69,937.46	
Consumer Creditors (Count=28)		355,528.60	
Barclays Bank Plc		103,052.44	
HMRC (PAYE)		8,000.00	

Insolvency Act 1986

Sunfold Systems Limited

Estimated Statement Of Affairs as at 25 September 2019

	Book Value £	Estimated to Realise £	£
HMRC (VAT)		25,000.00	
Mrs Rawlings - Directors Loan Account		45,000.00	
Mr Rawlings - Directors Loan Account		293,532.00	
			<u>1,033,712.59</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)			<u>427,447.70</u>
			<u>427,447.70</u>
Issued and called up capital Ordinary Shareholders		10,000.00	
			<u>10,000.00</u>
TOTAL SURPLUS/(DEFICIENCY)			<u><u>417,447.70</u></u>

Begbies Traynor (SY) LLP
Sunfold Systems Limited
B - Company Creditors

Key	Name	Address	£
CA00	Anglian Water(Wave)	PO Box 46, Spalding, Lincs, PE11 1DB	1,467.69
CA01	Allstar Business Solutions Ltd	PO Box 1463, Windmill Hill, Swindon, SN5 6PS	971.29
CA02	Alphabet (GB) Ltd	Alphabet House, Summit Avenue, Farnborough, Hampshire, GU14 0FB	407.62
CA03	Ace Southern Ltd	27 The Slipway, Port Solent Marina, Portsmouth, PO6 4TR	5,015.72
CA04	Arkadius Ltd	103 Cumberland Road, Camberley, Surrey, GU15 1RE	4,440.82
CB01	BES Commercial Electricity	Parkside Stand, Fleetwood Town Football Club, Park Avenue, Fleetwood, FY7 6TX	684.55
CB03	Business Pilot	Unit M1, De Havilland Court, Penn Street, Buckinghamshire, HP7 0PX	3,899.88
CB07	Barclays Bank Plc	1 Churchill Place, Canary Wharf, London, E14 5HP	103,052.44
CC00	CSSCloud Ltd	Nimbus House, Gapton Hall Road, Great Yarmouth, Norfolk, NR31 0NB	960.36
CC02	Consumer Dispute Resolution Ltd	33rd Floor Euston Tower, 286 Euston Road, London, NW1 3DP	49.00
CC03	Calm Waters Marine Fabrications Ltd	Unit 2b, Dewing Road, Rackheath Industrial Estate, Rackheath, NR13 6PS	961.83
CC04	Churches Fire Security Limited	Head Office, Fire House, Mayflower Close, Chandlers Ford, SO53 4AR	977.94
CC05	CMP Information Ltd	PO Box 314, Tonbridge, TN9 1YT, DISSOLVED	7,101.76
CD00	Directa (UK) Ltd	Cold Norton, Essex, CM3 6UA	347.71
CD01	Direct Trade (Yorkshire) Ltd	Unit 3 Sandall Carr Industrial Estate, Sandall Car Road, Kirk Sandall, Doncaster, DN3 1QL	4,473.46
CE00	Everglade Windows Ltd	22 Wadsworth Road, Perivale, Greenford, Middlesex, UB6 7JD	18.43
CE01	E J Taylor & Sons Ltd	Mill Works, Hazeleigh, nr Purleigh, Chelmsford, CM3 6QT	4,198.00
CF00	Fitter.biz	Redmayes, Dereham Road, Yaxham, Norfolk, NR19 1RF	1,743.50
CF01	Faraone SRL	Via PO 12, 64018 Tortoteto (TE), Italy	30.10
CG00	C Gosling & Co	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	23,359.16
CH00	Howells Patent Glazing Ltd	C/O Atradius Collections, 3 Harbour Drive, Cardiff Bay, CF10 4WZ	10,929.60
CH01	HSS Hire Services Group Ltd	25 Willow Lane, Mitcham, Surrey, CR4 4TS	464.64
CH05	H Smith & Sons (Honingham) Ltd	Herbert Smith House, Honingham, Norwich, Norfolk, NR9 5AP	1,344.60
CH07	HM Revenue & Customs - VAT	Debt Managment, Enforcement & Insolvency Service, Ty Glas, Llanishen, Cardiff, CF14 5ZP	25,000.00
CH0A	H M Revenue & Customs - PAYE	Debt Managment, Enforcement & Insolvency Service, Ty Glas, Llanishen, Cardiff, CF14 5ZP	8,000.00
CK00	Kastrup A/S	Trae-Alu, Mosebyvej 40, 7500 Holstebro, DENMARK	4,855.41
CL01	Leaseplan UK	165 Bath Road, Slough, Berkshire, SL1 4AA	29,576.00

