

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number 0 4 7 9 4 3 9 7

Company name in full Tec Sales Limited

Formally The Estate Company Sales Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) John

Surname Kelmanson

3 Administrator's address

Building name/number 4 Stirling Court

Street Stirling Way

Post town Borehamwood

County/Region Hertfordshire

Postcode WD 6 2 B T

Country

4 Administrator's name ①

Full forename(s)

Surname

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

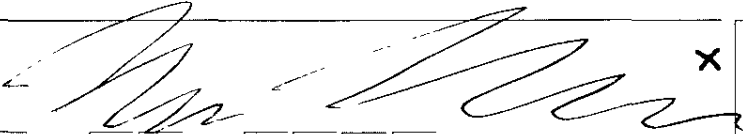
Country

② Other administrator

Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="checked" type="checkbox"/> I attach a copy of the statement of proposals	

7	Sign and date	
Administrator's Signature	<div>Signature ✕  ✕</div>	
Signature date	<div><div>^d2^d4</div><div>^m0^m4</div><div>^y2^y0^y1^y8</div></div>	

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	Craig Jarvis
Company name	Kelmanson Insolvency Solutions
Address	4 Stirling Court
	Stirling Way
Post town	Borehamwood
County/Region	
Postcode	H e r t f o r d s
Country	
DX	
Telephone	020 8441 2000



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

Administrator's Report and Statement of Proposals Pursuant to Paragraph 49 of Schedule B1

**Tec Sales Limited Formally The Estate Company Sales
Limited (In Administration)**

24 April 2018

**TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN
ADMINISTRATION**

CONTENTS

- 1** Introduction and Background
- 2** Administration Strategy and Objective
- 3** Administrator's Receipts and Payments
- 4** Financial Position
- 5** Proposals
- 6** Exit Routes
- 7** Pre-administration Costs
- 8** Administrator's Remuneration
- 9** Estimated Outcome
- 10** Proposals approval and next report

APPENDICES

- A** Statutory Information
- B** Receipts and Payments Account for the Period from 2 March 2018 to 24 April 2018
- C** Summary of the Directors' Statement of Affairs of the Company
- D** Additional Information in Relation to the Administrator's Fees
- E** Estimated Outcome Statement as at 24 April 2018

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 The Company traded as a residential Estate Agents dealing with property sales, lettings and investments/developments in and around the St Johns Wood area. Management for the lettings were outsourced to Touchstone, a reputable property management company within the industry. The Company has traded from 53 Abbey Road, St Johns Wood, NW8 0AD since commencement of trade in 2003 on a formal lease with ROCA Investments Limited.
- 1.2 Prior to setting up the Company both directors, Darren Richards and Stephen Phillips (resigned in 2011) had in excess of 30 years of experience within the industry and both had acquired their own contacts throughout those years. Initial capital was funded by way of a bank loan from HSBC totalling £150,000, secured by way of a fixed and floating charge over the Company's assets. In addition, a bank overdraft facility totalling £100,000 was also secured with Natwest Bank. The loan totalling £150,000 was repaid in full in 2009.
- 1.3 The Company traded profitably throughout the years and the directors maintained their existing contacts, secured repeat business on the rental market and secured new contracts from favourable recommendation due to the positive reputation earned. The business would also undertake extensive marketing activities. At the peak of business, there were 6 full time members of staff, which reduced as the Company's turnover started to decline.
- 1.4 In April 2016, the Government brought in new legislation to increase stamp duty on buy to let properties and second homes in order to help first time buyers. This was the start of the decline in property sales, especially in a prime area such as St Johns Wood. Buyers started to become hesitant with the new rates and the looming Brexit vote and fewer transactions were taking place. Business carried on as usual, however vendors were happy to remain in the market without reducing the price. Landlords would either manage the property sales at a value they determined as appropriate, failing which they were generally comfortable withdrawing the property from the market and looking to let instead.
- 1.5 The Company's problems were further exacerbated by the snap election in 2017, which saw the property market hit a low. During this period the Company made virtually no sales and the only source of income derived was from lettings, management and renewals, which were insufficient to support the Company.
- 1.6 This has left the Company in a position where they can no longer service their debts as and when they fall due. HMRC issued a letter 5 February 2018 threatening to issue a Winding Up Petition against the business should the Company fail to make payment of £63,283.50 by 12 February 2018. It was evident that the company could no longer trade out of the negative cash flow position, in its current format. A formal valuation was obtained on 12 February 2018 from Ashwells Nationwide Services Limited (an independent chattel agent) and a decision was made to sell the assets.
- 1.7 An associated company, Abbey Residential Limited (the directors wife is the sole director and shareholder), offered to purchase the tangible and intangible assets of the Company for the willing buyer value. The sale was effected on 12 February 2018 for £10,000 which was to be paid over a 6 month period at £1,666.66 per month and was purchased on a willing buyer value. The trading name was included in the sale and as such, the Company changed its name to Tec Sales Limited.
- 1.8 Following the sale of the business the Company ceased to trade and sought advice from KCBS LLP t/a Kelmanson Insolvency Solutions ("KIS") as to the best course of action. A meeting was held on 16 February 2018, at which time KIS were instructed to place the Company into Administration and a Notice of Intention to Appoint was issued to the charge holder and submitted to Court on the same day.
- 1.9 As a result, John Kelmanson of KIS, 4 Stirling Court, Stirling Way, Borehamwood, Hertfordshire WD6 2BT was appointed Administrator of the Company by the Directors pursuant to paragraph 22 of Schedule B1 of the Insolvency Act 1986 on 2 March 2018. John Kelmanson is licensed to act as an insolvency practitioner in the UK by the ACCA.

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

- 1.10 The EU Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.11 This report incorporates the Administrator's statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 27 April 2018.

2 Administration Strategy and Objective

- 2.1 The Administrator must perform his functions with the purpose of achieving one of the following objectives
- 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
- 2.2 The administration is anticipated to achieve purpose C as realising assets will enable a distribution to secured creditors.

