

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company

Prolegal Limited

Company number

04806652

In the

High Court of Justice, Chancery Division
(full name of court)

Court case number

006039 of 2016

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Andrew Hosking
Quantuma LLP
3rd Floor, 37 Frederick Place
Brighton
BN1 4EASean Bucknall
Quantuma LLP
3rd Floor, 37 Frederick Place
Brighton
BN1 4EA*Delete as
applicable

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) 16 November 2016

Signed

Joint / Administrator(s)

Dated

16 November 2016

Contact Details:You do not have to give any contact
information in the box opposite but if
you do, it will help Companies House tocontact you if there is a query on the
form

QIQ

Q5K0FEHE
18/11/2016
COMPANIES HOUSE

#19

Sean Bucknall
Quantuma LLP
3rd Floor, 37 Frederick Place
Brighton
BN1 4EA

DX Number

01273 322400
DX ExchangeWhen 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

**Joint Administrators' Proposals relating to
Prolegal Limited ("the Company or the Firm") – In Administration
Issued on. 16 November 2016**

HM Revenue & Customs

A04

A5JZMJB6
18/11/2016
COMPANIES HOUSE

#89

Andrew Hosking and Sean Bucknall of Quantuma LLP are the Joint Administrators of the Company and these are the Joint Administrators' statutory Proposals relating to the Company

STATUTORY INFORMATION

Statutory information relating to the Company is attached at **Appendix I**.

CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

The Company was incorporated in 2003 and operated from offices based at 40 Bank Street, Canary Wharf, London, E14 5NR. As at the date of the Administration it employed twelve members of staff, including the sole director and shareholder, Simon Edwards.

The Firm provided legal services and specifically operated in the personal injury market dealing with industrial hearing loss and road traffic accident claims as well as providing employment and family related legal services.

A summary of the Company's trading from the most recent filed accounts is shown below.

	Statutory Accts For the y/e 31/12/2014 £	Statutory Accts For the y/e 31/12/2013 £
Turnover	2,786,643	3,823,091
Costs of Sales	(354,573)	(1,151,244)
Gross Profit	2,432,070	2,671,847
Gross Profit %	87%	70%
Overheads	(2,291,069)	(2,452,296)
Other Operating Income	-	442,977
Interest Payable	(304,150)	(212,863)
Net Profit/Loss after tax	(163,147)	433,504

Despite the losses incurred in 2014 the Company director believed the Company would return to profitability.

The majority of the Company's turnover related to personal injury claims and the Company carried a significant amount of Work In Progress ("WIP") in its balance sheet as a result. Cash-flow was therefore a significant issue for the Company which, combined with servicing high fixed costs, notably rent for the offices in Canary Wharf, impacted significantly on the Company's financial position.

By February 2016 it had become apparent that the Company required funding above the levels then available to it by its primary financier, Capita Business Services Limited ("Capita"), and its bankers who were unwilling to extend their lending.

At this time the Director, Simon Edwards, instructed Symphony Legal ("SL") to assist in finding a purchaser for the business and made approaches to over 20 law firms, who it considered might be interested in acquiring the business given that it would be a suitable fit for the type of work already undertaken by these firms and with their having sufficient funding and growth potential to proceed with a transaction.

Three firms provided signed non-disclosure agreements and entered into discussions with SL. One of the parties entered into advanced discussions with the Company and undertook a significant amount of due-diligence. This transpired in an offer being made, however, negotiations broke down following the offer and the sale failed to complete.

During this period the Company was under increasing pressure from its creditors and it became apparent that further steps may be required to prevent enforcement action being taken.

Quantuma LLP was instructed on 14 July 2016 to act as advisors to the Board acting on behalf of the Company. In August 2016 and following the breakdown of these negotiations Quantuma issued an e-shot summarising the Company's business and activities to a number of additional parties who were considered to be a suitable fit and as having sufficient capabilities to proceed with a transaction.

One firm confirmed its interest and returned an executed non-disclosure agreement and commenced its due diligence. Draft heads of terms were issued with the offer indicating that the purchasing company, Garrynasillagh Ltd ("GL"), would be defined as the Successor Practice as well as facilitating a transfer of all of the staff under the terms of TUPE. GL is an entity with no connected or associated parties to the Company and was incorporated on 12 August 2016.

Analysis was undertaken as to whether the offer from GL would provide a better result to creditors as compared to the outcome under a break-up scenario. It was concluded that the offer from GL would provide a better return to creditors than a break-up on the basis that all employees would transfer to GL, it would become the Successor Practice and therefore run-off would not be triggered. A sale of the entire business to one Successor Practice would also reduce the significant and real risk of a regulatory intervention as well as avoid any creditor action.

Formal negotiations commenced in late August 2016 and GL's holding company, Brook Street Holdings, subsequently acquired the Company's debt with Capita on 06 September 2016 in order to gain control of the Company and its assets.

The Company, in line with its regulatory reporting requirements to the SRA, similarly advised its Regulator of the planned sale and the steps being taken to protect clients' interests.

The Company's professional indemnity insurance ("PII") was due to expire on 30 September 2016 and although the Company could have entered into an extended indemnity period, it was considered advantageous to complete a sale prior to the expiry of the PII.

As such it was concluded that a pre-pack sale of the entire business to GL represented the best available option in all the circumstances with the Administration providing protection to enable execution of the transaction. The Sale of the business and assets was completed on 30 September 2016 shortly after the appointment of Administrators.

Prior to the commencement of the Administration, Quantuma LLP was instructed on 14 July 2016 to act as advisors to the Board acting on behalf of the Company. No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, Quantuma LLP was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics.

As required by the Insolvency Code of Ethics, Sean Bucknall and Andrew Hosking have at all times considered the various potential threats to their objectivity arising from this prior involvement. They concluded that those threats were at an acceptable level such that they could still act objectively and hence could be appointed Administrators of the Company.

On 30 September 2016, Sean Bucknall and Andrew Hosking were appointed by Simon Edwards, acting as director on behalf of the Company, as Joint Administrators of the Company and they took over from the Board responsibility for the management of the affairs, business and property of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and they have been the Administrators primarily involved in dealing with the Company's affairs.

OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVEMENT

As Administrators of the Company Sean Bucknall and Andrew Hosking are officers of the Court, and must perform their duties in the interests of the Creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to

- (a) rescue the Company as a going concern, or
- (b) 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), or
- (c) realise property in order to make a distribution to one or more secured or preferential Creditors

Further to an immediate review of the Company's affairs with particular regard to its financial and resource requirements, it was decided that a rescue of the Company in accordance with objective (a) was not possible given the lack of financial support

As a result, the Joint Administrators are seeking to achieve objective (b) for the Company. The Joint Administrators are of the opinion that the pre-packaged sale of the Company's business and assets supports the achievement of this statutory purpose as the consideration achieved was deemed to be for the best value in the circumstances and thus is anticipated to lead to better overall realisations for the benefit of creditors than if the assets were realised on a liquidation break up basis

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the Creditors. If the Joint Administrators are unable to complete the Administration of the Company within 12 months then they will seek approval from each secured creditor to extend the duration of the Administration. Alternatively they may apply to the Court to seek approval to extend the duration of the Administration

ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

Since appointment the Joint Administrators have dealt with the following matters -

- Execution of the sale of the Company's business and assets by way of the Sale Purchase Agreement dated 30 September 2016
- Overseeing the transfer of the Company's client files to the Purchaser
- Dealing with case related queries arising out of the Administration
- Dealing with creditor correspondence and enquiries
- Liaising and negotiating an informal surrender of the lease with the Landlord of the Company's trading premises in order to ensure that the direct costs of the Administration are kept to a minimum
- Overseeing, with the appointed Solicitor Manager, the distribution of the funds held in the Company's client account
- Liaising with the Solicitor Manager on all regulatory matters arising from the Administration and ensuring that the regulatory reporting requirements to the SRA are adhered to
- Liaising with the Company's secured creditors
- Corresponding with the Company's suppliers in relation to providing information on disbursements incurred across the Company's case portfolio, including the client files transferred to the Purchaser

- Corresponding with the Purchaser in relation to receiving the completion funds due to the Administration under the terms of the sale agreement. The requirement to liaise with the Purchaser will be ongoing for some time in regards to the receipt and reconciliation of the WIP and Debtor monies
- Liaising with cost draftsmen in relation to ongoing instructions on client files remaining with the Administration
- Completing all statutory filing and reporting requirements

Pre Packaged Sale

The Joint Administrators decided that it was not appropriate to continue the business of the Company given the lack of available funding and that an immediate sale of the Company's business and assets was the best way to achieve the objective of the Administration. As a result on 30 September 2016, the Administrators sold the Company's business and assets to Garrynasillagh Limited.

This sale constituted a pre-packaged sale and attached is a copy of the disclosure previously made to Creditors in order to meet the requirements of Statement of Insolvency Practice ("SIP") 16. The Joint Administrators were unable to issue their Proposals at the time they made the disclosure because they did not then have all the information required to be included in the Proposals.

It was considered that Administration was the most suitable insolvency procedure for the Company particularly in light of the immediate moratorium available against creditor enforcement action. Administration would enable the proposed Joint Administrators to finalise the terms of a pre-pack sale of the business and assets as a going concern or on a break-up basis.

The following factors supported the decision to enter into Administration and complete a pre-packaged sale of the business and assets:

- The sale avoided the threat of HMRC issuing a winding up petition and/or commencing recovery action such as levying distraint over the Company assets.
- An immediate pre-packaged sale of the business and assets of the Company would avoid the risk of intervention by the SRA, and the associated costs relating to this action,
- GL being defined as the successor practice and as a result GL takes on the responsibility of all client files ensuring that client interests are protected. Also, any shortfalls on client account funds and the allocation of client interest is the responsibility of GL as the successor practice.
- A sale of the entire business avoids the significant professional costs and risks associated with overseeing a break-up of the business.
- The preservation of employment and mitigation of potential residual employee claims.
- The support of the secured creditors who have debts of circa £5million.
- The Company had been subject to a targeted marketing campaign. It was clear that GL remained the only viable acquirer of the business and assets as a going concern. That prospective acquisition could only be achieved via an Administration process,

It is considered that the sale price achieved, and also the outcome, was the best available outcome for Creditors of the Company as a whole in all the circumstances of the case and that the pre-pack sale achieves the statutory purpose of the Administration that the Joint Administrators are seeking to achieve in respect of the Company.