Signature _____

Begbies Traynor (SY) LLP
Sunfold Systems Limited
B - Company Creditors

Key	Name	Address	£
CL02	Law Refurbishments Ltd	Hollow Road, Kelvedon, Essex, CO5 9DA	8,642.88
CM00	Mastercote Ltd	Wendover Road, Rackheath Industrial Estate, Rackheath, Norwich, NR13 6LH	619.63
CM02	Morley Glass & Glazing Ltd	Unit 3, Leeds 27 Industrial Estate, Bruntcliffe Way, Leeds, LS27 0HH	4,872.32
CM05	Marketing Force Ltd	2 Station Road, Gerrards Cross, Bucks, SL9 8EL	350.00
CM06	Midland Alloy Ltd	Stafford Park 17, Telford, Shropshire, TF3 3DG	714.00
CN00	National Insurance Fund	Insolvency Service, Cannon House, 18 Priory Queens Way, Birmingham, B4 6BS	83,641.54
CO00	Obex Protection Ltd	Seyern House, Bromyard, Crown East, Worcester, WR2 5TR	215.93
CP00	Plantdrive Limited	Wymonham Business Park, Chesnut Drive, Wymonham	1,174.80
CP01	Photostatic Anglia Ltd	Photostatic House, 39-41 West End Street, Norwich, Norfolk, NR2 4NA	40.03
CP02	Peninsula Business Services Ltd	The Peninsula, Victoria Place, Manchester, M4 4FB	228.00
CP03	Plandescil Ltd	42-44 Connaught Road, Attelborough, Norfolk, NR17 2BW	102.00
CP04	Postmill Garage (Wymondham) Ltd	Unit 4 Cayton Road, Wymondham, Norfolk, NR18 0QH	234.00
CR01	Ryanair	Enterprise House, 2nd Floor, Bassingbourn Road, London Stansted Airport, Stansted, CM24 1QW	928.78
CR03	L S Rawlings	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	45,000.00
CR04	M J W Rawlings	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	293,532.00
CS00	Sage (UK) Ltd	North Park, Newcastle Upon Tyne, NE13 9AA	227.04
CS01	Standley Steel Stockholders	Valley View Works, London Road, Wymondham, Norfolk, NR18 9JD	123.08
CS02	Shred Station Ltd	Osbourne House, Wendover Road, rackheath, Norwich, Norfolk, NR13 6LH	30.90
CS03	Spi-Des-Ign Web & Graphic Solutions Ltd	Unit 15 Ticehurst Yards, Beytom, Tostock, Suffolk, IP30 9PH	47.99
CS04	SunParadise Systems Ltd	12 NewMarket Business Centre, 341 Exning Road, New Market, CB8 0AT	16,447.54
CS05	Safeguard Glazing Designs Ltd	Manor Drive, Paston Parkway, Peterborough, Cambridgeshire, PE4 7AP	3,706.87
CT00	TNT UK Limited	PO Box 4, Ramsbottom, Bury, Lancs, BL8 9AR	59.11
CV00	Veolia	9 Nash Road, MAnchester, M17 1SX	959.47
CV01	Vodafone Ltd	65-67 N.End, Croydon, CRO ITG	1,445.52
CW00	Wurth UK Ltd	1 Centurion Way, Erith, Kent, DA18 4AF	2,170.25
52 Entries Totalling			709,845.19

Signature _____

Begbies Traynor (SY) LLP
Sunfold Systems Limited
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HR00	Michael John Rawlings	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	Ordinary	1.00	7,000	0.00	0.00
HR01	Linda Susan Rawlings	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	Ordinary	1.00	1,500	0.00	0.00
HS00	Elizabeth Rebecca Winstanley Ste	c/o Begbies Traynor, 3rd Floor Westfield House, 60 Charter Row, Sheffield, S1 3FZ	Ordinary	1.00	1,500	0.00	0.00
3 Ordinary Entries Totalling					10,000		

Signature _____

ESTIMATED STATEMENT OF AFFAIRS

Notes to the Estimated Statement of Affairs.

The Company has not granted any security over its assets to third parties.