Progress Since Appointment

Administration (including statutory compliance and reporting)

- 2.3 Following my appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.
- 2.4 I have also dealt with a number of statutory formalities which are required of me under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising my appointment in the London Gazette.
- 2.5 Where a pre-packaged sale of the Company's assets and business has taken place, I have prepared and issued the report on the transaction as required by Statement of Insolvency Practice 16 and I have also prepared and issued these proposals to creditors outlining how the purpose of the Administration may be achieved.
- 2.6 Other statutory duties performed are outlined in further detail in the fees information which can be found at Appendix D. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

Client Account

- 2.7 Upon the Company entering Administration, the business held 2 bank accounts with NatWest Bank for the specific purpose of holding client funds. The amounts held were in relation to rent deposits and landlord floats (funds on account for repairs etc) belonging to the landlords of the respective properties. The Administrator requested the bank freeze the accounts immediately upon appointment and hold the funds pending further instructions.
- 2.8 The Administrator was mindful that as client money was being held, steps would need to be taken to safeguard the funds and as such requested all original agreements relating to landlords

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

respective properties. This would consist of deposit and rental agreements, in addition to any relevant supporting documentation, to establish correct ownership of funds. The Company used Touchtone CPS, who are experts in the property sector and handle some of the UK's biggest landlords and manage their portfolios. Touchstone retained a detailed record on their system of all landlord funds.

- 2.9 The Administrator liaised with Touchstone, who provided a detailed breakdown of each client ledger. It transpired, to the Administrators surprise, that between the 2 bank accounts, a sum of £264,123.67 was currently being held. The Administrator reviewed all supporting documentation to ensure the amounts currently held tied up with the original agreements. There were in excess of 80 separate landlords across the world and reconciliations for all accounts have been completed by the Administrator, which are in line with the information provided by Touchstone CPS and the original signed agreements.
- 2.10 After discussion with the director and the Purchaser, it transpired that the Purchaser had no intention to maintain a client account, and with the regulation changes on how to control client funds, a decision was made that the management of these accounts be transferred to Touchtone CPS.
- 2.11 The Administrator was therefore tasked to seek permissions from each individual client to receive instructions as to how to deal with their funds. To date, the Administrator has received permissions totalling £189,014.81 to release these funds to Touchstone CPS, who in turn will deal with the clients' accounts going forward.
- 2.12 The Administrator continues to chase the balance of permissions totalling £75,108.86
- 2.13 Please note that all work in relation to the Client Account is a necessity in my capacity as Administrator to comply with statutory requirements and as such this will not add any value to the insolvent estate. Due to the currently level of landlords, the amount of funds held, the Administrator has spent substantial time ensuring the client funds were safeguarded and obtained the correct permissions to deal with the funds appropriately.

Realisation of assets

Book Debts

- 2.14 As advised in 1.17, the sale of the company assets was completed on 12 February 2018 to a connected party, Abbey Residential Limited, for £10,000. To date, the Company has made payments totalling £3,378.25, with a further payment of £1,500 expected shortly. The balance will be discharged in full by no later than 15 August 2018. A breakdown of the sale is below:
- i) Intellectual Property/Goodwill & Renewals £9,500
 - ii) Office Furniture & Equipment £500

Directors Loan Account (DLA)

- 2.15 The DLA was £236,700 overdrawn as per the last set of filed accounts, at the year ended 31 December 2016. This is an asset of the Company and it is the Administrators intention to reconcile the DLA to the date of Administration in order to establish the current balance. The director has confirmed that he has put his matrimonial property on the market to be sold in order to deal with this obligation, together with the personal guarantee debts arising from the Company entering Administration. It is understood that the director has equity in the property and will be exploring the best way to facilitate payment to deal with all his creditors equally. As such, the director has confirmed he is seeking professional advice.

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

Debtors/WIP

- 2.16 Upon further information from the Director, it has transpired that there is an aged debtor that has failed to make payment on a raised invoice. The balance due is believed to total £30,000 and has been outstanding in excess of 12 months. It is suggested the outstanding balance will be realisable in full and steps will be taken to formally recover this sum.
- 2.17 The Director also provided further information on a potential debtor that may become due in relation to a "finders fee" for locating a plot of land for development. It is believed the sum could range from £20,000 - £40,000, however the deal is subject to planning permission. The Administrator will make contact with the relevant parties and will follow the progress to establish whether a realisation can be made.
- 2.18 The work undertaken by the Administrator and his staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.
- 2.19 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

2.20 Secured Creditors

- 2.21 National Westminster Bank plc hold a fixed and floating charge dated 15 April 2011. Approximately £118,000 is due to the bank, who operated a bank overdraft with the Company of £100,000. The Company was therefore outside its authorised overdraft. Dialogue has been opened with the bank, who also controlled the Client funds accounts. The director provided a Personal Guarantee on this amount and it is understood the bank may need to consider personal action to recover this debt.

Employees

- 2.22 As the Company had already sold its assets prior administration, the director was advised by the proposed Administrator that staff would have to be made redundant. The proposed Administrator prepared redundancy/dismissal letters for the 3 employees once a Notice of Intention to Appoint had been signed, and employees were made redundant on 16 February 2018.
- 2.23 It is understood that the director held interviews and re-hired a former member of staff. This has triggered a Redundancy Payment Office (RPO) review to establish whether Transfer of Undertakings (Protection of Employment) Regulations (TUPE) should apply. During this time, the Administrator has liaised with the former employees to explain the delays encountered and completed various forms to assist the RPO in their investigations. A decision has yet to be made, however any outcome will effect the creditors of the Administration as it is anticipated that there is a preferential element to employee claims.