FINANCIAL POSITION OF THE COMPANY

The Director was requested to prepare a summary of the Company's estimated financial position, a Statement of Affairs, as at 30 September 2016. This is yet to be received.

In the absence of a Statement of Affairs, the Joint Administrators have prepared an estimate of the financial position of the Company as at 30 September 2016 from the available records of the Company, and that is attached at **Appendix II**, together with a list of names and addresses of all known Creditors and the estimated amounts of their debts.

Comments regarding the Administrators' estimate of the financial position of the Company are as follows:

The sale consideration

The Sale included the assets listed below and was completed by means of a sale and purchase agreement.

The sale consideration totalled £194,000 plus a percentage of the Company's WIP and Debtors recovered by GL, as detailed below. The amount of £194,000 was required to be paid upon completion, with a further £25,000 to be paid within 7 days of completion to be apportioned against the purchased WIP. The agreed WIP and Debtor realisations are payable to the Administrators by GL at the end of each month.

The sale consideration has been allocated to the following asset categories -

Goodwill / IP (fixed charge)	£189,000
Furniture and Equipment (floating charge)	£5,000
WIP (floating charge)	30% of converted WIP
Debtors (floating charge)	40% of Debtors collected

Sale consideration of £194,000 was received on completion. In addition the terms of the sale agreement stated that a further £25,000 would be payable by the purchaser within 7 days of completion as a further contribution towards WIP and Debtors.

The balance relating to future recovered WIP and Debtors is to be received on a monthly accounting basis.

Goodwill / Intellectual Property

The sale to GL included the sum of £189,000 to be paid upon completion in respect of the Company's Goodwill and Intellectual Property. This has been received and a fixed charge distribution of £189,000 to the Company's priority fixed charge holder, Simon Edwards Pension Scheme ("SSAS"), has been made.

A Deed of Priority was executed prior to the appointment of Administrators giving the SSAS priority status over all other charges, to which all the prior charge holders consented.

Work in Progress

The Company's management information reflected that the Company had Work In Progress of £2,113,004 as at the date of Administration. The sale to GL included the assignment of the WIP with 30% of recovered WIP being paid to the Administrators.

As part of the Sale Agreement GL were due to make an initial payment of £25,000 to the Administrators in respect of the WIP within seven days of completion and this has been received.

The Administrators are unable to estimate the amount of time it will take for the collection of the WIP to be completed as this will be entirely dependent upon the length of time it will take for all the assigned cases to be settled or otherwise, closed

Book debts

The Company's accounting records reflected that the Company had book debts totalling £437,350 at the date of Administration. It has been estimated that 60% of the debtors would be recovered in a sale to GL and as per the SPA, 40% of this written down value will be payable to the Administration, hence £104,694 has been apportioned to debtors.

Unbilled Disbursements

Unbilled disbursements as at the date of Administration were estimated at £55,795. These relate to disbursements funded by the Company, such as Court fees, medical reports and expert witnesses. The outstanding disbursements have been assigned to GL under the terms of the SPA.

These are to be repaid to the Administration in full once settlement is obtained.

Fixtures, Fittings and Equipment

The Company owned a small amount of fixtures, fittings and computer equipment. This was expected to be of negligible realisable value on a forced sale basis. The sale to GL included these items at £5,000 which has been received in full.

Creditor Position

Preferential Creditors

The Company's employees have been transferred to GL in accordance with the sale of the business and TUPE legislation. Accordingly, no claims are anticipated to be received in the respect of employee wages or holiday pay.

Secured Creditors and Prescribed Part

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured Creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the preferential Creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside

50% of the first £10,000 of the net property, and
20% of the remaining net property,

up to a maximum of £600,000.

Brook Street Holdings LLP ("BSH") acquired the Capita debt and debenture on 06 September 2016 and the prescribed part provisions will apply. The estimated debt due to BSH at the date of Administration is £3,927,000.

The Company's priority charge-holder is The Simon Edwards Pension Scheme ("SSAS"), which is a creditor for £189,000. It holds a fixed and floating charge and the security in place meant this charge ranked behind BSH. However, prior to the appointment of Administrators, a Deed of Priority was executed giving it priority status in respect of its fixed charge to which all the prior charge holders consented.

The Estimated Outcome Statement demonstrates the net property of the Company is estimated at £800,975 and the prescribed part of the net property for unsecured Creditors is therefore estimated at £163,195.

The Director, Simon Edwards, also holds a floating charge dated 13 March 2009 as security against loans provided to the Company, however, there is not expected to be any distribution made to Mr Edwards under this floating charge

Unsecured Creditors

Unsecured creditors with estimated claims totalling £1.5M are listed and attached to **Appendix II**. The amounts stated are estimates provided by the Company Director, based on information taken from the Company's management accounts

HM Revenue & Customs has an estimated outstanding balance of £205,000

ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

I attach at **Appendix IV** a summary of the receipts and payments relating to the Company for the period from when it entered Administration, 30 September 2016, to the date of these Proposals

PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company I propose to -

- Continue to liaise with the purchaser and review the recoverability of work in progress and debtors,
- Liaise with the acquiring firm to ensure that any payments and fees due to the Company are transferred in accordance with the sale agreement,
- Monitor the transfer of any Client Files to any other law firms. Undertakings will be required to be given by any acquiring solicitor firms,
- Liaise with suppliers and ensure that valid disbursements are paid to suppliers on cases that are settled. It is the obligation of the acquiring firm to ensure that suppliers' disbursements are settled on the transferred cases but the Administrators will be required to discharge these disbursements on the settled cases that remain with the Administration
- Continue to facilitate client requests and provide information and assistance whereupon requested in order to ensure that clients' interests are met

DIVIDEND PROSPECTS

The estimated distribution to secured creditors is stated on the estimated outcome statement ("EOS") attached as **Appendix III**

The Joint Administrators believe it is likely a distribution of the prescribed part of the net property to the unsecured creditors will be made

The enclosed EOS reflects that the estimated amount available for distribution to unsecured creditors under the prescribed part is currently £163,195 which will result in a dividend to unsecured creditors of 10.53 pence in the £. This is, however, subject to the final level of asset realisations, the costs of the Administration being as currently estimated and the agreement, or otherwise, of creditors' claims at their current expected levels

EXIT ROUTE

It is anticipated that the Administration will end by the filing of notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.

The insolvency legislation has set a 12 month maximum duration for Administrations and given that the consideration due to the Company for debtors and WIP is likely to be received on the assigned client files for well over 12 months, it is likely that the Administrators will need to extend the Administration. The Joint Administrators will seek approval from each secured creditor together with the preferential creditors at the point that this is required.

MEETING OF CREDITORS & APPROVAL OF PROPOSALS

The Joint Liquidators do not intend convening a meeting of creditors as in their opinion the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part.

However, creditors whose debts amount to at least 10% of the total debts of the Company can require such a meeting to be called. Such a request must be made to the Joint Administrators on Form 2.21B within 8 business days of the date of the letter accompanying these proposals.

If creditors do not request the convening of a meeting of creditors within that time period, then these proposals will be deemed to have been approved.

Creditors are also entitled at a meeting of creditors to establish a Creditors' Committee should they so wish, provided that there are no fewer than three wishing to be represented on the Committee, which must be comprised of between three and five creditors.

PRE-APPOINTMENT FEES AND EXPENSES

Before a Company enters into any form of insolvency proceedings, professional costs are necessarily incurred in order to ensure that:

- The most suitable form of proceedings are chosen in the interests of Creditors
- The mechanics of initiating the proceedings and appointing an insolvency practitioner is dealt with appropriately

The basis on which these costs are to be paid varies according to the insolvency procedure adopted. In the case of a Company entering into Administration, the Administrator must make a 'Statement of Pre-Administration Costs', the content of which is prescribed by the Insolvency Rules and seek approval for their payment from the creditors of the company.

As already indicated, a meeting of creditors is not intended to be convened. As a result, it will be for the chargeholders and preferential creditors to approve the pre-appointment fees and category 2 expenses.

The Statement of Pre-Administration Costs is set out at **Appendix V**.

In this case further work was also undertaken in the interests of Creditors prior to the appointment of Joint Administrators in preparation of the sale of the business and assets shortly following their appointment. It will be appreciated that, had this commercial opportunity not been available, it would have still been necessary to obtain valuations and instruct agents and solicitors to assist in disposing of the assets following appointment, and for the Joint Administrators to manage and oversee the asset realisation process. To that extent, these costs are not additional costs that would have been saved had this been dealt with following the Joint Administrators' appointment.

JOINT ADMINISTRATORS' FEES

As stated above it is not intended that a meeting of creditors be convened. As a result, it will be for the chargeholders and preferential creditors to approve the Joint Administrators' remuneration and category 2 expenses.

In this case the Joint Administrators are seeking to fix the basis of their remuneration on a timecost basis i.e. by reference to time properly spent by members of staff of the practice at standard charge out rates. Quantuma LLP's Schedule of Current Charge Out Rates & Chargeable Disbursements are available on request or can be downloaded from <http://www.quantuma.com/guide/creditors-guide-fees/>

When we seek timecosts approval we have to set out a fees estimate. That estimate acts as a cap on our timecosts so that we cannot draw fees of more than the estimated timecosts without further approval. I attach a Fee Estimate at **Appendix VI** that sets out the work that we intend to undertake, the hourly rates we intend to charge for each part of the work and the time that we think each part of the work will take to complete. It includes a summary of that information in an average or "blended" rate for all of the work being carried out within the estimate.