1. The freehold premises has been valued by Andrew Haigh MRICS, of Brown & Co Property and Business Consultants LLP.
2. The chattel assets have been professionally valued by Messrs Smith of Eddisons Commercial Limited and the figures included in the estimated statement of affairs represent the anticipated realisations following the closure of the business.
3. The debts have been reviewed by Leslie Keats quantity surveyors. As you will see from the attached receipts and payments account, an element of debts were received into the Company's bank account shortly after our appointment. Such receipts are included in the estimated to realise figure provided in the statement of affairs.
4. The claims of the Department for Business, Energy and Industrial Strategy represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
5. Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

We will not be required to set aside the prescribed part of net property if:

- a. The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
 - b. Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
6. We understand that the Company did not fulfil the required pension contributions. We await confirmation of the amounts outstanding along with details of whether any of these funds rank as preferential claims.
 7. The claim of HM Revenue & Customs represents PAYE and NIC outstanding for August 2019.
 8. The claim of HM Revenue & Customs represents VAT outstanding for the final quarter of 2019.
 9. Mr and Mrs Rawlings have advised that they are unsecured creditors of the Company in relation to cash injected to fund the business. The quantum of such claims is based on information provided by the Company and is therefore subject to further clarification.
 10. Transactions with directors and associates.

Standard practice requires disclosure to the creditors of any transactions (other than in the ordinary course of business) between the Company (including any of its subsidiaries or any other company in which it has or had an interest) and any of its directors or their associates (as defined in Section 435 of the Act) in the period of **two years** prior to the commencement of administration, and in the period since the commencement of the administration, or proposed to be undertaken

We are not presently aware of any such transactions.

REMUNERATION AND EXPENSES

To assist creditors in determining this matter, the following further information appears in this appendix:

- ❑ Begbies Traynor (SY) LLP's charging policy
- ❑ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis
- ❑ Details of how the Administrators are proposing to be remunerated
- ❑ Details of the expenses that the Administrators consider will be, or are likely to be, incurred]

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance¹ indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

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

Instruction of Eddisons Commercial Limited to provide a valuation and disposal strategy in relation to the Company's assets. Their charges will be equivalent to 10% of realisations. In addition, Eddisons Commercial Limited's charges for carrying out their valuation will be £1,500.00 plus VAT together with pre and post appointment disbursements totaling £50.00 and £250.00 plus VAT respectively.

¹ Ibid 1

Eddisons Commercial Limited are also instructed to provide risk management services, with particular regard to the locks, alarm monitoring for the Company's trading premises and all other associated services to ensure that the management of insurance compliance works for vacant properties is being adhered to. Their charges for providing the lock changing, alarm monitoring and all other necessary services to ensure the insurance requirements are adhered to are estimated to total £9,353.37 plus VAT.

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £1,117.50 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged, These costs are taken into consideration and included within the forecasted cost of insurance, above.

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

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

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

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

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

Staff Grade	Consultant/ Partner	Director	Snr Mngr	Mngr	Analyst - Forensic	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration		2 5	18 1					2 7		23 30	8,640 00	370 82
Case planning	7 0	8 4				1 4				16 80	7,518 00	447 50
Assets												
Negotiation of sale of business +/I assets												
Other creditors		0 3								0 30	133 50	445 00
Creditors												
Secured - correspondence and meetings												
Other Matters												
Meetings and correspondence with directors						2 5				2 50	562 50	225 00
Travel						7 1				7 10	1,597 50	225 00
Total hours by staff grade	7 0	11 2	18 1			11 0		2 7		50 0		
Total time cost by staff grade £	3,465 00	4,984 00	7,149 50			2,475 00		378 00			18,451 50	
Average hourly rate £	495 00	445 00	395 00			225 00		140 00				369 03
Total fees drawn to date £											0 00	

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME: Sunfold Systems Limited

CASE TYPE: ADMINISTRATION

OFFICE HOLDERS: Claire Elizabeth Dowson and Joanne Louise Hammond

DATE OF APPOINTMENT: 25 September 2019

1 CASE OVERVIEW

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table.

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals.

1.3 Overview of work undertaken prior to appointment

Prior to appointment, the proposed joint administrators time was spent initially attending the Company's trading premises to hold meetings with the Company's directors to discuss the options available to the Company with regard to its financial status and the most appropriate insolvency route available which, would benefit the Company's creditors. At these meetings, it was discussed and concluded that the most appropriate insolvency route was for the Company to be placed into administration.

A full breakdown of the pre-appointment work undertaken is provided in the main body of the Proposals however, a condensed summary is provided below: -

- Meeting with the directors to discuss the Company's financial position and obtain statutory information to enable statutory documentation to be issued to relevant parties upon appointment;
- Liaising with Eddisons Commercial Limited ("Eddisons") with regard to arranging for them to attend the Company's trading premises and meet with the directors to review the Company's assets and provide a valuation and, to review the work in progress to establish whether this would be cost effective to complete;
- Further discussions with Eddisons with regard to planning security requirements to secure the property immediately upon our appointment.
- Liaising with suppliers with regard to the work in progress review exercise;
- Discussing debtor balances with Leslie Keats with regard to the collectability of the outstanding ledger, and

- Liaising with solicitors, Irwin Mitchell LLP ("Irwins"), I order to arrange for the relevant appointment paperwork to be drafted, signed and filed at Court to effect the appointment of administrators.