Investigations

- 2.24 The Administrator is required, within 3 months of their appointment, to submit a return on the conduct of all persons who have been appointed as a director of the Company, or have appeared to be a shadow director of the Company during the period of 3 years ending on the date of the Administrators appointment. To facilitate the preparation of this return and the Administrators enquires into the Company's affairs, the Administrator has already invited creditors to provide them with information on any matters of concern to the creditors.

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

- 2.25 The Administrator has sought to secure the records of the Company, both physical and electronic, for examination which continue to be examined to identify all potential realisations and areas of misconduct.
- 2.26 In the event that questionable transactions are identified it may be necessary to conduct further investigations and instruct solicitors to assist in pursuing a recovery. If the Administrator encounters resistance in making a recovery, formal legal action may be required
- 2.27 The Administrator findings at this early stage would lead him to believe that if movements are investigated on the DLA since the last set of accounts, it may lead to additional sums being due to the Company, hopefully leading to further realisations.

Sale of Assets to Connected Parties

- 2.28 In accordance with Statement of Insolvency Practice 13, I would advise you that the following assets were sold to a party connected with the Company:

Date of transaction	Assets involved & nature of transaction	Consideration paid & date	Sold to	Relationship
12 February 2018	Tangible and intangible assets of the business consisting of intellectual property, goodwill, renewals, office furniture & equipment	£10,000. Payments of £1,666.66 per month for 6 months	Abbey Residential Limited	Spouse of Director

- 2.29 The Company instructed Ashwells Nationwide Services Limited to provide independent advice and a valuation of the assets prior to being sold. The assets were sold for £10,000 on 12 February 2018 I can confirm the following:

- a) The purchaser and the Company were independently advised
- b) Ashwells Nationwide Services Limited valued and advised the parties accordingly

The administrator has taken the following steps to confirm that the sale appears to be the best value

- i) Obtained a copy of the valuation report dated 12 February 2018 from the agents
- ii) Obtained a copy of the sales invoice dated 12 February 2018 for £10,000

- 2.30 From reviewing the report, the majority of the sale was in relation to renewals that had expired or were due to expire. If the Company would have ceased to trade, these renewals would have fallen away in their entirety, with little or no possibility of making a recovery. It would therefore appear that with the new Company purchasing the assets in its entirety has increased the value *compared to alternatives*.

3 Administrator's Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 24 April 2018 is attached at Appendix B.

4 Financial Position

- 4.1 Attached at Appendix C is a summary of the Director's Estimated Statement of Affairs of the Company as at the date of the appointment of the Administrator. This was verified by a statement of truth by the director on 21 March 2018 and is stated before the costs of the *Administration procedure are considered*

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

- 4.2 I have the following observations to make in relation to the Directors' Estimated Statement of Affairs:-
- i) The director failed to include debtors/WIP totalling approximately £70,000. However since the Statement of Affairs had been prepared, the director brought these matters to the Administration attention, which may have otherwise been missed.
 - ii) The book debt detailed in the Statement of Affairs relates to the sale of the Company's assets prior to the date of Administration
 - iii) It should be noted that there is an error on the Statement of Affairs, where the bank have been double counted as a secured creditor and unsecured creditor. As a result this reduces the Company's overall deficit from £443,815 to £325,815

5 Proposals

- 5.1 It is proposed that the Administrator will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 If having realised the assets of the Company, the Administrator thinks that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by the Administrator in the Administration and the Company will thereafter proceed to dissolution.
- 5.3 If, however, having realised the assets of the Company the Administrator thinks that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above, he proposes filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrator to an end and will move the Company automatically into Creditors' Voluntary Liquidation (**CVL**) in order that the distribution can be made. In these circumstances, it is proposed that the Administrator in office at the date of conversion to CVL will become the Liquidator in the CVL.
- 5.4 Court approval is not required to enable the Administrator to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrator may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.5 If the Administrator thinks that the Company has no property which might permit a distribution to its creditors, he will file a notice with the Court and the Registrar of Companies for the dissolution of the Company
- 5.6 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.7 The Administrator shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.
- 5.8 If the Administrator considers it necessary to extend the period of the Administration, he will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrator's term of office be extended for a specified period determined by it.
- 5.9 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrator's remuneration and disbursements and any proposed act on the part of the Administrator without the need to report

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration

- 5.10 The basis of the Administrator's remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by him
- a) As a percentage of the value of the assets he has to deal with, or
 - b) By reference to time properly spent by the Administrator and his staff managing the Administration, or
 - c) As a set amount
- 5.11 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrator be authorised to draw Category 2 disbursements as and when funds are available, in accordance with his firm's published tariff. Details of Category 2 disbursements charged by the firm can be found at Appendix D.
- 5.12 Where no Creditors' Committee is appointed the remuneration and disbursements of the Administrator shall be fixed by a decision of creditors or where the Administrator thinks that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Administrator will also seek approval for any unpaid pre-administration costs detailed in this report and his discharge from liability in the same manner.
- 5.13 In this case, the Administrator is seeking to approve the basis of his remuneration on a mixed fee basis as follows:
- a) As a percentage of the value of the assets with which the Administrator has to deal with
 - b) As a set amount
- Further details about the proposed fee basis can be found in Section 8 below and Appendix E.
- 5.14 The Administrator will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon his appointment as Administrator ceasing to have effect.

6 Exit Routes

- 6.1 Due to the nature of the overdrawn Directors Loan Account, and the directors own personal financial position, the timing of realisations are presently uncertain. The Administrator will therefore propose 2 exit routes to keep open the opportunity to distribute all funds in the Administration without need to enter Liquidation, if the DLA is realised quickly.

Creditors Voluntary Liquidation

- 6.2 Based on present information, the Administrator is of the opinion that a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part. As a result, the Administrator will either make an application to Court to enable him to make a distribution to unsecured creditors in the Administration or he will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL) to facilitate this distribution. It is proposed that the Administrator in office at the date of conversion to CVL will become the Liquidator of the CVL.
- 6.3 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Administrator prior to these proposals being

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

approved. Where this occurs, the Administrator will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Administrator will automatically become the Liquidator of the subsequent CVL.