I estimate that the total timecosts that we will incur in undertaking the tasks outlined on the Fee Estimate will be £74,828.

The Joint Administrators anticipate needing to seek approval to draw fees in excess of the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings.

To date a total of 61.2 hours have been spent carrying out the work outlined above in the Administration. Total timecosts to date are £13,486 charged at an average charge out rate of £220.36. Attached at **Appendix VI** is a summary of timecosts incurred to date by reference to grade of staff and work done.

Please note these timecosts, which have already been incurred, are included in the Fee Estimate at **Appendix VI**.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <http://www.quantuma.com/guide/creditors-guide-fees/>. This publication provides details about how Administrators' fees may be approved and challenged.

Further information about Creditors' rights can be obtained by visiting the Creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>

JOINT ADMINISTRATORS' EXPENSES & DISBURSEMENTS

Expenses do not have to be approved, but when reporting to secured creditors during the course of the Administration, the actual expenses incurred will be compared with the original estimate provided at **Appendix VI** and the Joint Administrators will explain any material difference.

The following agents or professional advisors have been utilised in this matter:

Professional Advisor	Nature of Work	Fee Arrangement
Ashfords Solicitors	Legal advice and assistance	Time Costs
Ashfords Solicitors	Solicitor Manager role	Time Costs

The choice of professionals was based on Quantuma LLP's and the Joint Administrators' perception of their experience and ability to perform this type of work, the complexity and nature of the assignment.

and the basis of the fee arrangement with them. The fees charged have been reviewed and the Joint Administrators are satisfied that they are reasonable in the circumstances of this case.

Details of Quantuma LLP's charging policy in relation to disbursements are available on request or can be downloaded from <http://www.quantuma.com/guide/creditors-guide-fees/>

Those expenses which are classed as Category 1 disbursements, do not have to be approved, but when reporting to the Secured Creditors during the course of the Liquidation the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences.

The Joint Administrators have incurred the following Category 1 disbursements since appointment:

Name of Expense	Amount incurred/accrued since appointment £	Amount paid £	Amount outstanding £
Bordereau	135.00	0.00	135.00
Postage	56.61	0.00	56.61
Total	191.61	0.00	191.61

Disbursements classed as Category 2, require specific approval. It will be for the chargeholders to approve my Category 2 disbursements.

To date the following category 2 disbursements have been incurred/accrued:

Name of Expense	Amount incurred/accrued since appointment £	Amount paid £	Amount outstanding £
Photocopying	11.10	0.00	11.10

Attached at **Appendix VI** is a schedule outlining the expenses and disbursements that the Joint Administrators anticipate will arise in these proceedings, which includes the expenses and disbursements outlined above.

DISCHARGE FROM LIABILITY

In accordance with legislation the Joint Administrators will seek a resolution from the secured creditors for discharge from liability in respect of any action of the Administrators to take effect 14 days following cessation to act as Administrators.

The resolution will be as follows:

If the Administration ends by the Joint Administrators filing notice that the objective has been sufficiently achieved or by the Company moving into Liquidation or being dissolved, the Joint Administrators shall be discharged from liability 14 days following either the Company entering into Liquidation or filing the notice of moving from Administration to dissolution.

This resolution does not form part of our Proposals.

ADMINISTRATORS' INVESTIGATIONS

The Joint Administrators have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. They are also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. The Joint Administrators should be pleased to receive from you any information you have that you consider will assist them in this duty. They would stress that this request for information forms part of their normal investigation procedure.

EC REGULATION ON INSOLVENCY PROCEEDINGS

It is considered that the EC regulation on insolvency proceedings apply to the Administration of the Company. It is also considered that they are "main" proceedings since the Company's registered office and its trading address are in the United Kingdom.

JOINT ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, the Joint Administrators, formally propose to Creditors that

- 1 They continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that they
 - (i) manage the transition of the Company's client files to the acquiring firm,
 - (ii) oversee the collection of the WIP and Debtors due to the Company from the acquiring firm,
 - (iii) sell the Company's assets at such time(s) on such terms as they consider appropriate,
 - (iv) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company, and
 - (v) do all such things and generally exercise all their powers as Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these Proposals.

The Administration shall end where any of the following shall occur

- 2 The Administration of the Company will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered.
- 3 If considered appropriate, the Administration may end by placing the Company into Creditors' Voluntary Liquidation and it is proposed that Andrew Hosking and Sean Bucknall are appointed Joint Liquidators of the Company and that they be authorised to act either jointly or separately in undertaking their duties as Joint Liquidators.

N B Creditors may nominate a different person(s) as the proposed Liquidator(s), but must make the nomination(s) at any time after receipt of these Proposals, but before they are approved. Information about the approval of the Proposals is set out at an earlier section in this report.

- 4 If the Administrators become aware of matters requiring further investigation and there are antecedent claims to pursue then the Administration may end by the presentation of a winding up petition to the Court for the Compulsory Liquidation of the Company, and it is proposed that

Andrew Hosking and Sean Bucknall are appointed Joint Liquidators of the Company by the Court

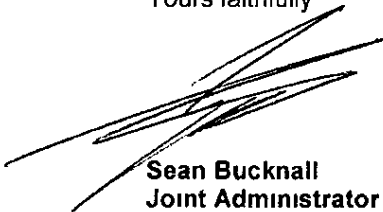
FURTHER INFORMATION

Creditors should note that the Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. Additionally the Joint Administrators are also bound by the regulations of their Licensing Bodies.

To comply with the Provision of Services Regulations, some general information about Quantuma LLP, including our complaints policy and Professional Indemnity Insurance, can be found at <http://www.quantuma.com/legal-information/>

Should you have any queries in regard to any of the above please do not hesitate to contact Tom Burton on 01273 322400 or by e-mail at Tom.Burton@Quantuma.com

Yours faithfully



Sean Bucknall
Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Insolvency Practitioners Association

The Joint Administrators are agents of the Company and act without personal liability

Encs

Appendix I

Prolegal Limited (In Administration)

Statutory Information

Charges

<u>Type of security</u>	<u>Name of charge-holder</u>	<u>Date of creation of security</u>
Debenture	Capita Business Services Ltd	13 March 2009
Debenture	Simon Peter Edwards	13 March 2009
Debenture	Simon Edwards Pension Scheme	20 May 2015
Debenture	Brook Street Holdings	06 September 2016

Note - a debt assignment from Capita Business Services Ltd to Brook Street Holdings completed on 06 September 2016 and consequently, Capita does not have a claim in the Administration

Appendix II

Prolegal Limited (In Administration)

**Joint Administrators Estimate of the Financial Position of
the Company**

as at 30 September 2016

PROLEGAL LIMITED - IN ADMINISTRATION

ESTIMATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Book Value	Estimated to
	£	Realise
	£	£
Assets		
Specifically Pledged		
Goodwill / IPR	-	-
	<hr/>	<hr/>
	-	-
Not Specifically Pledged		
Fixtures and Fittings	-	-
Work in Progress	2,113,004	1,479,103
Trade Debtors	437,350	262,410
Unbilled Disbursements	55,795	-
	<hr/>	<hr/>
	2,606,149	1,741,513
		<hr/>
Assets available for Preferential creditors		1,741,513
Preferential Creditors (accrued holiday - est)		-
		<hr/>
Assets available for Prescribed Part		1,741,513
Prescribed Part Provision		351,303
		<hr/>
Assets Available for Floating Charge Creditors	2,606,149	1,390,210
Brook Street Holdings	(4,116,000)	(4,116,000)
Simon Edwards Pension SSAS	(189,000)	(189,000)
Simon Edwards (DLA)	(957,000)	(957,000)
Surplus / (Shortfall)	-	(3,871,790)
	<hr/>	<hr/>
	1,509,851	(3,871,790)
		<hr/>
Assets available for unsecured creditors		351,303
		<hr/>
Liabilities		
Loans (Various)	(328,000)	(328,000)
HM Revenue & Customs	(205,000)	(205,000)
NatWest Bank Plc	(185,000)	(185,000)
Trade Creditors	(782,000)	(782,000)
Total unsecured creditors		(1,500,000)
		<hr/>
Shortfall to unsecured creditors		(1,148,697)

Appendix III
Prolegal Limited (In Administration)
Joint Administrators Estimate Outcome Statement
as at 16 November 2016

ESTIMATED OUTCOME STATEMENT AS AT 16 NOVEMBER 2016

	Book Value £	Receipts and Payments as at 16 11 16 £	Anticipated Future Movement £	Expected Final Outcome £	Notes
Assets					
Specifically Pledged					
Goodwill / IPR	-	189,000	-	189,000	1
SSAS	(189,000)	(189,000)	-	(189,000)	2
	-	-		-	
Not Specifically Pledged					
Fixtures and Fittings	-	5,000	-	5,000	3
Work in Progress	2,113,004	31,451	412,280	443,731	4
Trade Debtors	437,350	-	104,964	104,964	5
Unbilled Disbursements	55,795	-	41,846	41,846	6
	2,606,149	36,451	559,090	595,541	
Costs					
Administrators' costs (Pre)		-	(27,800)	(27,800)	7
Administrators' costs (post)		-	(74,828)	(74,828)	7
Legal Fees (pre)		-	(71,701)	(71,701)	7
Legal Fees (post) (inc solicitor manager)		-	(30,000)	(30,000)	7
Administrators' Disbursements		-	(1,105)	(1,105)	
			(205,434)	(205,434)	
Assets available for Preferential creditors	2,606,149	36,451		800,975	
Preferential Creditors (accrued holiday - est)			-	-	
Assets available for Prescribed Part				800,975	
Prescribed Part Provision				(163,195)	
Assets Available for Floating Charge Creditors	2,606,149			637,780	
Brook Street Holdings Ltd	(3,927,000)			(3,927,000)	8
Simon Edwards (DLA)	(957,000)			(957,000)	9
Surplus / (Shortfall)		-		(4,246,220)	
Assets available for unsecured creditors				163,195	
Liabilities					
Loans (Various)	(328,000)		(328,000)	(328,000)	
HM Revenue and Customs	(205,000)		(250,000)	(250,000)	
NatWest Bank PLC	(185,000)		(185,000)	(185,000)	
Trade creditors and accruals	(782,000)		(782,000)	(782,000)	
Landlord	-		(5,000)	(5,000)	
	(1,500,000)		(1,550,000)	(1,550,000)	
Surplus / (Shortfall)	(1,500,000)		(1,433,627)	(1,386,805)	
Return to secured creditor %				16.24%	
Return to unsecured creditors %				10.53%	

PROLEGAL LIMITED

NOTES TO THE ESTIMATED OUTCOME COMPARISON ("EOC") AS AT 16 NOVEMBER 2016

1) Goodwill / IPR

The amount of £189,000 has been apportioned to Goodwill and IPR under the terms of the sale agreement

2) ("SSAS")

DCD Trustees Ltd are the registered Trustees' of the Simon Edwards' Pension Scheme. The Company granted it a Debenture dated 20 May 2015 which incorporates a fixed and floating charge.