1.4 Complexity of work undertaken prior to appointment

Whilst limited time was spent on this matter prior to our appointment, due to the Company being balance sheet solvent and cash flow insolvent, various options required consideration by high level insolvency practitioners within the firm to ensure that the correct advice was provided.

In addition, the Company has a number of consumer creditors of high value. As such, a review of stock held and the possibility of completing various works if this could have been of benefit to creditors was undertaken.

1.5 Exceptional responsibilities

Whilst the pre-appointment responsibilities were not overly exceptional, the works were time critical and were required prior to any strategy being agreed.

1.6 The proposed Administrators' effectiveness

As a result of the works undertaken prior to our appointment the Company's premises were secured as a matter of urgency, something which we believe is beneficial to assisting to achieving the purpose of the administration.

Notwithstanding the above, undertaking reviews of creditors positions and the Company's ability to complete works has allowed the subsequently appointed administrators to liaise with creditors and assist them with their claims in a timely manner.

1.7 The views of the creditors

As the Company does not have any unsatisfied security lodged against it at Companies House, there were no secured creditors to liaise with pre-appointment.

As a result, the view of the Company's preferential and unsecured creditors with regard to the discharge of the pre-appointment costs and any concerns that the creditors may have generally in relation to the directors' conduct, have not been sought directly to date. Such requests will be circulated shortly.

1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The joint administrators are seeking agreement to a resolution in relation to their pre-appointment administration costs together with legal and agents costs as follows: -

- That the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment.

The above resolution will be sought at a virtual meeting, details of which have been circulated to creditors.

1.9 Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group

Category 2 Disbursements

Pursuant to the resolution being sought in relation to the unpaid pre-administration costs, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements are proposed to be charged in relation to the period prior to appointment:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – Meetings at Company premises	296.10
TOTAL	296.10

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any associate has an interest	
Type and purpose	Amount £
Eddisons Commercial Limited, which is a member of the Begbies Traynor group, has provided assistance on site at the Company's trading premises with regard to reviewing the work in progress and the Company's assets. The purpose of obtaining such services was to assist the proposed joint administrators in agreeing the most appropriate insolvency route.	£50.00
TOTAL	50.00

1.10 Other professionals employed & their costs

Eddisons were instructed to review the Company's business and assets prior to the appointment of the joint administrators and to provide a valuation and disposal strategy in relation to the same. In addition, a review of the Company's work in progress was carried out to establish whether it was cost effective to complete the work and whether it was a requirement to continue trading the Company. Eddisons were chosen due to their experience and qualifications and with knowledge of dealing with matters of a similar nature. Eddisons are able to provide qualified valuers to enable the Company's business and assets to be professionally valued which, the proposed joint administrators were unable to do.

Eddisons pre-appointment valuation fee is £1,500.00 plus £50.00 disbursements plus VAT. To date, Eddisons have not received any payment for any work carried out in this matter and Eddisons fees will not be discharged until such time as the relevant creditor authority has been obtained.

Irwins were instructed to prepare the relevant documentation to appoint the joint administrators' and arrange for such documentation to be filed at Court. Irwins were chosen based on their qualifications and ability to progress the matter in a timely manner.

Irwins fee basis is based on time costs plus disbursements and plus VAT. No payments have been made to Irwins in respect of this work carried out to date however, details of their pre-appointment costs are provided in the attached proposals for approval by creditors.

1.11 Staffing and management

The staff were chosen based on their experience, qualifications and knowledge of dealing with similar administrations. The case is overseen by three licenced insolvency practitioners within the Sheffield office who have dealt with the pre appointment matters leading up to the appointment.

In addition, the day to day running of the case will be dealt with by a senior manager, a senior case administrator and a junior case administrator within the Sheffield office who, will report to both the office holders on a frequent basis, to ensure all statutory matters are complied with and completed in the relevant timescales.

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

- 2.1 Begbies Traynor (SY) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 3.
- 2.2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 3.