Dissolution of the Company

- 6.4 Based on present information, the Administrator thinks that a distribution will be available to the unsecured creditors from the Prescribed Part by virtue of section 176A(2)(a). This will be distributed in due course within the Administration and a notice will thereafter be filed at Court and with the Registrar of Companies with the Administrator's final report, for the dissolution of the Company.
- 6.5 The Administrator's appointment will end following the registration of the notice by the Registrar of Companies.

7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

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

- 7.2 A letter of engagement between Kelmanson Insolvency Solutions and the Company dated 16 February 2018 agreed to pay for our time costs associated with assessing the proposed Administration and seeking the appointment of the Administrator as a set fee of £3,500.
- 7.1 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
KCBS LLP	Strategy & Planning of Administration / preparation of Administration documents / Employee redundancy and dealing with Redundancy Payment Office / Dealing with Hire Purchase creditors collecting items	£3,500	Nil	N/a	£3,500

- 7.2 This work has included the following:

- Meetings with the Company's directors and associated discussions
- Full review of the Company's financial position and consideration of appropriate insolvency procedure in order to maximise realisations for creditors
- Liaising with the bank regarding the safeguarding of client account funds held with the bank.

TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN ADMINISTRATION

- Liaising with employees and issuing relevant redundancy forms and setting up a case with the RPO in order to facilitate employee claims.
- Liaising with the Qualified Floating Chargeholder to determine whether they wish to appoint their own Administrator.
- Preparation of all appropriate documentation to secure the appointment as Administrator

7.3 The payment of the unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators proposals. This approval will be the responsibility of the secured chargeholder to agree.

8 Administrator's Remuneration

8.1 As Administrator, I am required to provide creditors with details of the work I propose to undertake in the Administration and the expenses I consider will be, or are likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.

8.2 In addition to this, where an Administrator seeks agreement to the basis of his remuneration by reference to time properly spent by him and his staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.

8.3 In this case, I am not seeking to determine the basis of my remuneration as time properly spent by me and my staff in dealing with the affairs of the Company and I am therefore not required to provide a fees estimate to creditors. Details of the bases I am proposing, together with information about the work I consider will be necessary in this case and the expenses I consider will, or are likely to be, incurred on this case can be found at Appendix E. Further information on the work done since my appointment to the date of this report, can be found in section 2. Appropriate approval to the basis of my remuneration will be sought as outlined in section 5 of this report.

8.4 Please note however, that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, I reserve the right to refer back to creditors to establish how I am to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, I will revert to creditors with my fees estimate for approval

8.5 I will provide updates on the expenses I consider will be, or are likely to be, incurred during this case with my progress reports in due course.

8.6 An Administrator may include details of the remuneration he anticipates will be charged and the expenses he anticipates will be incurred if he becomes the Liquidator in the subsequent CVL. This can be done when seeking approval to the basis of his remuneration as Administrator, or alternatively his fees estimate for the CVL can be provided once the Company has moved into CVL. Please refer to Appendix D to this report for further information.

8.7 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from <http://www.icaew.com/en/technical/insolvency/creditors-guides>. If you would prefer this to be sent to you in hard copy please contact Craig Jarvis of this office on 0208 441 2000.

**TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN
ADMINISTRATION**

9 Estimated Outcome

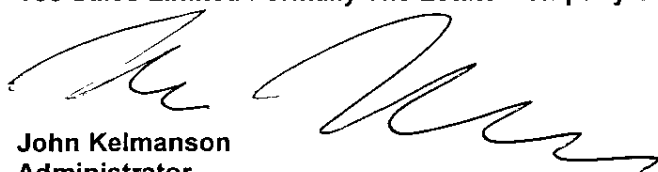
- 9.1 An estimate of the outcome of the Administration as at 24 April 2018 is attached as Appendix E. This indicates that the chargeholder will be discharged in full, and a surplus should be available to unsecured creditors to be distributed. I would like to bring the following matters to creditor's attention: -
- 1) *Directors Current account* – the amount has been estimated based on information to hand in relation to the directors personal financial position. The Administrator does not expect to recover the full balance and the Director is likely to enter a personal insolvency procedure.
 - 2) *Debtors/WIP* – Aged debts and potential Work in Progress. It is uncertain whether a realisation will be made in this matter and accordingly a 50% provision has been made taking into consideration the age of the debtor.
 - 3) *Administrator fee* – Based on fees approved by creditors with a £20K fixed fee and 20% of estimated realisations which will fluctuate dependant on actual realisations.
- 9.2 Based on the directors' Estimated Statement of Affairs attached to this report the estimated value of the preferential creditors is £3,646 and the unsecured creditors is £208,684
- 9.3 The Company granted a floating charge to National Westminster Bank Plc on 15 April 2011. Accordingly, I am required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**)
- 9.4 Based on present information, I estimate the value of the Company's net floating charge property to be £154,069. Arising from this, the value of the unsecured creditors' fund is estimated to be £42,267. Please be aware that the value of this fund is likely to fluctuate during the course of the Administration and further updates will be provided in my progress reports in due course.

10 Proposals approval and next report

- 10.1 I think the Company has insufficient property to enable it to make a distribution to its unsecured creditors (other than a potential distribution of the prescribed part fund of any net floating charge property), I am not required to seek a decision from the unsecured creditors on the approval of my Proposals
- 10.2 An Administrator is required to provide a progress report within one month of the end of the first six months of the Administration and I will report to you again at this time.

