

The Insolvency Act 1986

**Administrator's progress report**

Name of Company  
The Mortgage Shop (South East) Limited

Company number  
04343213

In the  
High Court of Justice, Manchester District Registry, Chancery  
Division

Court case number  
2645 of 2014

Insert full name(s) and  
address(es) of Joint  
Administrator(s)

I (a)  
Gordon Craig  
Refresh Recovery Limited  
West Lancashire Investment Centre  
White Moss Business Park  
Skelmersdale  
Lancs WN8 9TG

(b) Insert dates

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

from

to

(b) 15 November 2014

(b) 1 April 2015

Signed

  
Administrator

Dated

30 April 2015

**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.

(Address as Above)	
	Tel
DX Number	DX Exchange

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

WEDNESDAY



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COMPANIES HOUSE

**THE MORTGAGE SHOP (SOUTH EAST) LIMITED**  
**(COMPANY NUMBER: 04343213)**

**(IN ADMINISTRATION)**

**ADMINISTRATOR'S PROGRESS REPORT**  
**IN ACCORDANCE WITH RULE 2.47**  
**THE INSOLVENCY RULES 1986**  
**DATED 1 APRIL 2015**

**HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**  
**1 BRIDGE STREET**  
**MANCHESTER**  
**M60 9DJ**  
**NO 2645 OF 2014**

**REFRESH RECOVERY LIMITED**  
**WEST LANCASHIRE INVESTMENT CENTRE**  
**WHITE MOSS BUSINESS PARK**  
**SKELMERSDALE**  
**LANCASHIRE**  
**WN8 9TG**

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- 4 Refresh Recovery Limited Schedule of Charge Out and Disbursements Rates

## **1 Glossary**

Administrator	Gordon Craig of Refresh Recovery Limited, West Lancashire Investment Centre, White Moss Business Park, Skelmersdale, Lancashire, WN8 9TG
Company	The Mortgage Shop (South East) Limited (Company Number 04343213) whose registered office is at the Administrator's offices (c/o Refresh Recovery Limited, West Lancashire Investment Centre, Skelmersdale, Lancashire, WN8 9TG)
Appointor	The Directors of the Company

## **2 Introduction**

I write to provide you with an update on the progress of the Administration in accordance with Rule 2.47 of the Insolvency Rules 1986, covering the period from the 15 November 2014 to 1 April 2015. This report includes certain information required to be provided to creditors in accordance with the Rules.

Gordon Craig was appointed Administrator of The Mortgage Shop (South East) Ltd in the High Court of Justice Chancery Division Manchester District Registry, 1 Bridge Street, Manchester, M60 9DJ on 15 May 2014. Court Administration number 2645 of 2014.

The appointment was made by the Directors of the Company, ("the Appointor"), in accordance with Paragraph 22 of Schedule B1 of the Insolvency Act 1986.

## **3 Receipts and Payments**

A receipts and payments account is attached at Appendix 1.

## **4 Progress of the Administration**

### **4.1 Administrator's Proposals & Creditors' Meeting**

The Administrator's proposals were sent to all members and creditors on 9 July 2014 and a meeting of creditors was held on 25 July 2014 with the purpose of approving the Administrator's proposals and passing his resolutions for fees.

It was agreed by the body of creditors that the remuneration of the Administrator was fixed on a time costs basis and can be drawn when funds allow. Notice of the results of the creditors meeting was circulated to all known members and creditors on 25 July 2014. No Creditors' Committee was formed therefore the remuneration of the Administrator was fixed on a time costs basis and can be drawn when funds allow.

#### **4.2 Cash at Bank**

As creditors will recall at date of the Administrator's appointment there was a balance at bank totalling £5,494 20 which has been received in full.

#### **4.3 Renewal Income**

Every month the Company receives renewal commissions for investments made by its former clients, the monthly income is varied as income relates to the amounts invested by the clients and for the period

The Administrator has continued to collect these monies over the period of the Administration and in the period has received £16,225 87. A total sum of £41,180 17 has been received over the course of the Administration

The Administrator is continuing to collect these funds, however it is evident that the income is on a constant decrease which was expected as the Administration progressed. The Administrator is currently evaluating the position with a view to selling the renewals

In accordance with Paragraph 76(1) the Administration is due to expire on 14 May 2015. To enable the Administrator sufficient time to complete a sale, a six month extension is being requested for the unsecured creditors. In this regard I enclose form 2 25B which I would be grateful if you would complete and return this by 23 April 2015

#### **4.4 Client Database**

As previously reported the Directors owned a second company called Investaco Limited which had been dormant for a number of years. This company purchased the client database at the market value which was estimated at £4,000. The monies have been received in full.