In respect of an inter-creditor Deed, DCD Trustees Ltd hold priority fixed charge security. Its floating charge ranks behind that of Brook Street Holdings.

3) Fixtures and Fittings & Office / Computer Equipment

The Fixtures and Fittings were expected to have limited realisable value and therefore it was not considered necessary to obtain a formal valuation of these assets.

4) WIP

The Company had Work In Progress of £2,113,004 at the date of Administration. Approximately 80% relates to Personal Injury claims. The sale to GL includes the purchase of the WIP with 30% of recovered WIP being paid to the Administrators. It is estimated that 70% of the WIP will be recoverable; therefore, of the realisable sum of £1,479,103, 30% will be payable to the Administration.

5) Trade Debtors

The Company had Debtors with a book value of £437,350 at the date of Administration. It is estimated that 60% of the debtors will be recovered in the sale to GL and as per the SPA, 40% of this written down value will be payable to the Administration, hence £104,694 has been apportioned to debtors.

6) Unbilled Disbursements

Unbilled disbursements reflect disbursements that have been funded by the Company such as Court fees, medical reports and expert witnesses. Such disbursements are refunded on the completion of a matter either by the other side (in success) or by the insurer in respect of loss (under the terms of the CFA).

The outstanding disbursements have been assigned to GL under the terms of the SPA and will be repaid to the Administrators following settlement on each case. The realisable value has been written down by 25% to account for assigned cases that are not successful and hence the disbursements will not be recoverable on those cases.

7) Administrators' costs and legal costs

The pre-appointment costs are confirmed amounts. The post-appointment costs have been estimated.

8) Street Holdings LLP ("BSH")

BSH is the parent company of Gordon Dadds LLP which in turn is the parent company of the purchaser, GL. BSH is a creditor for £3.92M and holds a Fixed and Floating charge.

There is also a SSAS which is a creditor for £189K. It holds a fixed and floating charge and the security in place meant that this ranks behind BSH. Prior to the appointment of Administrators, a Deed of Priority was executed giving it priority status over all other charges. The prior charge holders all consented.

9) Simon Edwards Directors' Loan Account

The debts due to the director, Simon Edwards, in respect of his overdrawn directors' loan account are estimated at £957k. This debt is secured by charges that are understood to rank behind the charges held by Brook Street Holdings and the SSAS.

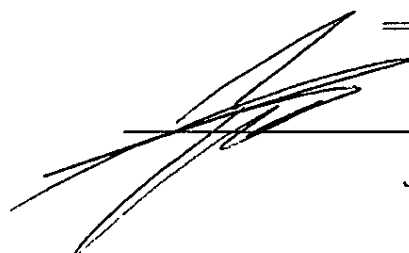
Appendix IV

**Prolegal Limited
(In Administration)**

**Joint Administrators'
Receipts and Payments Account
For the period from 30 September 2016 to 16 November
2016**

**Prolegal Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 16/11/2016**

S of A £	£	£
SECURED ASSETS		
Goodwill	189,000 00	189,000 00
SECURED CREDITORS		
(189,000 00) Simon Edwards Pension Scheme	189,000 00	(189,000 00)
ASSET REALISATIONS		
Furniture & Equipment	5,000 00	
WIP	25,000 00	
Book Debts	6,450 64	36,450 64
(189,000.00)		36,450.64
REPRESENTED BY		
Bank 1 Current		36,450 64
		36,450.64



Andrew Hosking
Joint Administrator

Appendix V

PROLEGAL LIMITED (In Administration)

Pre-Administration Costs

Prolegal Limited ("the Company") – In Administration

Statement of Pre-Administration Costs

Pre-administration costs are defined in the Insolvency Rules as fees charged and expenses incurred by the administrators or their firm, or another person qualified to act as an insolvency practitioner, before the company entered administration but with a view to its doing so

This statement shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds

Summary of the Joint Administrators' Pre-Administration Costs

The following summary sets out the pre-appointment fees and expenses incurred

	Total cost incurred	Amount already Paid	Identify of party who made payment	Amount Outstanding
	£	£		£
Administrators' pre-administration Remuneration	40,600	Nil	n/a	40,600
Legal Costs - Ashfords solicitors	64,758	10,000	Prolegal Ltd	54,758
Solicitor Manager costs – Ashfords solicitors	16,943	nil		16,943
Administrators' Pre-administration Disbursements	Nil	n/a	n/a	Nil
Total	122,301	10,000		112,301

Information relating to Quantuma LLP's current charge out rates and policy regarding chargeable disbursements will be provided upon request of can be downloaded from http://www.quantuma.com/uploads/1/6/1/1/16116268/quantuma_time_and_rates2.pdf

Further information on each category of pre-administration cost is given below

Pre-Administration Time Costs of the Joint Administrators

The Joint Administrators' unpaid pre-appointment time costs total £40,600

Of this total cost £12,800 relates to the provision of generic insolvency advice to the Company and conducting financial reviews

The balance of the Joint Administrators' unbilled pre-appointment time costs totals £27,800 and relates to costs incurred specifically with a view to the Company entering administration and in relation to the following activities

- > confirming that one of the statutory objectives of administration could be achieved,
- > liaising with secured creditors and key stakeholders,
- > carrying out all necessary steps in order to place the Company into administration

Attached is a detailed time cost table showing the pre-appointment time costs incurred by Quantuma LLP

The Board of the Company instructed Quantuma LLP to assist them in placing the Company into Administration and the agreement under which we incurred the pre-administration costs was Quantuma LLP's letter of engagement to the Company dated 10 August 2016 which was signed by the sole Company director, Mr Simon Edwards

It was agreed that Quantuma LLP should be paid its pre-appointment fees and expenses on a time costs basis. Quantuma LLP has received no payments from the Company and therefore the full balance of these costs is outstanding. Quantuma LLP is only seeking approval of its outstanding pre-appointment costs incurred specifically with a view to Administration. These total £27,800

Pre-Administration Expenses

Details of pre-administration expenses which have been incurred with a view to the Company's administration are

Advisor and Nature of Work	Fees £
Ashfords Solicitors – Preparing the sale agreement and appointment documentation. Providing regulatory advice and liaising with the SRA	81,701

The Company instructed Ashfords Solicitors to draft the Sale Agreement with the acquiring entity and to deal with the steps necessary to effect the Administration appointment at Court. These pre-administration expenses have been incurred on a time cost basis, plus disbursements.

Ashfords were also instructed by the putative Joint Administrators in relation to the Solicitor Manager appointment. Pre appointment Solicitor Manager work included the preparation of the Regulatory Framework Agreement and Solicitor Manager Appointment Agreement.

Expenses totalling £10,000 have been paid by the Company and therefore the balance outstanding is £71,701

Pre-Administration Disbursements

Quantomaa LLP has incurred no pre-administration disbursements

Work Done

The general scope of Quantuma LLP's work prior to the appointment of Administrators was to investigate the possibility of seeking a purchaser for the assets of the business with a view to overseeing a sale either prior to, or immediately following, an Administration appointment and to assist in the planning and preparation for the Company to be placed into an Administration.

More specifically, Quantuma LLP's instructions are detailed as follows -

- Liaise with the holder of any Qualifying Floating Charge or other security registered against the Company, or any other person entitled to Notice of Intention to Appoint under insolvency legislation

- Investigate the potential for short term funding and the option of continuing to trade either prior to or after Administration, although this is likely to be of little benefit given restrictions on trading during administration imposed by the Solicitors Regulation Authority
- Preparing, with the Company's assistance, suitable information to be provided to any potential purchaser of assets of the business
- Liaising with any creditors of the Company or any other interested party
- Undertaking appropriate marketing of the assets of the business directly to any potentially interested parties
- To identify interested parties and to seek offers for the assets of the business and ascertain and negotiate in relation to the conditions of their offer and their ability to complete
- To engage solicitors to provide any legal advice required in relation to affairs of the Company and assist in negotiations with any potential purchaser and draw up a sale contract
- To monitor progress of the strategy and advise the Company if an alternative strategy should be considered and to take all such steps necessary in relation to implementing that strategy
- To take steps to prepare the paperwork to place the Company into Administration
- To undertake such other actions as may be required in relation to completing the engagement

Other Persons Entitled to Claim

We are unaware of any additional costs incurred by any other professionals qualified to act as an insolvency practitioner in respect of the Company. Should any such claims subsequently come to light, they will be dealt with in the manner provided for by the Insolvency Rules.