For and on behalf of

Tec Sales Limited Formally The Estate Company Sales Limited



**John Kelmanson
Administrator**

Enc

**TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN
ADMINISTRATION**

Appendix A

Statutory Information

11 Company information

Company name	Tec Sales Limited Formally The Estate Company Sales Limited
Trading name(s)	The Estate Company Sales Limited
Registered number	04794397
Registered office address	4 Stirling Court Stirling Way Borehamwood Hertfordshire WD6 2BT
Former registered office address	
Trading address(es)	53 Abbey Road St John's Wood NW8 0AD
Court details	High Court of Justice
Court reference number	001519 of 2018

12 Details of the Company's Directors, Secretary and Shareholdings


	Date appointed	Date resigned	Shares held
Director(s)			
Darren Richards	31 July 2003	-	0
Stephen Phillips	31 July 2003	8 April 2011	0
Darlou Holdings Limited			100%

13 Administrator's Details

Name of Administrator	John Kelmanson
Address	4 Stirling Court Stirling Way Borehamwood Hertfordshire WD6 2BT
Telephone Number	020 8441 2000 020 8441 2000
Fax Number	020 8441 3000 020 8441 3000
Administrator's IP Number	004866
Authorising Body	ACCA
Date of Appointment	2 March 2018

Tec Sales Limited Formally The Estate Company Sales Limited
(In Administration)
Administrator's Summary of Receipts & Payments

Statement of Affairs £		From 02/03/2018 To 24/04/2018 £	From 02/03/2018 To 24/04/2018 £
	SECURED CREDITORS		
(118,000.00)	Natwest Bank Plc	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
10,000.00	Book Debts	3,378.25	3,378.25
Uncertain	Directors Loan Account	NIL	NIL
		3,378.25	3,378.25
	COST OF REALISATIONS		
	Insurance Bordereau	80.00	80.00
		(80.00)	(80.00)
	PREFERENTIAL CREDITORS		
(2,400.00)	Employees Wage Arrears	NIL	NIL
(1,246.00)	Employees Holiday Pay	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(105,273.00)	Trade & Expense Creditors	NIL	NIL
(4,577.00)	Employees	NIL	NIL
(85,984.00)	HM Revenue & Customs (PAYE/NI)	NIL	NIL
(12,150.00)	HM Revenue & Customs (VAT)	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(1,000.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(320,630.00)		3,298.25	3,298.25
	REPRESENTED BY		
	Bank 1 - Current		3,378.25
	Office Holders Account		(80.00)
			3,298.25



John Kelmanson
Administrator

R3.30 IR 2016

Statement of affairs

Name of Company
Tec Sales Limited

Company number
04794397

In the High Court of Justice

[full name of court]

Court case number
CR-2018-001519

(a) Insert name and address of
registered office of the company

Statement as to the affairs of (a) Tec Sales Limited, 4 Stirling Court, Stirling Way, Borehamwood,
Herts, WD6 2BT

(b) Insert date

on the (b) 2 March 2018, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of
the affairs of the above-named company as at (b) 2 March 2018 the date that the company entered
administration.

Full name DARREN RICHARDS

Signed 

Dated 21-3-18

Tec Sales Limited Formally The Estate Company Sales Limited
Statement Of Affairs as at 2 March 2018

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
--------	-----------------	------------------------------

Assets subject to fixed charge:

Assets subject to floating charge:

Book Debts	10,000.00	10,000.00
Directors Loan Account	250,000 00	Uncertain

Uncharged assets:

Estimated total assets available for preferential creditors	10,000.00
--	------------------

Signature  Date 21-3-18

Tec Sales Limited Formally The Estate Company Sales Limited
Statement Of Affairs as at 2 March 2018

A1 - Summary of Liabilities


		Estimated to Realise £
<hr/>		
Estimated total assets available for preferential creditors (Carried from Page A)		10,000.00
Liabilities		
Preferential Creditors:-		
Employees Wage Arrears	2,400.00	
Employee's Holiday Pay	1,246.00	
		3,646.00
Estimated deficiency/surplus as regards preferential creditors		6,354.00
 Debts secured by floating charges pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		NIL
		6,354.00
Estimated prescribed part of net property where applicable (to carry forward)		NIL
Estimated total assets available for floating charge holders		6,354.00
 Debts secured by floating charges post 14 September 2003		
Natwest Bank Plc	118,000.00	
		118,000.00
Estimated deficiency/surplus of assets after floating charges		(111,646.00)
 Estimated prescribed part of net property where applicable (brought down)		
Total assets available to unsecured creditors		NIL
 Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	110,458.00	
Employees	4,577.00	
Bank Overdraft	118,000.00	
HM Revenue & Customs (PAYE/NI)	85,984.00	
HM Revenue & Customs (VAT)	12,150.00	
		331,169.00
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(331,169.00)
Shortfall in respect of F.C's post 14 September 2003 (brought down)		111,646.00
Estimated deficiency/surplus as regards creditors		(442,815.00)
 Issued and called up capital		
Ordinary Shareholders	1,000.00	
		1,000.00
Estimated total deficiency/surplus as regards members		(443,815.00)

Signature  Date 21-3-18

Kelmanson Insolvency Solutions
Tec Sales Limited Formally The Estate Company Sales Limited
A2 - Secured Creditors Statement of Affairs Figures

Key	Name	£
CN03	Natwest Bank 5th Floor Argyll House 246 Regent Street London W1B 3PB	118,000.00
1 Entries Totalling		118,000.00

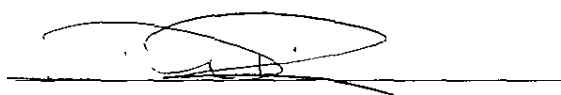
Signature



Kelmanson Insolvency Solutions
Tec Sales Limited Formally The Estate Company Sales Limited
A4 - Preferential Creditors Statement of Affairs Figures

Key	Name	£
CE02	Employees	3,646.15
1 Entries Totalling		3,646.15

Signature



Kelmanson Insolvency Solutions
Tec Sales Limited Formally The Estate Company Sales Limited
A5 - Unsecured Creditors Statement of Affairs Figures