#### **4.5 Office Equipment**

The Directors retained office equipment for a sum of £1,000 as this was in line with the valuation provided by Griffin James. These assets have been paid for in full.

#### **4.6 Insurance Refund**

During the period the Administrator has received £474 81 from the Company's insurance broker due to over paid premiums issued prior to the Administration.

#### **4.6 Contingent Mis-selling Claim**

The Administrator was advised that due to the nature of the work undertaken by the Company there was a possibility that clients who had dealt with the Company and received advice prior to its insolvency, may wish to make a complaint in respect of the advice they received. This was due to some clients being advised to invest into a number of schemes which have subsequently failed.

All clients of the Company have been advised by the Administrator that if they wished to make a complaint about the advice that they have received they should contact the Financial Services Compensation Scheme ("FSCS"). The Administrator is aware that a number of complaints have been made to date and is assisting the relevant parties with information as it is required. Any potential claims would rank as an unsecured creditor.

#### **4.7 Bank Interest**

In the period the fund held in the Administrator's bank account have incurred interest of £2.02, therefore to date total interest amount to £7.05.

#### **4.7 Secured Creditors**

The Company has no secured creditors.

#### **4.8 Employees and Preferential Creditors**

The Company's employees who were all made redundant on 30 April 2014. The employees completed RP1 forms which have been sent to the Redundancy Payments Office, however to date we are yet to receive their claim.

It is likely that there will be sufficient monies to enable a dividend to this class of creditor if the renewal income can be sold to a third party.

#### **4.9 Other Creditors**

Claims received to date total £2,444, which comprises claims from the trade creditors. HM Revenue & Customs have not yet submitted a claim with regard PAYE/NI. These claims have not been adjudicated as based on current information it is unlikely that there will be a dividend to the unsecured creditors.

In accordance with Rule 2.33(l) of the Insolvency (Amendment) Rules 2003, the Administrator must estimate the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the Company has granted a floating charge to a creditor after 15 September 2003. The Company has not granted a floating charge to any creditor after 15 September 2003 and consequently there will be no prescribed part. Similarly, the provisions of Section 176A (3) and 176A (5) of the Insolvency Act 1986 will not apply.

## **5 Investigation**

During the course of the Administration, to comply with statutory obligations, the Administrator has carried out a review of the Director's conduct and has submitted a report to the Directors Disqualification Unit of the Department for Business, Innovation & Skills ("BIS") as required. The contents of this report are confidential between the Administrator and the BIS.

## **6 Pre-Appointment Administrator's Fees and Disbursements**

As previously advised to creditors a set fee of £10,000 (inclusive of VAT) was agreed with the Directors in respect of the pre-appointment work carried out which was paid to Refresh Recovery prior to the Administrator's appointment.

In the pre-appointment period legal fees of £1,642 plus VAT, plus disbursements of £51, were incurred by Turner Parkinson Solicitors in respect of preparing and lodging the Appointment documentation. The full amount due was paid in the period as agreed at the meeting of creditors.

## **7 Administrator's Fees and Disbursements**

It has been agreed by the unsecured creditors that the Administrator be remunerated on a time cost basis and be authorised to draw fees as and when funds allow. A summary of the Administrator's time costs to date is attached at Appendix 2.

In the period time costs of £16,039 have been incurred which is comprised of 67.20 hours at an average cost of £238.68 per hour. Therefore over the course of the Administration the total time costs incurred total £37,074.50 which is comprised of 183.80 hours at an average cost of 201.71 per hour. Fees have been drawn to date totalling £36,210.00 plus VAT.

The work undertaken under each heading can be summarised as follows -

#### Administration and Planning

Case Planning, Administrative set up, Appointment and notification, Maintenance of records, Estate accounting; Schedule company books and records, File Reviews, Cashiering, Drafting Reports, preparation of reports; meetings with director, collecting client records, discussions with the FCA regarding the Administration, mail shot to former clients re appointment, numerous phone calls from clients regarding mail shot,

#### Investigation

Review and compliance with Statement of Insolvency (SIP 2), Reviewing and investigating Company books and records and Directors conduct, Report to the Department of Business, Innovation and Skills in accordance with the Company Directors Disqualification Act 1986 ("CDDA"),