Not Part of the Administrators' Proposals

Please note that the request for payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 2.67(A) of the Insolvency Rules 1986 and does not form part of the Joint Administrators' proposals to creditors for the conduct of the administration.

Approval

As detailed in the Proposal document, a meeting of creditors is not being convened and as a result, it will be for the chargeholders and preferential creditors to approve pre-appointment fees and expenses and category 2 expenses.

Time Entry - Detailed SIP9 Time & Cost Summary

6001355 - Prolegal Limited
From 01/01/2015 To 30/09/2016
Project Code PRE

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	54.90	2.40	19.30	0.00	76.60	23,478.50	306.51
104 General Administration	7.30	0.20	0.00	0.00	7.50	3,663.50	488.47
105 Case strategy / Review	1.50	0.00	0.00	0.00	1.50	657.50	438.33
Admin & Planning	63.70	2.60	19.30	0.00	85.60	27,799.50	324.76
300 Investigations	32.00	0.00	0.00	0.00	32.00	12,800.00	400.00
Investigations	32.00	0.00	0.00	0.00	32.00	12,800.00	400.00
Total Hours	95.70	2.60	19.30	0.00	117.60	40,599.50	345.23
Total Fees Claimed						0.00	

Appendix VI

**Prolegal Limited
(In Administration)**

**Information relating to
Joint Administrators' Remuneration
and Expenses and Fee Estimate**

Prolegal Limited

Information relating to the Joint Administrators' Fees and Expenses

1 Overview of Case

1.1. Appointment

Andrew Hosking and Sean Bucknall were appointed Joint Administrators on 30 September 2016 by the High Court of Justice, Chancery Division following an application by the Company director. The appointment was filed under number 6039 of 2016.

1.2. Strategy

The Administrators' strategy is set out in detail in the main body of the report.

1.3 Staffing

The staff that it is anticipated will be used on this assignment together with their current hourly charge out rates are outlined on the attached Fee Estimate.

Staff were chosen depending upon the appropriate level of experience required for the activity they were required to undertake.

1.4. Anticipated return to creditors

Secured creditors

The Simon Edwards Pension Scheme has received a distribution of £189,000 representing a return of 100 pence in the £ on the debt due.

The Estimated Outcome Statement ("EOS") reflects that the floating charge holder, Brook Street Holdings, may receive a distribution of approximately 16.24 pence in the £.

There will be a substantial shortfall owing to the floating charge holders.

Preferential Creditors

There are not anticipated to be any preferential creditor claims in the Administration.

Unsecured creditors

The EOS reflects that the estimated amount available for distribution to unsecured creditors under the prescribed part is currently £163,195 which will result in a dividend to unsecured creditors of 10.53 pence in the £.

Explanation of office-holders charging and disbursement recovery policies

1.5. Time recording

As confirmed in Quantuma LLP's Schedule of Current Charge Out Rates & Chargeable Disbursements ("the Schedule"), 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. The current hourly charge out rates can be accessed at the Schedule which will be provided free upon request or can be downloaded from http://www.quantuma.com/uploads/1/6/1/1/16116268/quantuma_time_and_rates2.pdf

1.6. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2

Category 1 disbursements

External supplies of incidental services specifically identifiable to the case. Where these have initially been paid by Quantuma LLP and then recharged to the estate, approval from creditors is not required.

Examples of category 1 disbursements include specific bond insurance, insurance of assets, travel (other than mileage), external room hire, stationery, storage retrieval and postage.

Category 2 disbursements

These include elements of shared or allocated costs incurred by Quantuma LLP and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full, subject to the basis of the disbursement charge being approved by creditors in advance.

Category 2 disbursements charged by Quantuma LLP can be reviewed on the Schedule referred to above.

2. Description of work carried out

2.1 Pre-appointment

Full details of our pre-appointment costs are set out separately in **Appendix V**

2.2 Post-appointment

To date a total of 61.2 hours have been spent carrying out the work outlined above in the Administration. Total timecosts to date are £13,486 charged at an average charge out rate of £220.36.

Attached is a summary of timecosts incurred to date by reference to grade of staff and work done.

Please note these timecosts, which have already been incurred, are included in the following Fee Estimate which outlines the work that it is anticipated will be carried out on this assignment.

The work that has already been carried out can be summarised below:

Administration and planning

The activities undertaken are detailed in full in the enclosed fee estimate.

3. Fee & Expense Estimate

When we seek timecosts approval we have to set out a fees estimate. That estimate acts as a cap on our timecosts so that we cannot draw fees of more than the estimated timecosts without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate, any additional work undertaken, or proposed to be undertaken, the hourly rates proposed for each part of the work, and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

We have also provided details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

The Administrators are seeking approval of these costs from the Company's secured and preferential creditors.

Time Entry - Detailed SIP9 Time & Cost Summary

6001355 - Prolegal Limited
From 30/09/2016 To 16/11/2016
Project Code POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 Administration & Planning	7.90	0.00	0.10	0.50	8.50	2,718.50	319.82
100A Initial Statutory & General Notifications & Filing	0.00	0.10	0.30	0.00	3.60	672.50	186.81
103 IPS Case / File set up/ Filing	0.00	0.20	1.80	0.00	2.00	369.00	184.50
104 General Administration	2.50	2.00	1.20	1.20	6.90	1,954.50	283.26
105 Case strategy / Review	0.00	0.70	0.00	0.00	0.70	175.00	250.00
Admin & Planning	10.40	3.00	6.60	1.70	21.70	5,903.50	272.05
600 Cashiering	0.00	0.00	0.00	1.60	1.60	200.00	125.00
Cashiering	0.00	0.00	0.00	1.60	1.60	200.00	125.00
201 Creditors	0.00	0.00	0.60	0.00	0.60	111.00	185.00
202A Employees	0.00	0.00	1.80	0.00	1.80	333.00	185.00
203 Creditor correspondence / Call	0.40	0.00	5.10	0.00	5.50	1,073.50	195.18
204 Unsecured Creditors claims	0.00	0.00	0.30	0.00	0.30	55.50	185.00
204A Dealing with Pension Schemes	0.30	0.00	1.80	0.00	2.10	430.50	205.00
212 Initial Appointment Notifications to Creditors	0.00	0.40	0.00	0.00	0.40	100.00	250.00
214 SIP 16 Disclosure	0.00	0.00	3.40	0.00	3.40	629.00	185.00
215 Para 49 Administrators Proposals	0.00	3.00	16.10	0.00	19.10	3,728.50	195.21
Creditors	0.70	3.40	29.10	0.00	33.20	6,461.00	194.61
400 Realisation of Assets	0.00	0.80	0.70	0.00	1.50	329.50	219.67
401 Freehold / Leasehold Property	0.00	0.00	1.90	0.00	1.90	351.50	185.00
405 Debtors	0.00	0.00	1.30	0.00	1.30	240.50	185.00
Realisation of Assets	0.00	0.80	3.90	0.00	4.70	921.50	196.06
Total Hours	11.10	7.20	39.80	3.30	61.20	13,486.00	220.36
Total Fees Claimed						0.00	

PROLEGAL LIMITED - IN ADMINISTRATION

FEE ESTIMATE COVERING WHOLE PERIOD OF ADMINISTRATION

The office holders are seeking to be remunerated on a time cost basis. We use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform, recording time spent in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work. In this document the estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work on the case. We have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for that category of work.

The sum of all the estimates for the different categories of work is the total estimated time costs to undertake the necessary work on the case over the period of the Administration. Again, we have then divided that estimated total by the estimated number of hours to arrive at a blended hourly charge out rate for this period of the case's administration.

Note This estimate has been provided to creditors at an early stage in the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in similar cases. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case.

The hourly charge out rates that will be used on the case are

Partner	£	475
Senior Manager		250
Assistant Manager		185
Administrator		150
Assistant Administrator		125
Case Accountant		125
Support Staff/Executive Assistant		95

Please note that the rates quoted above will be used for each category of work outlined in the estimate and will be subject to periodic increase.

ADMINISTRATION & PLANNING - Note 1

Description of the Work to be undertaken

Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
Administration & Planning		
Initial Statutory and General Notifications & Filing e.g. Advertising the appointment, undertaking statutory notifications to Companies House, HMRC, the Pension Protection Fund, preparing the documentation and dealing with other notification of appointment.		
Obtaining a specific penalty bond		
Management of Operations / overseeing transition of live cases		
Recovering & Scheduling the company's books and records		
Arranging secure disposal of confidential physical and IT records		
Setting up electronic case files and electronic case details on IPS		
General Administration - Dealing with all routine correspondence and emails relating to the case		
Case strategy & completing file reviews at 1 month & every 6 months thereafter		
VAT & Corporation Tax matters and returns		

TOTAL

85 00

17637 50

207 5

CREDITORS - Note 2

Description of the Work to be undertaken

Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
--	---	--

Creditors		
Dealing with client queries and correspondence		
ERA - completing documentation for submission to the Redundancy Payments Office ("RPO") and liaising with the RPO regarding employee claims		
Employees - obtaining information from records about employee claims and dealing with employee correspondence/calls regarding their claims		
Preparing the documentation and dealing with initial appointment notification to creditors		
Dealing with creditor correspondence, emails and telephone conversations		
Dealing with Pension Schemes		
Committee Reporting		
Committee Meetings, Minutes & liaising with Committee members		
Final Reports		
Payment of Dividends - calculating, paying a dividend to creditors & issuing the declaration notice		
Notice of Intended Dividend - issuing a notice of intended dividend to creditors and advertising where appropriate		
Reviewing and adjudicating creditors' claims - adjudicating claims & requesting additional information in support of claims		
Dealing with HMRC/RPO claims		
Lease / Finance creditors		
Creditors' Meeting		
Secured Creditor Reports/Claims		
Annual/Progress Reports		
Initial Appointment Notification to Creditors - Preparing the documentation & sending out initial appointment notification to creditors		
Interim Fee Report to Creditors		
SIP 16 Disclosure		
Para 49 Administrators' Proposals		
Para 53 Report of Initial Meeting/Deemed Approval Documentation		