Key	Name	£
CA00	AAI Security House Stirling Industrial Estate Borehamwood WD6 2BT	150.00
CA01	Addison Lee 98353 35-37 William Road London NW1 3ER	246.84
CA02	Aviva 4042145EU PO Box 520 Norwich NR1 3WG	171.40
CB02	Bupa 531415172 Anchorage Quay Salford Quays Salford M50 3XL	366.19
CB05	BNP Paribas Leasing Solutions Limited Z0037804 St James Court St James Parade Bristol BS1 3HL	114.00
CC01	Castle Water Limited 161422 Craighall Castle Blairgowrie Perthshire PH10 7JB	40.94
CD00	National Insurance Fund INSOL NI Contributions (Insolvency) Longbenton Newcastle Upon Tyne NE98 1ZZ	0.00
CD01	DE Photography 6 Norfolk House Sulgrave Road W6 7QT	100.00
CE01	Excell Business Systems Limited X0008573 4-6 Langford Arch London Road Sawton CB22 3FX	455.57

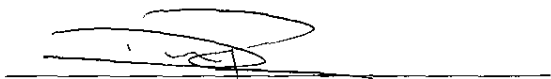
Signature



Kelmanson Insolvency Solutions
Tec Sales Limited Formally The Estate Company Sales Limited
A5 - Unsecured Creditors Statement of Affairs Figures

Key	Name	£
CE02	Employees	4,577.20
CF00	Ferratum UK Limited 114360209 Suite 318 25 Goodlass Road Liverpool L24 9HJ	22,845.00
CH00	HM Revenue & Customs (VAT ICHU) 835 6855 89 RM BP 3202 Benton Park View Longbenton Newcastle Upon Tyne NE98 1ZZ	12,150.90
CH02	HM Revenue & Customs (PAYE) 846PX00254103 Debt Management ICHU DMB 501 BX5 5AB	85,984.93
CH03	Health Shield 306131 Electra Way Crewe Bus Park Cheshire CW1 6HS	94.26
CI00	HM Revenue & Customs Insolvency & Securities 3rd Floor, Euston Tower 286 Euston Road London, NW1 3UQ	0.00
CI01	IWOCA Limited 2874W2CSQY2EX 247 Tottentham Court Road London W1T 7QX	24,010.82
CK00	k2 Partners Limited Blythe Farm, Mill Street Gamlingay Nr Sandy Cambridgeshire SG19 3JW	4,000.00
CL00	Lyreco 60831577 Deer Park Court, Donnington Wood Telford Shropshire TF27NB	52.07

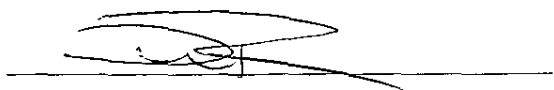
Signature



Kelmanson Insolvency Solutions
Tec Sales Limited Formally The Estate Company Sales Limited
A5 - Unsecured Creditors Statement of Affairs Figures

Key	Name	£
CM00	MarketInvoice 59 Scrutton Street London EC2A 4XQ	36,378.86
CN01	NeoPost Finance Limited 809933 South Street Romford Essex RM1 2AR	1,092.38
CN04	Noga Photo Studio Limited 3252 65 Goldsmith Road London E10 5EZ	432.00
CO00	On the Market PO Box 450 Aldershot GU11 9FZ	1.00
CO01	Opus Gas 496021 Royal Pavillion 2 Summerhouse Road Moulton Park Northampton NN3 6BJ	75.13
CO02	Opus Electricity 417225 Royal Pavillion 2 Summerhouse Road Moulton Park Northampton NN3 6BJ	189.59
CO03	Office Cleaner	165.00
CO04	Jean Oddy 6 Stirling Mansions 12 Canfield Gardens London NW6 3JT	1,809.60
CP00	Parking Space Sassanpour	400.00
CP01	Parking Space Saad Flat 2, Lavington 24 Greville Place London NW6 5JU	360.00

Signature

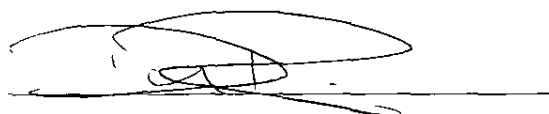


Kelmanson Insolvency Solutions
Tec Sales Limited Formally The Estate Company Sales Limited
A5 - Unsecured Creditors Statement of Affairs Figures

Key	Name	£
CQ01	Quartz Services UK Ltd 11527 Unit 37 Metro Centre Dwight Road Watford WD18 9SB	900.00
CR00	ROCA 53 Abbey Road, St Johns Wood London NW8	4,750.00
CS01	Smart Pension Limited 9XKT4GP 20 Eastbourne Terrace Paddington London W2 6LG	414.84
CT00	GPEA Ltd Estateco 121 Park Lane London W1K 7AG	3,203.28
CV00	Veri-Check THEE01 Unit 4a Berkeley Business Park Wainwright Road WR4 9FA	108.00
CW00	Westminster Rates 401536115 PO Box 187 Erith DA8 9EY	2,931.00
CW01	BNP Paribas Leasing Solutions Limited Z0058581 St James Court St James Parade Bristol BS1 3LH	114.00
35 Entries Totalling		208,684.80

@ - Denotes associate creditor

Signature



Kelmanson Insolvency Solutions
Tec Sales Limited Formally The Estate Company Sales Limited
C - Shareholders

Key	Name	Address	Pref	Ord	Other	Total
HD00	Darlou Holdings Limited	53 Abbey Road, St John's Wood, London, NW8 0AD	0	1,000	0	1,000
1 Entries Totalling						1,000

Signature

Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

Fees Overview

Prior to an insolvency practitioner agreeing the basis of his remuneration as Administrator, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors

In addition, where the Administrator proposes to take all or any part of this remuneration based on the time he and his staff will spend dealing with the affairs of the insolvent company, a *fees estimate* must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

In this case, I am not proposing to agree the basis of my remuneration as Administrator based on time spent dealing with the Company's affairs, therefore am not required to provide creditors with a *fees estimate*. I am required to confirm the basis or bases I am seeking in the alternative and details of the work proposed to be done in this case, which can be found below.