#### Realisation of assets

Identifying and securing assets, Dealing with valuation of office furniture and dealing with sale, Contacting bank regarding the balance at bank and arranging for the monies to be transferred accordingly

#### Creditors

Communication with creditors, Processing creditor claims (including employee and preferential creditors), Correspondence with the FSCS with regard investor claims, Correspondence with solicitors acting on behalf of investors, Copying and sending paperwork accordingly

#### Statutory Matters

Completion of and filing statutory documents at Companies House and the High Court, Filing of all necessary returns with HM Revenue & Customs,



The Administrator also has the following sundry disbursements

Supplier	Work Undertaken	Costs incurred since last report	Costs paid since last report	Total costs incurred	Total costs paid
Willis	Bond	£0	£316 00	£316 00	£316 00
Refresh Recovery	Photocopying	£161 85	£160 05	£580 40	£560 40
Courts Advertising	Advertisement of Appointment	£0	£0	£169.20	£169 20
Refresh Recovery	Postage	£46 75	£46 75	£342 94	£342 94
Refresh Recovery	Search Fees	£2 00	£2 00	£7 00	£7 00
Wodehouse Direct	Mail Shot	£0	£0	£2,416 16	£2,416 16
Gnffin James	Asset Valuation	£0	£0	£500	£500

The current charge out rates for the Administrator and his staff are set out at Appendix 3

A full copy of a Creditors' Guide to Administrator's Fees can be downloaded from the following site -

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>

Please note that if you wish to have a hard copy of the Creditors' Guide to Administrators Fees please contact this office and a copy will be supplied to you free of charge

## **8 Creditors' rights**

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses which have been itemised in this progress report

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the basis fixed for the Administrator's remuneration, the remuneration charged or the expenses incurred by the Administrator as set out in this progress report are excessive

**9     Further Reporting**

In accordance with Rule 2.47 of the Insolvency (Amendment) Rules 2003, I intend to report again within the next six months

**10    Conclusion of the Administration**

I propose to extend the Administration for a period of six months with the expiry of the Administration therefore being 14 November 2015. This will allow the Administrator sufficient time to conclude the position with regard to the renewal income.

In accordance with Paragraph 78 of Schedule B1 of the Insolvency Act 1986, I intend on seeking consent from the unsecured creditors.

A handwritten signature in black ink, appearing to read 'Gordon Craig', written in a cursive style.

Gordon Craig  
Administrator

**The Mortgage Shop (South East) Limited t/a Investaco  
(In Administration)**

**Summary of Receipts & Payments**

<b>RECEIPTS</b>	<b>Statement of Affairs (£)</b>	<b>From 15/05/2014 To 14/11/2014 (£)</b>	<b>From 15/11/2014 To 01/04/2015 (£)</b>	<b>Total (£)</b>
Office Equipment		1,000 00	0 00	1,000 00
Client Database		4,000 00	0 00	4,000 00
Insurance Refund		474 81	0 00	474 81
Cash at Bank	5,494 20	5,494 20	0 00	5,494 20
Renewal Income	60,000 00	24,954 30	16,225 87	41,180 17
Bank Interest Net of Tax		5 03	2 02	7.05
		<b>35,928.34</b>	<b>16,227.89</b>	<b>52,156.23</b>
<b>PAYMENTS</b>				
Mailshot		2,416 16	0 00	2,416 16
Bordereau		316 00	0 00	316 00
Administrators Fees		20,805 00	15,405 00	36,210 00
Companies House Search		5 00	2 00	7 00
Agents/Valuers Fees		500 00	0 00	500 00
Legal Fees		1,693 00	0 00	1,693 00
Irrecoverable VAT		5,146 42	3,122 76	8,269 18
Stationery & Postage		296 19	46 75	342 94
Photocopying		398 55	160 05	558 60
Statutory Advertising		169 20	0 00	169 20
		<b>31,745 52</b>	<b>18,736 56</b>	<b>50,482 08</b>
<b>Net Receipts/(Payments)</b>		<b>4,182 82</b>	<b>(2,508.67)</b>	<b>1,674.15</b>
<b>MADE UP AS FOLLOWS</b>				
<b>Bank 2 Current</b>		<b>4,182.82</b>	<b>(2,508.67)</b>	<b>1,674.15</b>
		<b>4,182.82</b>	<b>(2,508.67)</b>	<b>1,674.15</b>

Note

**Refresh Recovery Limited**

TIME &amp; CHARGEOUT SUMMARIES (POST)