TOTAL

100 00

20750 00

207 5

INVESTIGATIONS - Note 3

Description of the Work to be undertaken

Estimated time to be taken to undertake the work (Hrs)	Estimated value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
--	---	--

Investigations		
SIP 2 Review - Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc		
CDDA Reports - Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act		
Investigating & Pursuing Antecedent Transactions		

TOTAL

25 00

5187 50

207 5

REALISATION OF ASSETS - Note 4

Description of the Work to be undertaken

Realisation of Assets		
Leasehold Property		
Fixtures and Fittings		
Computer Equipment		
Financial Assets		
Debtors - collection of fees due to Company from settled cases		
Sale of Business		
Goodwill		
Intellectual Property		
Cash at Bank		
Arranging & Monitoring Insurance		

TOTAL

120 00 24900 00 207 5

CASHIERING

Description of the Work to be undertaken

Opening, maintaining and managing the Office Holders' cashbook and bank account		
Dealing with cheque requisitions		
Dealing with deposit forms		
Bank Reconciliations		
Preparing & Filing statutory Receipts & Payments accounts		

TOTAL

25 00 4812 50 192 50

CLOSING PROCEDURES

Description of the Work to be undertaken

Advertising the final meeting		
Holding the final meetings & preparing minutes		
Filing final statutory returns at Companies House/Court		

TOTAL

8 00 1540 00 192 50

OVERALL SUMMARY OF WORK CATEGORIES

Estimated total time to be taken to undertake the work (Hrs)	Estimated total value of the time costs to undertake the work (£)	Blended charge out rate to undertake the work (£/Hr)
--	---	--

ADMINISTRATION AND PLANNING

CREDITORS	85 00	17637 50	207 50
INVESTIGATIONS	100 00	20750 00	207 50
ASSET REALISATIONS	25 00	5187 50	207 50
CASHIERING	120 00	24900 00	207 50
CLOSING PROCEDURES	25 00	4812 50	192 50
	8 00	1540 00	192 50
OVERALL TOTAL	363 00	74827 50	206 14

The total value of the time costs to undertake the work will be subject to VAT at 20%

Note 1 Administration and planning - This represents the work that is involved in the routine administrative functions of the case by the office holders and their staff together with the control and supervision of the work done on the case by the office holders and their managers. It does not give direct financial benefit to the creditors, but ensures that the case is managed in a professional and methodical manner and has to be undertaken by the office holders to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow

Note 2 Creditors Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). That work will include dealing with queries received from both the ex-employees and the RPO to facilitate the processing of the claims. The office holder is required to undertake this work as part of his statutory functions. Claims of creditors - the office holder needs maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions. Dividends - the office holder has to undertake certain statutory formalities in order to enable him to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors. The Company had thousands of P I cases and the office holder has had to deal with correspondence and queries received from clients and also third parties involved in client cases. All queries must be answered and dealt with to ensure that client's needs are met

Note 3 Investigations - The insolvency legislation gives the office holders powers to take recovery action in respect of what are known as antecedent transactions eg where assets have been disposed of prior to the commencement of the insolvency procedure (and also in respect of matters such as misfeasance and wrongful trading). The office holders are required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holders will need to incur additional time costs to investigate them in detail and to bring recovery actions where necessary, and further information will be provided to creditors and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the creditors and the office holders will provide an estimate of that benefit if an increase in fees is necessary. The estimated time required to be spent to do so and the time costs of doing so are included in the estimate. The office holder is unable to quantify the benefit to creditors of these investigations at present but will include such information in their statutory report to creditors once the position is clear. The office holders are also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors. The work to enable them to comply with these statutory obligations may also identify potential recovery actions

Note 4 Realisation of Assets - This is the work that needs to be undertaken to realise the known assets in the case. Due to the nature of the assignment transactions, the debtor recoveries are likely to be ongoing for a significant period of time. If this work is undertaken, the office holder anticipates that the assets will realise the estimated to realise amounts provided to creditors

PROLEGAL LIMITED - IN ADMINISTRATION**Estimate of expenses to be incurred**

Category of work	Nature of expense to be incurred	Estimated amount of expense to be incurred £
Administration & Planning		
	Specific penalty bond	135 00
	Gazette notice of appointment	75 00
	Storage	500 00
		<hr/>
Sub total for administration		710 00
Creditors		
	Copying *	75 00
	Postage	120 00
	Solicitor's fees - security review	5,000 00
	Gazette notice of intended dividend	75 00
Sub total for reporting to creditors		5,270 00
Investigations		
	Solicitors' advice costs	-
		<hr/>
Sub total for investigations		-
Realisation of assets		
	Insurance	-
	Agents' realisation fees / expenses	-
	Solicitors' fees	-
	Solicitors' expenses	-
		<hr/>
Sub total for realisation of assets		-
Closing		
	Gazette notice of final meeting	75 00
		<hr/>
Sub total for closing		75 00
Case specific matters (specify)		
	Solicitor Manager's fees	30,000 00
	Bank Charges	50 00
		<hr/>
Sub total for case specific matters		30,050 00
Total		<hr/> <hr/>

Note Category 2 Disbursements are marked with an asterisk *

Note This estimate has been provided to creditors at an early stage of the case Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holders' current knowledge of the case and so does not take into account any unknown complexities or difficulties If this estimate is exceeded, or is likely to be exceeded, the office holders will provide an explanation to the creditors in the first report to creditors and provide a revised estimate

**In the matter of Prolegal Limited - in Administration
and in the matter of The Insolvency Act 1986**

Date of Administration 30 September 2016

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

Creditor Questionnaire

PROLEGAL LIMITED - In Administration
of 40 Bank Street, Canary Wharf, London, E14 5NR

Creditor's name	
Address	
Estimated claim	£
What was the authorised credit limit?	£
Was any security, guarantee or assurance given to you in respect of ongoing trade?	
When did you first encounter delays in obtaining payment of your account, and do you have any evidence?	
Please provide details of any legal proceedings you took to recover your debts	
Please supply details of any cheques which were not honoured, including amounts and dates	
If there is any other information you wish to supply, or issues you consider should be reviewed, please provide brief details on the reverse of this form	
Date	
Signature	
Name	
Position	
Please return the completed form to. Quantuma LLP, 3 rd Floor, 37 Frederick Place, Brighton, BN1 4EA	



3rd Floor
37 Frederick Place
Brighton
BN1 4EA

t 01273 322400

f 01273 322429

e brighton@quantuma.com

www.quantuma.com

Private & Confidential

06 October 2016

Our Ref AH/SB/TB/6001355/21

Dear Sirs

Prolegal Limited ("the Company" or "the Firm") (In Administration)

I write to inform you that Andrew Hosking and I were appointed Joint Administrators of the above Company on 30 September 2016. Formal notice of the appointment is attached.

Following Statement of Insolvency Practice 16, I have included details regarding the sale of the Company's business and assets ("the Sale") and the events leading up to the Sale.

PRE-PACKAGED SALE

The Company's business and assets have been sold following a pre-packaged sale. The primary function of an administrator is to achieve one of the objectives set out in the Insolvency Act. In this case, the statutory purpose pursued is 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. This transaction enables the statutory purpose to be achieved and in my view the outcome achieved was the best available outcome for creditors as a whole in the circumstances. I provide below an explanation and justification of why a pre-packaged sale was undertaken.

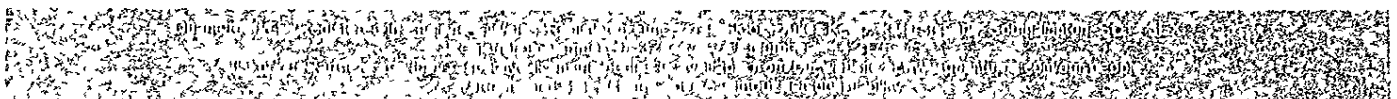
The Roles of the Insolvency Practitioners

Prior to commencement of the Administration, Quantuma LLP acted as advisors to the Board of Directors in relation to the options for the Company. For the avoidance of doubt, neither Quantuma LLP nor its insolvency practitioners advised the directors personally or any parties connected with the purchaser, who were encouraged to take independent advice. At all times prior to Administration, the Board of Directors remained responsible for and in control of the Company's affairs.

During this time it became apparent that Administration would achieve the best result for creditors for the reasons detailed below and the insolvency practitioners of Quantuma LLP took their own steps to prepare for their potential appointment as Joint Administrators. At this point, there were clear advantages in looking to sell the Company's business and assets swiftly on appointment.

Immediately on their appointment, the Joint Administrators, as officers of the court and as agents of the Company, took over from the Board the responsibilities of managing the affairs, business and property of the Company. In the interests of the creditors as a whole and mindful of the need to achieve the statutory purpose of an Administration, they concluded the Sale.

Insolvency practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. The Joint Administrators observed the Code in all their activities both prior to and after their appointment.