Work anticipated and the likely return to creditors

Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Administrator to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, an Administrator will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, *this may not be possible*. An Administrator is however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

Proposed Fee Basis/Bases

In this case, I am proposing the following basis or bases for my remuneration as Administrator:

A set amount of £20,000 plus VAT for all general administrative and statutory work in relation to the insolvency, to be drawn from the asset realisations at the office holder's discretion, as and when funds are available.

Thereafter, as a percentage of the realised assets as follows;

- Book Debts 10%
- Debtors/Directors Loan Account/WIP 20%
- In relation to any other asset recovery (e.g. including those not disclosed, antecedent transaction recoveries) 50%

Details of the assets involved in each case will be provided to creditors at the earliest opportunity. The above percentages are a reflection of the work required to realise those assets and provides a direct financial benefit to the insolvency estate. The percentages are an appropriate, reasonable and commensurate reflection on the work that the office holder anticipates will be necessarily and properly undertaken to realise such assets.

Thereafter, as a percentage of the value of total distributions to creditors (preferential and unsecured) (to be deducted from the total distribution), as follows,

• The first £20,000	15%
• The next £80,000	10%
• Over £100,000	5%

All amounts are plus VAT, where applicable

The percentage is a reflection of the work required, the nature of the assets involved and the associated risks to realise the assets and provides a direct financial benefit to the administration estate. The percentage is an appropriate, reasonable and commensurate reflection on the work that the administrators anticipate will be necessarily and properly undertaken to realise such assets.

We have considered the costs of similar past assignments and the proposed fee bases are in line with the time costs incurred on such cases in the past. It is therefore an appropriate, reasonable and commensurate reflection on the work that the Administrator anticipate will be necessarily and properly undertaken. Creditors should also note and consider the comparison to the fee structure of The Insolvency Service as from 21 July 2016 in compulsory liquidations, where the Official Receiver's General Fee is £6,000, plus the company winding up administration fee of £5,000, plus a 15% charge for all assets realised by the Official Receiver acting as liquidator.

The level of work undertaken by the Administrator in dealing with client funds, which provides no benefit to the estate had to be undertaken. This included correspondence with the landlords and Touchstone CPS to ensure the correct funds were being held, the correct permissions obtained to release funds and related telephone conversations and emails to all parties. This time has been incorporated into the fixed fee of £20,000.

Creditors should be aware that in this particular case, the estimated realisations in respect of the Director Loanda Account unknown and with the potential personal insolvency of the director, the Administrator will need to undertake the task and will have to take a view of the realisation based on what is realised. are potentially spread across a number of jurisdictions with disputed beneficial ownership and therefore the Joint Administrators are assuming a medium level of risk in terms of their proposed fee structure. It is due to this that the Administrator considers this proposal to be fair for the Company's creditors and it is value for money for creditors.

Please note however, that in circumstances where my initial investigations reveal matters for further detailed investigation or previously unknown assets to be realised, I reserve the right to refer back to creditors to establish how I am to be remunerated for such additional work, which may be proposed on a time cost basis. If such work proves necessary, I will revert to creditors with my fees estimate for approval.

Outline of work to be done by the Administrator

Below are details of the work I propose undertaking in support of the above fee proposal for the Administration:

Administration (including statutory compliance & reporting & dealing with client monies)

Administrators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be carried out.

This work includes:

- Notifying creditors of the Administrators appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Preparing and issuing annual and final progress reports to members and creditors
- Lodging periodic returns with the Registrar of Companies for the administration
- *Complying with statutory duties in respect of the Administrator's specific penalty bond*
- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to one of the Joint Administrators office
- Establishing and holding periodic meetings of the committee and associated filing formalities (if a committee is appointed)
- Securing the Company's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HMRC

- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the administration
- Initial investigations as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2
- Filing a statutory report to the Insolvency Service under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the administration estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance
- Liaison with secured creditors, if any, obtaining charge documents and validating the security
- Dealing with employees, if any, to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company. Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary
- Attending to correspondence and telephone calls with directors and shareholders
- Attending to correspondence and telephone calls with other interested parties including HM Revenue & Customs
- Closing the Administration and preparing and issuing the Administrators' final account to prescribed parties
- Attending to correspondence and telephone calls with creditors
- Recording and acknowledging creditors' claims
- Liaising with 88 landlords relating to client monies held and obtaining permissions to deal with the funds and liaising with Touchstone CPS to manage the affairs

Realisation of assets

As you will note from the director statement of affairs, there are known assets to be realised by me as Administrator which will be caught under fixed and floating charges. If my initial investigations into the Company's affairs reveal any assets not disclosed by the directors, I will look to investigate this further and pursue recoveries for the benefit of creditors. The pursuance of any such assets would only be made where the Administrator perceives this will add value to the estate.

Work done by the Administrator, his staff and any third parties engaged to assist the Administration in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and/or unsecured creditors of the Company. Further information on the likely outcome of the Administration process will be provided in the Administrator's subsequent progress reports.

Book Debts

£6,621.75 remains outstanding in relation to the sale of the assets on 12 February 2018, which the Administrator will chase and realise. It is not anticipated that any action out of the ordinary will be needed to collect the balance.

Debtors/WIP

The Administrator will chase the debtor for payment for previously completed work and steps will be taken to ensure the WIP is progressing. Due to the age of the debt, it may be likely that the Administrator may need to consider appointing agents or solicitors to chase this balance.

In respect of the WIP, the Administrator will need to take an active interest in the planning permission applications and open correspondence with the debtor to ensure the Administrator is kept in the loop of how matters are progressing.