SUNFOLD SYSTEMS LIMITED

DETAILS OF HOW THE ADMINISTRATORS ARE SEEKING TO BE REMUNERATED

Further to our appointment as administrators, we are seeking to be remunerated on a mixture of the bases allowed under the Insolvency (England and Wales) Rules 2016. These are (a) as a percentage of the value of the assets realised and/or distributed, (b) on a time costs basis or (c) as a set amount. Prior to creditors determining the basis or bases upon which we are to be remunerated, we are obliged to produce a fees estimate in relation to those aspects of the case where we are seeking to charge on a time costs basis. We are required to provide the estimate to each creditor of whose details we are aware so that it can be approved at the same time as the bases of our remuneration. The hourly charge-out rates set out in the charging policy which accompanies this information will apply to any aspect of the work that it is proposed will be charged on a time costs basis. Please note that in the table below, blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Where a percentage or set amount is sought for a particular area of work, this is detailed in the relevant column in the table below.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £	% of realisations	% of distributions	Set amount £
General case administration and planning	-	-	-	-	-	2,500
Compliance with the Insolvency Act, Rules and best practice	-	-	-	-	-	3,500
Investigations	-	-	-	-	-	3,000
Realisation of assets	-	-	-	5% of property disposal	-	2,500
Trading	-	-	-	-	-	-
Dealing with all creditors claims (including employees), correspondence and distributions	-	-	-	-	-	6,000
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel	-	-	-	-	-	2,500
Total hours	-					
Total time costs		-				
Overall average hourly rate £			-			
Total set amount						20,000

In relation to those elements of the work that we intend to undertake on a percentage basis and as a set amount, these bases are expected to produce fair and reasonable reflection of the work for the following reasons: -

1. A fixed fee for various works provides creditor with an element of certainty regarding the costs to be incurred.
2. Basing an element of our remuneration on the realisations received from the sale of the property means that creditors will have more certainty regarding such fees than should they have been charged on a time costs basis. In addition, a percentage basis places a maximum fee on our remuneration, thereby ensuring the remaining funds are paid into the administration estate.

For the avoidance of any doubt, the details above relate to the period of administration only, they do not relate to any work that is to be undertaken in any insolvency procedure following the administration.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>.

Dated: 14 November 2019

SUNFOLD SYSTEMS LIMITED

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, dividends etc.	£150.00 + VAT
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	£775.00 + VAT
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity. Administration fees may also be charged on the policy	£8,100.00 (for 6 months property cover) and £745.00 for chattel assets and motor vehicles
4.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	£1,500.00 + VAT (Estimated based on approximate number of boxes and collection costs)
5.	Property agent's valuation fees and disbursements	Brown & Co fees in respect of marketing and realisations costs together with their anticipated disbursements	£1,325.00 + VAT marketing 1.5% + VAT of realisations £260.00 +VAT EPC £1,000.00 +VAT disbursements
6.	Agent's valuation, realisation sale fees and disbursements	Eddisons Commercial Limited fees in respect of their valuation and realisation costs together with their anticipated disbursements	10% + VAT of asset realisations £250.00 + VAT disbursements
7.	Agents disbursements	Remotzone costs associated with arranging lock security, alarm monitoring and all other associated services to comply with the management of insurance compliance works.	£9,353.37 + VAT (for 6 months)
8.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	£7,500.00 + VAT (estimate) £500.00 + VAT disbursements
9.	Debt collection fees and disbursements	The fees of Leslie Keats, a third party instructed by the Insolvency Practitioner to assist with the collection of the debts of the insolvent entity and their anticipated disbursements	20% of recoveries

10.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	£32.00
11.	Pensions	Assistance provided by UK Employment Law Consultants Limited ("UKELC") with regard to pension contributions and associated RP15/RP15A forms	£750.00 + VAT
12.	Postage	Anticipated costs incurred in circulating documentation to the Company's members and creditors throughout the administration process.	£167.50 + VAT
13.	Property rates	Estimated business rates in respect of trading premises	£20,274 (based on a 6 month period)
14.	Utilities	Estimate of utilities utilised in the period until the property is disposed of, to include electricity, gas, phones, internet and water.	£7,693.38 + VAT (based on a 6 month period)
15.	Capital Gains Tax	Tax calculated on the estimated gain achieved following the sale of the Company's property	£85,000.00 (estimated)*
16.	Accountants Fees	Costs incurred by a firm of accountants in calculating the CGT liability	£3,000.00 + VAT

* Please note that that the capital gains tax liability detailed above at point 15 is based on an estimate only and does not take into account any costs that can be deducted from any gain achieved. Such costs will be reviewed further following disposal of the property and the liability calculated accordingly.

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration.

AM03 Notice of Administrator's Proposals



Presenter information

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

Contact name	Phil Nunney
Company name	Begbies Traynor (SY) LLP
Address	3rd Floor Westfield House
Post town	60 Charter Row
County/Region	Sheffield
Postcode	S 1 3 F Z
Country	
DX	
Telephone	0114 2755033



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

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



Where to send

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

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



Further information

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

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