Initial Introductions

The Company's director was referred to Quantuma LLP by Symphony Legal ("SL") on 05 July 2016 to help advise on the options available for the Company, as it was deemed to be insolvent

Following a number of initial discussions, Quantuma were instructed on the 14 July 2016 by the Company to undertake a brief Independent Business Review in order to provide comment on the Company's current financial position and to advise the Company on the various available options

The review concluded that the Company was highly leveraged and was unable to meet all of its liabilities as and when they fell due. Given the going concern risks as a result of its cash-flow issues and increasing creditor pressures, it was recommended that the Firm should be marketed for sale

On 10 August 2016, Quantuma received formal instructions from the Firm to assist with regard to its financial position and to advise the Firm as to the available options which included the commencement of an accelerated marketing campaign. Specifically, Quantuma's involvement in the matter related to -

- Consulting with the Operations Board in regard to securing a merger/acquisition with a suitable prospective interested party
- Taking active steps to identify any interested party who may be willing to acquire the Firm
- Evaluating the various options available to the Firm,
- Ensuring that there were updating communications with the Regulator, the Solicitors Regulation Authority ("the SRA"), in order to ensure that it was kept fully updated as to the Firm's intentions and provide reassurance that clients' interests were being protected so as to reduce the risks of a regulatory intervention in the interests of all creditors
- To advise the Company with regard to all available options, including placing the Company into Administration and the proposed strategy in the interests of creditors,
- In the event that a successful purchaser was identified and a sale was to be conducted in an Administration, to facilitate such a sale and to oversee negotiations so as to maximise returns to creditors

Quantuma recommended that Ashfords LLP ("Ashfords") be instructed to advise Quantuma and the Company, should a sale be concluded by way of an administration. Ashfords would also be instructed to provide specialist regulatory guidance and support to the Company and to specifically manage the communications with the SRA. Ashfords were recommended given their unique sector specialist experience in advising on such regulatory aspects particularly in distressed situations such as this regulated law firm

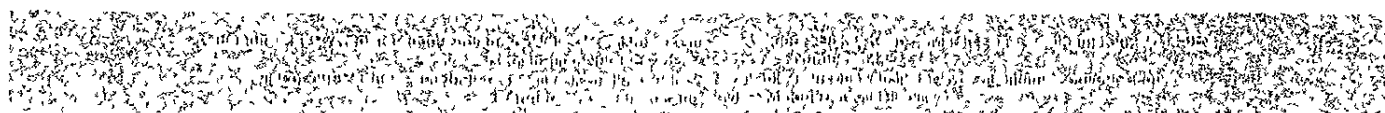
No fees have been paid or agreed in respect of Quantuma's pre-appointment advice. The Joint Administrators intend to seek to have these fees approved and paid from the insolvent estate in due course


Background

The Company operated from offices based at 40 Bank Street, Canary Wharf, London, E14 5NR and employed 5 members of staff

The Firm provided legal services and specifically operated in the personal injury market dealing with industrial hearing loss and road traffic accident claims as well as employment and family related legal services

Given that the majority of the Company's turnover is personal injury, the Company carries a significant amount of Work In Progress ("WIP") in its balance sheet. Cash-flow was therefore a significant issue for the Company





which, combined with servicing high fixed costs, notably rent for the offices in Canary Warf, impacted on the Company's financial position

By February 2016 it had become apparent that the Company required funding above the levels available to it by its primary financier and also its bankers and neither the Company nor its investors were in a position to continue funding the Company

Marketing of the Business and Assets

SL, who was assisting the Company prior to Quantuma's involvement, made approaches to over 20 law firms, who it considered would be interested in acquiring the Firm given that they would be a suitable fit for the type of work undertaken by the Company and as having sufficient capabilities to proceed with a transaction

Three firms provided signed non-disclosure agreements and entered into discussions with SL. Of these interested parties, two parties indicated that they wanted to participate in negotiations, however, there was uncertainty as to their funding availability and ability to complete the purchase. One of the parties entered into advanced discussions with the Company and undertook a significant amount of due-diligence. This transpired in an offer being made, however, negotiations broke down following the offer and the sale failed to complete

Following the breakdown of these negotiations, in August 2016 Quantuma issued a teaser document to a number of additional parties who were considered to be a suitable fit and as having sufficient capabilities to proceed with a transaction

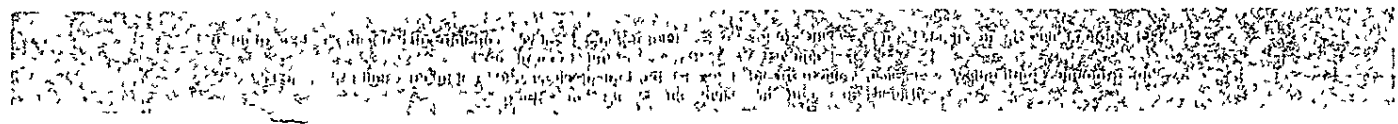
It should be noted that all marketing had to be undertaken on a discrete basis and only following the execution of signed NDA's. Conducting an "open" marketing campaign of a business such as this may have attracted the attention of the legal press and may have resulted in clients of the Firm requesting the return of their files. Such publicity would have had a significant erosion of the value of the Firm's work in progress and the recoverability of its debtors, both of which represent the core value of the business. In addition, such publicity may have led to an intervention by the SRA and therefore the total erosion of the value of the business and assets


In respect of the interest received, parties either confirmed that they no longer wished to proceed with their interest in the Firm, or that they were only interested in acquiring part of the business. A break-up of the business, whilst in principle was feasible, would likely result in there being significant issues with the SRA given that the SRA would want to ensure that in any break-up scenario, client interests would be protected. In addition, there would be Successor Practice concerns

One firm, Gordon Dadds LLP ("GD"), confirmed its interest and returned an executed non-disclosure agreement ("NDA") and commenced its due diligence. Draft heads of terms were issued with the offer indicating that the purchasing company, Garrynasillagh Ltd ("GL"), would be defined as the Successor Practice as well as facilitating a transfer of all of the staff under the terms of TUPE. In addition, as Successor Practice, GL would also take on all responsibility for any breaches of the Solicitors Accounts Rules (albeit that none have been identified to date)

Analysis was undertaken as to whether the offer from GL would provide a better result to creditors as compared to the outcome under a break-up scenario. It was concluded that the offer from GL would provide a better return to creditors than a break-up on the basis that all employees would transfer to GL, it would become the Successor Practice and therefore run-off would not be triggered. A sale of the entire business to one Successor Practice would also reduce the significant and real risk of a regulatory intervention

Formal negotiations with the Company commenced in late August 2016 and GD subsequently acquired the Company's debt with Capita Business Services Limited ("Capita") via its parent company, Brook Street Holdings, on 06 September 2016, in order to gain control of the Company and its assets. GL was set up by





GD for the purposes of acquiring the Company's business and assets and GL was authorised as an ABS on 21 September 2016

The Firm, also in line with its regulatory reporting requirements to the SRA, similarly advised its Regulator of the planned sale and the steps being taken to protect clients' interests

The Company's professional indemnity insurance ("PII") also expired on 30 September 2016 and although the Company could have entered into an extended indemnity period, it was considered advantageous to complete a sale prior to the expiry of the PII

As such it was concluded that a pre-pack sale of the entire business to GL represented the best available option in all the circumstances with the Administration providing protection to enable execution of the transaction. The Sale of the business and assets was completed on 30 September 2016 shortly after the appointment of Administrators

In summary over 20 parties were approached, four entered into serious negotiations and formal offers were made from two firms

Alternative courses of action considered with explanation of likely financial outcomes

Continuing to trade

Given mounting creditor pressures, the Firm could only continue to trade with additional forbearance and support from the secured creditors and additional working capital from the director. Given that the director was a significant creditor, further financial support to the business was not possible

Company Voluntary Arrangement ("CVA")

A CVA may have triggered a regulatory intervention without prior support from the SRA. This would have to be carefully managed and there was also the potential that creditors could continue to pursue actions against the Company while a proposal was being prepared which would take some time to prepare

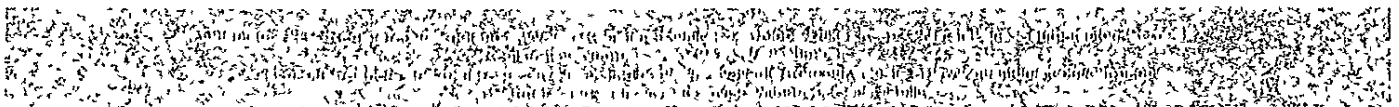
Additionally, the Company had not undertaken any fundamental restructuring of its cost base. As a result, it would be unable to generate sufficient profits to make meaningful contributions into a CVA to provide a return to creditors

Any CVA would also require a significant contribution from the director in order to fund working capital and/or the contributions into the CVA. The director is unable to do so at present given the level of support he has provided to the business to date

A CVA would require the ongoing support of the Company's bankers, NatWest Bank PLC ("NatWest"). The Company operated an overdraft with NatWest, though it had no security other than a personal guarantee from the director, Simon Edwards. In any proposal HMRC and/or other creditors may have insisted that NatWest claims in the CVA alongside other creditors, with the shortfall being called upon by NatWest under the directors' personal guarantee, which would likely make any proposal unworkable in practice

Compulsory Winding Up

A Compulsory Winding Up was not deemed not to be a suitable process because it would trigger an intervention by the SRA with a consequence that the work in progress and debtors be taken over by an intervention panel firm of solicitors. That would, almost inevitably, have a material and adverse impact on the level of asset realisations



Creditors' Voluntary Liquidation ("CVL")

Creditors' Voluntary Liquidation was not considered a viable option given the requirement for an office holder to effect a sale of the business (WIP / Debtors) at short notice. The Lead time required to appoint a liquidator via a CVL and the publication of the notice of the meeting of creditors in the London Gazette would not facilitate the execution of a transaction at short notice, was likely to result in an erosion of the WIP / Debtor and could have triggered Intervention by the SRA.

Administration trading

Given that the Company is a firm of solicitors and regulated by the SRA it was not possible for the Joint Administrators to trade the business and continue conduct of client matters for any period of time without triggering an SRA intervention (the Joint Administrators are not qualified solicitors or SRA regulated individuals).

Accordingly, due to a combination of regulatory and commercial concerns, the Joint Administrators considered that it was not possible to trade the Firm.

Pre-packaged Administration Sale

It was considered that Administration was the most suitable insolvency procedure for the Company particularly in light of the immediate moratorium available against creditor enforcement action. Administration would enable the proposed Joint Administrators to finalise the terms of a pre-pack sale of the business and assets as a going concern or on a break-up basis.