The Mortgage Shop (South East) Limited

From 15 Nov 2014 to 1 Apr 2015

**HOURS**

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	31 60	4 10	18 00	8 30	62 00	15,312.00	246 97
Realisation of Assets	0 20	0 00	1 00	0 00	1 20	207.00	172 50
Creditors	0 00	0 00	1 00	1 00	2 00	240 00	120 00
Statutory Matters	0 00	0 00	2 00	0 00	2 00	280 00	140 00
Investigations	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	10,653 00	1,148 00	3,080 00	1,158 00		16,039 00	
Total Hours	31 80	4 10	22 00	9 30	67 20		
Average Rate	335 00	280 00	140 00	124 52			

**Refresh Recovery Limited****TIME & CHARGEOUT SUMMARIES (POST)****The Mortgage Shop (South East) Limited**

From 15 May 2014 to 1 Apr 2015

HOURS							
Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	48 50	10 20	41 70	27 80	128 20	28,493 50	222 26
Investigations	0 00	0 00	8 50	0 00	8 50	1,190 00	140 00
Realisation of Assets	0 30	0 00	4 75	0 00	5 05	765 50	151 58
Creditors	0 00	3 50	26 00	5 00	34 50	5,120.00	148 41
Statutory Matters	2 30	0 00	5 25	0 00	7 55	1,505 50	199 40
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Total Fees Claimed £	17,118 50	3,836 00	12,068 00	4,052 00		37,074 50	
Total Hours	51 10	13 70	86 20	32.80	183 80		
Average Rate	335 00	280 00	140 00	123 54			

## **REFRESH RECOVERY LIMITED'S FEE AND EXPENSES**

### **1. TIME COST AND CHARGES OUT RATES**

The work involved in this Administration is detailed in the report to creditors

The current charge out rates for this Firm is as follows -

<b>Grade of Staff</b>	<b>(£ per hour)</b>
<i>Insolvency Practitioner/Partner</i>	335
Senior Manager	280
Manager	250
Case Supervisor	180
Senior Case Administrator	140
Case Administrator	100

All charge out rates are subject to periodic review. Any material amendments to charge out rates shall be advised to Creditors (or the Creditors' Committee, if appropriate) in subsequent statutory reports. Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried out as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff. Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

A creditors' guide to Administrator's fees is can be downloaded from the following site -

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>

Please note that if you wish to have a hard copy of the Creditors' Guide to Fees please contact this office and a copy will be supplied to you free of charge.

### **2. EXPENSES & DISBURSEMENT COSTS**

Where the Insolvency Practitioner in the firm acts as office-holder in an Administration, the firm will seek to re-charge these costs (plus VAT where applicable). In such cases to comply with Statement of Insolvency Practice 9 (SIP9), the standard disbursement cost and expense re-charge calculations will be based upon the firm's standard policy which is as follows:

#### **Category 1 Disbursements**

These costs will include, among other -

Statutory Advertising	As per advertisers/agents invoice
Statutory Bonding	Charged at cost
Postal Redirection.	Charged at cost
Courier	Charged at cost
Postage.	First class postal charges based on the weight of the circular.
Storage	Pro rata per number of boxes per storage charge invoice. An external storage provider provides this facility to the firm. Current

charges are £2.50 for the box and £4 25 per box per annum for the storage

Room Hire: No charge is made for meeting within the firm's office but charges made by others (including charges by the Landlord for rooms at West Lancashire Investment Centre) are charged at cost

Land Registry Searches As per Land Registry invoice

Companies House Search: As per Companies House invoice

Travel: Charged at costs for public transport, taxis and car parking

## **Category 2 Disbursements**

This relates to expenditure which may be directly related to the Administration or where the costs is apportioned or allocated over a number of such cases and estimates are used in the calculation. Such disbursements require creditor approval.

Photocopier/Paper. £0 15 per sheet – irrespective of size. Based on average costs of machine consumables (toner cartridges, maintenance etc) and paper

Fax £0 60 per page sent. Based on the average costs involved in the use of fax machine consumables (toner cartridges, maintenance etc) and line costs

Stationery.	Lever arch files	£3 63 each
	A-Z dividers	£2 69 each
	Multi punched pockets	£0.03 each
	C5 window envelopes	£0 04 each
	C4 (A4 unfolded) window envelopes	£0 08 each

Travel 45p per mile which is the cost reimbursed to staff

Telephone: Conference and international calls are charged at cost

All the above costs are subject to periodic review. Any material amendments to costs shall be advised to Creditors (or the Creditors' Committee, if appropriate) in subsequent statutory reports.