Directors Current Account

The Administrator will check all movements on the DLA since the last set of accounts with a view to issuing a demand on the director for repayment of the overdrawn loan account. As advised, the director is insolvent, and it is currently unclear the quantum or timing of any realisation at this stage. The Administrator will need to review all bank statements to check any payments to the director and then cross reference against any electronic records to account for each entry correctly.

Creditors (claims and distributions)

As Administration, I will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the Company's estimated statement of affairs, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the Administration process and the related costs and expenses, I think there that no dividend will be available to creditors in this case. I will deal with the review and adjudication of creditors' claims as appropriate, if and when it is determined that a dividend is to be declared to that class of creditor.

It should be noted that the above is based on the estimated statement of affairs and the projected realisable value of the Company's assets which at this stage is unconfirmed, together with the anticipated costs of the Administration. I will undertake appropriate investigations into and obtain valuations of, the Company's assets and will confirm the likely return to creditors in my first progress report.

Investigations

As Administrator, I am required to conduct investigations into the conduct of the director(s) of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors yet is work I am required to undertake by statute. My initial investigations may reveal that further recoveries could be available for the insolvent estate and if this proves to be the case and I consider that further work will be required to pursue these assets, I will refer back to creditors about the likely costs involved in pursuing such recoveries.

Administration's Expenses

As also noted, I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses I consider will be, or are likely to be, incurred in this case. I will provide a further update in my first progress report to creditors at the anniversary of my appointment as administrator or sooner, if the case is concluded beforehand.

	Amount
Statutory Advertising	500.00
Statutory Bonding	1500.00
Legal Fees	2,500.00
Agent Fees	1,000.00

Category 2 disbursements charged by the firm

	Amount
Storage	360.00
Destruction of Books and Records	50.00
Stationery (photocopying & envelopes)	150.00

Kelmanson Insolvency Solutions's Category 2 disbursements policy

Attached are details of my firm's Category 2 disbursements policy.

Category 2 disbursements require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of my remuneration as Administrator is fixed.

KCBS LLP t/a: Kelmanson Insolvency Solutions ("KIS")

CHARGE OUT RATES & POLICY REGARDING THE RECHARGE OF DISBURSEMENT RECOVERY PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

1 CHARGE-OUT RATES

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. Details of charge-out rates effective from 1 December 2017 are as follows:

	Hourly Charge Out Rate
Insolvency Practitioner	375-475
Manager	250-300
Administrator - senior	200-250
Administrator	125-200
Cashier & Support Staff	75-125

2 DISBURSEMENT RECOVERY

In accordance with Statement of Insolvency Practice 9 (SIP9) disbursements are categorised as either Category 1 or Category 2.

2.1 Category 1 Disbursements

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by KIS and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred. Category 1 disbursements can be drawn without prior approval, although an office holder should be prepared to disclose information about them in the same way as any other expenses.

EXAMPLES OF CATEGORY 1 DISBURSEMENTS INCLUDE:

Postage, case advertising, specific bond insurance, company search fees, case management software system, invoiced travel and properly reimbursed expenses incurred in direct relation to the case.

Also included will be services which are specific to the case, where these cannot practically be provided internally, such as printing, room hire and document storage.

2.2 Category 2 Disbursements

Category 2 disbursements include elements of shared or allocated costs incurred by KIS and recharged to the case. They are not attributed to the case by a third party invoice and/or they may include a profit element. Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration. When seeking approval, an office holder should explain, for each category of expenses, the basis on which the charge is being made.

EXAMPLES OF CATEGORY 2 DISBURSEMENTS INCLUDE:

Photocopying, all business mileage, internal room hire and internal storage.

The firm's current policy is that it recharges Category 2 disbursements as follows:

Disbursement	Recharge £
Meeting room hire – per meeting	125.00
Storage – per box – per month (minimum 2 years)	3.50
Destruction of Books and Records – per box	3.50
Mileage at HMRC approved rate – per mile	0.45
Headed Paper (per sheet)	0.25
Photocopying (per sheet)	0.08
Envelopes (each)	0.25

All costs are subject to VAT, where applicable and reflect the actual cost of the materials or services used.

**TEC SALES LIMITED FORMALLY THE ESTATE COMPANY SALES LIMITED - IN
ADMINISTRATION**

Appendix E

Estimated Outcome Statement as at 24 April 2018

	£000
Assets subject to Fixed Charge	
Freehold property	
Book debts	
Less:	
Cost of Administration	
Available to Secured Charge Holder	
Amount due to Secured Charge Holder	118,000
Surplus / (deficit) to Secured Charge Holder	118,000
Assets Subject to Floating Charge	
Book Debts	10,000
Work in progress/Debtors	Uncertain
Directors Current Account	160,000
Less	
Costs of Administration (ESTIMATED)	52,000
Preferential creditors	3,646
Surplus / (deficit) due to Secured Charge Holder under fixed charge	114,354
Surplus / (deficit) available for unsecured creditors	0

Tec Sales Limited - In Administration

Prescribed Part Calculation

	<u>Notes</u>	<u>£</u>	
<u>ASSETS</u>			
Estimated Asset Realisations in Administration	1	200,000	
		<u>200,000</u>	
<u>LIABILITIES</u>			PP
<u>Preferential Creditors</u>			196,336
Employees Preferential Element		<u>(3,664)</u>	
Net Property		196,336	50% first £10k 5,000
			20% £20,452 <u>37,267</u>
<u>Prescribed Part</u>		<u>(42,267)</u>	<u>42,267</u>
Balance available to Floating Charge Creditors & Costs		154,069	
Anticipated Costs		<u>(52,000)</u>	
Balance - to be distributed to chargeholder under the Floating Charge		<u><u>£ 102,069</u></u>	
Floating Charge amount due		<u>118,000</u>	
Floating Charge Shortfall		<u><u>£ (15,931)</u></u>	

NOTES TO ESTIMATED OUTCOME STATEMENT

1) Estimated realisations as per estimated outcome