For the following reasons, it was considered that a pre-packaged sale of the business and assets provided the best opportunity of preserving and realising maximum value for creditors.

The following factors supported the decision to enter into Administration:

- The sale avoids the threat of HMRC issuing a winding up petition and/or commencing recovery action such as levying distress over the Company assets.
- An immediate pre-packaged sale of the business and assets of the Company would avoid the risk of intervention by the SRA, and the associated costs relating to this action,
- The SRA's satisfaction with a sale to GL.
- GL being defined as the successor practice.
- As the successor practice GL takes on the responsibility of all client files ensuring that client interests are protected. Any shortfalls on client account and the allocation of client interest is the responsibility of GL as the successor practice.
- A sale of the entire business avoids the significant professional costs and risks associated with overseeing a break-up of the Firm.
- The preservation of employment and mitigation of potential residual employee claims.
- The support by the secured creditors who have debts of circa £5million.
- The Firm had been subject to a targeted marketing campaign. It was clear that GL remained the only viable acquirer of the business and assets as a going concern. That prospective acquisition could only be achieved via an Administration process.



We are of the opinion that the statutory purpose of Administration is achieved in a sale to GL, by achieving a better result for the Company's creditors as a whole, than would be likely if the Company were wound up (without first entering into Administration)

The Company granted the following security.

<u>Type of security</u>	<u>Name of charge-holder</u>	<u>Date of creation of security</u>
Debenture	Capita Business Services Ltd	13 March 2009
Debenture	Simon Peter Edwards	13 March 2009
Debenture	Simon Edwards Pension Scheme	20 May 2015
Debenture	Brook Street Holdings	06 September 2016

Creditors should note that a debt assignment from Capita to Brook Street Holdings completed on 06 September 2016. Consequently Capita does not have a claim in the Administration.

The Joint Administrators' Options on Appointment

Due to the regulatory restraints of trading a firm of solicitors, referred to above, it was not possible for the Administrators to trade the business in Administration. Therefore, it was considered that the best option available to the Administrators was to facilitate a sale of the Company's business and assets to GL.

The Company's major creditors, Brook Street Holdings, Simon Edwards and the pension scheme were contacted and the Company's circumstances and proposed strategy were explained. The creditors did not raise any objections to the proposed pre-pack strategy.

Valuation of the Business and Assets

No agent was instructed to value the Company's business and assets. The Firm's chattel assets have minimal value and given the significant age and profile of the assets, are likely to have no recoverable value.

The value of WIP and debtor receivables is defined by what an acquiring party is willing to pay, given the risks, uncertainties, liabilities and working capital requirements associated with such an acquisition as a going concern. As referred to previously in this report, upon an intervention, the value of the Firm's WIP would be negligible given that this would be under the control of the intervention agent. Whilst debtor receivables would continue to vest with the Firm following an intervention, the recoverability of debtors was believed to be minimal.

A further asset of the Company represented bespoke software developed by the Firm for identifying referral opportunities. It is not possible to value such software though it was concluded that it would have "some" value on the open market. For the purposes of the sale and purchase agreement, £189,000 was apportioned to this Intellectual Property.

The Transaction

The purchaser and related parties

A sale of the business and assets was completed on 30 September 2016 to GL.

There is no connection between the purchaser and the directors, shareholders or secured creditors of the insolvent Company or their associates.

The transaction is between the insolvent Company and GL only and does not impact on any related companies.

The Company director, Simon Edwards, had provided guarantees for amounts due from the insolvent Company to a prior financier, Capita, and also the Company's bankers, NatWest Bank PLC. To my knowledge, neither financier is financing the new business.

The assets

The Sale included the assets listed below and was completed by means of a sale and purchase agreement.

The sale consideration

The sale consideration totalled £194,000 plus a percentage of the Company's WIP and Debtors recovered by GL, as detailed below. The amount of £199,000 was required to be paid upon completion, including an amount of £5,000 to be paid on account in respect of the WIP and Debtor ledgers. The agreed WIP and Debtor realisations are payable to the Administrators by GL at the end of each month.

The sale consideration has been allocated to the following asset categories -

Goodwill / IP (fixed charge)	£189,000
Furniture and Equipment (floating charge)	£5,000
WIP (floating charge)	30% of converted WIP
Debtors (floating charge)	40% of Debtors collected

Sale consideration of £194,000 was received on completion with a further £5,000 received on account in respect of WIP and Debtors, as noted above. In addition the terms of the sale state that a further £15,000 is payable by the purchaser within 7 days of completion as a further contribution towards WIP and Debtors. The remainder relating to the recovered WIP and Debtors is to be received on a monthly accounting basis.

The validity of the charges has yet to be formally verified, however, the allocation above has been reached by reference to the charge documents and in consultation with the advice of two firms of independent solicitors acting for the purchaser and sellers.

There were no options, buy-back arrangements or similar conditions attached to the contract of sale.

The Sale is not part of a wider transaction.

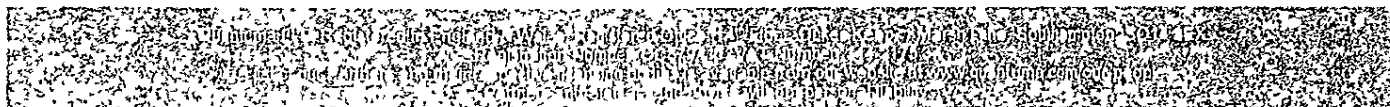
Excluded Assets

The Assets set out below were excluded from the sale -

- Excluded Debts,
- Any stocks, shares, cheques, bills, negotiable instruments or other securities held by the Seller or in which it has any interest,
- The benefit of any contract of insurance (including insurance as to credit risk and claims arising prior to Completion), assurance, indemnity or surety,
- All rights and interests of the Seller in or over any land and buildings,
- Encumbered Assets,
- The benefit of all contracts of the Seller with any person (other than any Client Contracts and any contracts transferred by operation of law), the Supplier Contracts, any right of the Seller to claim any grant or subsidy, to reclaim any tax paid or claim or surrender to any person any credit for or relief against tax (whether or not arising in connection with any Asset),
- The Administrators' Records, the Statutory Books and the VAT Records, and

Employees

There were 5 employees who were transferred as part of the Sale.



Connected Party Transactions

As the Sale did not involve a connected party (as defined by the Insolvency Act), the pre-pack pool was not approached to consider it

The viability of the purchaser was assessed and it was concluded that GL had sufficient funding via the GD group to ensure adequate working capital would be made available

OTHER MATTERS

The effect of the Administration is to provide protection to the Company and prevent any creditor taking action against it. During the period of the Administration, the Company cannot be wound up, no Administrative Receiver can be appointed, nor can any creditor enforce security, repossess goods, commence or continue legal action without the consent of the Joint Administrators or the permission of the Court.

The Joint Administrators will manage the affairs, business and property of the Company. The Joint Administrators are neither personally adopting any contracts that may have been entered into by the Company, nor are they personally liable in any way in respect of them.

Until it is clear that a dividend will be paid, the Joint Administrators will not take steps to agree creditors' claims and, in order to avoid incurring unnecessary costs, they do not intend to respond to routine queries. However, it would assist with the preparation of an accurate statement of the Company's affairs if you will forward a statement of your account made up to . If you intend to claim a lien, retention of title or any other form of security, you should advise me of your claim immediately in writing and forward any relevant supporting documents.

I propose to communicate with creditors during the Administration via a website, the address of which is stated on the covering letter. A written letter will be issued to all creditors each time the website is updated (and all information will remain at least three months on the website).

As part of our duties as Joint Administrators, we shall be investigating what assets the Company held and what recoveries may be made for the benefit of creditors, as well as the manner in which the Company's business was conducted. These enquiries include the investigation into any potential claims, if any, that may be brought against third parties. Accordingly, should you have any information which may be relevant, please contact me as soon as possible.

VAT Bad Debt relief is now available in respect of all debts on supplies made on or after 1 April 1989, for which VAT was charged and accounted for to HM Revenue and Customs, which has been outstanding for a period of six months and is written off in the accounts. No further documentation is required.

"A Creditors' Guide to Administrators' Remuneration" is available to download at <http://quantuma.advantecinternet.co.uk/wp-content/uploads/2016/07/Administrations-3.pdf>. Should you require a paper copy, please send your request in writing to the Joint Administrators. A copy will be provided at no cost.

The Joint Administrators will prepare proposals, which will be submitted to creditors shortly (and in any event within 8 weeks of their appointment). If appropriate, a meeting of creditors will be convened.

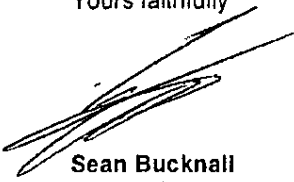
Please contact Tom Burton on 01273 322400 should you have any queries.

Should you wish to know more about the insolvency process in general, I recommend that you visit www.creditorinsolvencyguide.co.uk

Please note the Joint Administrators act as agents of the Company and contract without personal liability

Should you have any queries in regard to any of the above please do not hesitate to contact Tom Burton on 01273 322400 or by e-mail at tom.burton@quantuma.com

Yours faithfully



Sean Bucknall
Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Insolvency Practitioners Association

The affairs, business and property of the Partnership are being managed by the Joint Administrators who act as agents of the Partnership and without personal liability

Encs

Rule 2.37

Creditor's request for a meeting

Name of Company

Prolegal Limited

Company number

04806652

In the
High Court of Justice, Chancery Division
(full name of court)

Court case number

006039 of 2016

(a) Insert full name and
address of the creditor
making the request

I (a)

(b) Insert full name and
address of registered
office of the companyrequest a meeting of the creditors of (b)
Prolegal Ltd3rd Floor
37 Frederick Place
Brighton
BN1 4EA

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and
address(es) of creditors
concurring with the
request (if any) and their
claims in the
administration if the
requesting creditor's
claim
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of
concurrence(e) Insert details of the
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated