

AM10

Notice of administrator's progress report



Companies House

THURSDAY



A8ZP14BT

A17

27/02/2020

#174

COMPANIES HOUSE

1	Company details	
Company number	0 5 0 2 8 6 7 7	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Morris McLellan Limited	
2	Administrator's name	
Full forename(s)	John Dean	
Surname	Cullen	
3	Administrator's address	
Building name/number	2 Sovereign Quay	
Street	Havannah Street	
Post town	Cardiff	
County/Region		
Postcode	C F 1 0 5 S F	
Country		
4	Administrator's name ①	
Full forename(s)	Bethan Louise	① Other administrator Use this section to tell us about another administrator.
Surname	Evans	
5	Administrator's address ②	
Building name/number	2 Sovereign Quay	② Other administrator Use this section to tell us about another administrator.
Street	Havannah Street	
Post town	Cardiff	
County/Region		
Postcode	C F 1 0 5 S F	
Country		

AM10

Notice of administrator's progress report


6 Period of progress report

From date	^d 3	^d 1	^m 0	^m 7	^y 2	^y 0	^y 1	^y 9	
To date	^d 3	^d 0	^m 0	^m 1	^y 2	^y 0	^y 2	^y 0	

7 Progress report

<input checked="" type="checkbox"/> I attach a copy of the progress report	
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8 Sign and date

Administrator's signature	Signature X  X								
Signature date	^d 2	^d 6	^m 0	^m 2	^y 2	^y 0	^y 2	^y 0	

AM10

Notice of administrator's progress report



Presenter information

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

Contact name **Pippa Thompson**

Company name **Menzies LLP**

Address
2 Sovereign Quay
Havannah Street

Post town **Cardiff**

County/Region

Postcode **C F 1 0 5 S F**

Country

DX

Telephone **029 2049 5444**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Simon James

Surname Underwood

3 Insolvency practitioner's address

Building name/number 2 Sovereign Quay

Street Havannah Street

Post town Cardiff

County/Region

Postcode C F 1 0 5 S F

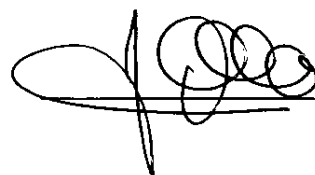
Country

Morris McLellan Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 31/07/2019 To 30/01/2020 £	From 31/01/2019 To 30/01/2020 £
	GENERAL FIXED CHARGE		
NIL	Investments - J.W. & E. Morris & Son	NIL	NIL
NIL	Investments - McLellan and Partners	NIL	NIL
Uncertain	Investments - Templegate	65,000.00	65,000.00
(2,550,000.00)	Barclays Bank Plc	(22,070.72)	(22,070.72)
	Bank interest (sale proceeds)	74.53	74.53
	Legal fees	(7,420.50)	(7,420.50)
	Agents/valuers fees	(3,133.23)	(3,133.23)
	Administrator's fees	(20,000.00)	(20,000.00)
		<u>12,450.08</u>	<u>12,450.08</u>
	ASSET REALISATIONS		
NIL	J. W. & E Morris & Son	NIL	NIL
46,440.00	McLellan and Partners	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	PREFERENTIAL CREDITORS		
(1,239.69)	Employees Wage Arrears	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(714,000.00)	Contingent Creditor - Aviva	NIL	NIL
(357,000.00)	Directors Special Bonuses	NIL	NIL
(59,324.14)	Employees	NIL	NIL
(2,354,266.64)	Ex-Templegate Shareholders	NIL	NIL
(17,562.13)	HM Revenue and Customs - PAYE &	NIL	NIL
(28,787.00)	HM Revenue and Customs - VAT	NIL	NIL
(4,146,541.00)	J.W. & E. Morris & Son	NIL	NIL
(275,039.75)	Shareholders - Unpaid Dividend	NIL	NIL
(11,190.00)	Trade and Expense Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(44,777.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
(10,513,287.35)		<u>12,450.08</u>	<u>12,450.08</u>
	REPRESENTED BY		
	Barclays Bank - Fixed Act		12,450.08
			<u>12,450.08</u>

Note:

All items detailed on the receipts and payments account are shown net of VAT as the Company was VAT registered and VAT has therefore been recovered for the benefit of the Administration estate.



John Dean Cullen
Joint Administrator

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION ("the Company")

**HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY COURTS IN BRISTOL
11 of 2019**

JOINT ADMINISTRATORS' SIX MONTH PROGRESS REPORT TO CREDITORS

FOR THE PERIOD 31 JULY 2019 TO 30 JANUARY 2020

DATED: 26 FEBRUARY 2020

Joint Administrators' names:	John Dean Cullen, Bethan Louise Evans and Simon James Underwood
Joint Administrators' address:	Menzies LLP, 2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF
Joint Administrators' date of appointment:	31 January 2019
Functions of Administrators:	In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators are being exercised by any of them.
Appointed by:	The directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986.
Details of any extension to initial period of appointment:	Following a decision by correspondence of creditors on 13 January 2020, the Administration was extended for a period of one year to 31 January 2021.
Report period to:	30 January 2020
Contact details of the Joint Administrators:	Contact: Pippa Thompson Email: PThompson@menzies.co.uk Tel: +44 (0)29 2067 4997

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8. Extension of the Administration
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- 3a. Joint Administrators' total time costs
- 3b. Joint Administrators' fixed charge time costs for the period
- 3c. Joint Administrators' floating charge time costs for the period
- 3d. Joint Administrators' narrative of work undertaken
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5. Joint Administrators' Proposals
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GLOSSARY OF TERMS

MORRIS MCLELLAN LIMITED	"the Company"
The Insolvency Act 1986	"the Act"
Schedule B1 of the Insolvency Act 1986	"the Schedule"
The Insolvency (England & Wales) Rules 2016 (as amended)	"the Rules"

1 INTRODUCTION AND EXECUTIVE SUMMARY

The Company was a holding company and the parent of a group of companies ("the Group"), comprising McLellan and Partners Limited ("M&P") and J.W. & E. Morris & Son Limited ("JWE"), which have both been placed into Administration, as well as Templegate Electrical Supplies Limited ("Templegate") which still currently trades. The directors resolved on 9 January 2019 to appoint Bethan Louise Evans, Simon James Underwood and I as Joint Administrators. On 10 January 2019 a Notice of Intention to appoint ("NOI") an Administrator was issued by the directors of the Company and filed in the High Court of Justice, Cardiff District Registry. A further NOI to appoint an Administrator was issued by the directors and filed in the High Court of Justice, Business and Property Courts in Bristol on 24 January 2019. The final Notice of Appointment was lodged at Court on 31 January 2019 and we were duly appointed.

In accordance with the Rule 18.6 of the Rules, I now report on the progress made in the Administration during the six months ended 30 January 2020.

The Joint Administrators' proposals ("the Proposals") were approved by way of decisions by correspondence. A summary of the Proposals is attached at Appendix 5.

Based on current estimates, it is not anticipated that there will be a distribution to the unsecured creditors.

Statutory information about the Company, the Administration and the officeholders is given at Appendix I.

2 PROGRESS/ASSET REALISATIONS

The manner in which the affairs of the Company have been managed since the appointment of Joint Administrators and how they will continue to be managed is set out below.

Please find enclosed at Appendix II an up to date receipts and payments account for the 12 months of the Administration, which shows a balance at bank of £12,450.08 in the fixed charge bank account.

Investments – J.W. & E. Morris & Son Limited and McLellan and Partners Limited

As mentioned above, the Company is the parent of the Group and holds shares in all three subsidiaries. As both JWE and M&P have also been placed into Administration, these assets were given a nil realisable value for the purposes of the Joint Administrators' Proposals. This continues to be the case and it is not anticipated that any realisations will be made in respect of these assets.

Investments – Templegate Electrical Supplies Limited

As mentioned in my previous progress report, upon appointment I instructed Jason Hall, MRICS of Lambert Smith Hampton Limited ("LSH"), a firm of independent valuation agents, to carry out a valuation of Templegate's assets and I prepared a three-way forecast in order to value the Company's shares in Templegate. The director of Templegate expressed an interest in purchasing the shares. I instructed LSH to market the shares in order to ensure that the greatest return was achieved from the share sale. LSH liaised with a number of interested parties; however, only one formal offer was received which was that of the director of Templegate for £65,000. Due to the lack of market for the shares and as this was the only offer received, LSH provided a recommendation that the offer be accepted. Further to this, on 13 August 2019, I sold the Company's shares in Templegate to the Director of the Templegate, which as mentioned is a subsidiary of the Company.

Further details of the sale are given in my previous progress report. An amount of £74.53 was received in respect of interest earned on the sale proceeds prior to receipt of the funds. Following the sale, I have paid the fees of TLT LLP ("TLT") and Lambert Smith Hampton Limited ("LSH") as agreed by the fixed charge holder, Barclays Bank Plc ("the Bank"). I have also paid my agreed Joint Administrators' fees from the proceeds and made a distribution of £22,070.72 from the fixed charge proceeds to the Bank. Of the sale proceeds, £12,450.08 remains in the liquidation estate. From this balance, £5,143.50 plus VAT has been retained and will be paid to TLT should the Bank's charge be paid in full as per agreement with the Bank. The remaining balance will then be distributed to the Bank.

Intercompany debts – McLellan and Partners Limited and J.W. & E. Morris & Son Limited

The Company's management accounts showed an amount of £774,000 owed by M&P in respect of an intercompany loan. For the purposes of the Joint Administrators' Proposals, the estimated to realise figure for the asset was £46,440, based on a dividend being paid in the Administration of M&P of 6 pence in the pound. It is now anticipated that this amount will increase following higher than anticipated realisations made in the estate of M&P to between 8 pence and 10 pence in the pound which would lead to a realisation of between £61,920 and £77,400, however the timing of the dividend from M&P is still uncertain. Even as a result of these increased realisations, it is not anticipated that there will be sufficient funds to enable a dividend to any class of creditor due to the outstanding fees and disbursements.

In order to ensure that the Administration remains open to receive the dividend from M&P, I convened a decision procedure to extend the Administration by one year. This decision was approved by creditors on 13 January 2020.

The Company's management accounts also showed an amount of £556,200 owed by JWE, however as JWE is also a creditor in the Administration in respect of a loan that was made to the Company, it was anticipated that the amount owed by JWE would be set off completely. The asset was therefore given an estimated to realise value of nil, and this continues to be the case. In order to confirm the intercompany position between the Group companies, I instructed Graham Paul Limited ("Graham Paul") to prepare the accounts for the year prior to Administration. This confirmed that the balance owed by JWE to the Company is £495,531 however as mentioned the loan of £4,702,741 is still owing to JWE.

I am not aware of any other assets owned by the Company. If creditors are aware of any other assets of the Company, please contact me on +44 (0)29 2067 4997.

3 LIABILITIES AND OUTCOME FOR CREDITORS

I will deal with the Company's creditors in order of priority.

Secured creditors

The Company granted fixed and floating charges to the Bank (see Appendix 1). The Bank also has a cross guarantee held against the assets of the Group. As at the date of my appointment the Bank was owed approximately £2,550,000 (excluding any accruing interest and fees) due to the debenture and cross guarantee. On 18 December 2019, an amount of £22,070.72 was paid to the Bank from the estate in part settlement of this charge and a second distribution will be made to the Bank shortly. It is anticipated that the remainder of the charge will then be settled from the estates of JWE and M&P.

Preferential creditors

The Company had 6 employees at the date of Administration, 4 of whom were executive directors, and 2 of whom were non-executive directors. All of the employees were made redundant on 31 January 2019, by which date the Company had effectively ceased to trade.

Claims from former employees in respect of arrears of wages, up to a maximum of £800 per employee, and accrued holiday pay rank preferentially. These claims were estimated to total £1,239.69.

I am yet to receive a claim from the Redundancy Payments Service ("RPS") for sums paid to former employees on behalf of the Company.

Prescribed part

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors.

In this particular case, floating charges were granted by the Company to the Bank on 6 July 2017. As the charges were created after 15 September 2003, the prescribed part provisions of the legislation apply. These require that a share of the floating charge assets is reserved for distribution to unsecured creditors as follows:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property, up to a maximum of £600,000.

Included with my Proposals was the Company's draft statement of affairs where I had estimated the Company's net property in the Administration to be £45,200. Therefore, the prescribed part was estimated to be in the region of £12,040.06. This estimate did not take into consideration the estimated costs for dealing with the Administration.

Following this initial calculation, I have now recalculated the Company's net property. Taking into consideration the estimated future floating charge realisations of between £61,920 and £77,400 and my total estimated fees of £62,340.50 plus VAT as well as estimated total agents fees, legal fees and expenses/disbursements of the Administration, the net property of the Company is estimated to be nil. Therefore, the provisions of the prescribed part will not apply.

Unsecured creditors

As at the date of my appointment, unsecured creditors were estimated to total £7,963,710.66, including unsecured claims of the former employees.

I have received 18 unsecured claims totalling £3,542,123.38. At present, the likelihood of a dividend to unsecured creditors is dependent on the realisation of the dividend from M&P, as the only potential floating charge realisation.

As previously advised, the Company gave a floating charge to the Bank on 6 July 2017 and the prescribed part provisions will apply, should the net property of the Company be above £10,000. As mentioned above, on the basis of realisations to date, together with estimated future realisations, and after taking into account the costs of the Administration to date as well as future costs of the Administration, the net property of the Company is less than £10,000, therefore I will not be applying the provisions of the prescribed part. Further, as mentioned above, it is anticipated that the Bank will be repaid in full from realisations in the estates of M&P and JWE, therefore the provisions of the prescribed part will no longer apply.

If creditors wish to record their claim in the Administration and have not already done so, please complete and return the proof of debt form attached at Appendix 7, together with supporting documentation to me at Menzies LLP, 2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF.

4 INVESTIGATIONS

I undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking into account potential recoveries and potential costs involved.

My investigations have identified a number of transactions that require further investigation. I am sure that creditors will appreciate that I am unable to disclose specific details of the transactions, as to do so may prejudice the outcome of any future action taken.

I am obliged to investigate the Company's financial affairs and submit a report to the Secretary of State in accordance with Section 7(3) of the Company Directors Disqualification Act 1986. A report on the directors' conduct has been filed, the content of which is confidential.

5 PRE-ADMINISTRATION FEES AND EXPENSES

Pre-Administration costs

The Board of Directors instructed Menzies LLP on 18 December 2018 to advise them with a view to placing the Company in Administration. The Board of Directors agreed that Menzies LLP be paid pre-Administration fees of £20,000 plus VAT.

It was also agreed that, should Menzies LLP need to carry out any further work exceeding this fixed fee that the Board would be notified, and a revised fee agreed.

Prior to the Administration the Company paid Menzies LLP £20,000 plus VAT.

In addition to my firm's costs, the following expenses were incurred in respect of legal fees.

Capital Law LLP ("Capital Law") were instructed to assist in the preparation of and filing of the first Notice of Intention ("NOI") to appoint Administrators at Court and the associated documentation. Capital Law's costs in this respect totalled £500 plus VAT.

TLT were instructed to assist in my appointment, including arranging a Board meeting and drafting the accompanying documents, as well as drafting the Joint Administrators' consents to act, and filing the second NOI to appoint Administrators at Court. TLT were also instructed to provide me with advice on the directors' employment positions. They were instructed on a time cost basis and their time for the pre-appointment work undertaken totalled £2,500 plus VAT, and they incurred disbursements of £88 plus VAT.

In summary:

<i>Supplier</i>	<i>Incurred £</i>	<i>Paid £</i>	<i>Outstanding £</i>
Menzies LLP	20,000.00	20,000.00	Nil
Capital Law	500.00	Nil	500.00
TLT	2,588.00	Nil	2,588.00
Total	23,088.00	20,000.00	3,088.00

Pre-Administration expenses incurred: £23,088 plus VAT.

Of the above expenses, £20,000 has been paid which relates to Menzies LLP's pre-Administration fee. An amount of £3,088 remains outstanding to Capital Law and TLT and will be paid in due course from realisations made. The pre-appointment expenses incurred by Capital Law and TLT of £500 plus VAT and £2,588 plus VAT respectively were approved by creditors via decisions by correspondence on 10 April 2019.

6 JOINT ADMINISTRATORS' REMUNERATION

Joint Administrators' remuneration, disbursements & expenses

Agreement to the basis of the Joint Administrators' remuneration is subject to specific approval.

The Joint Administrators remuneration was fixed by reference to the time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration, based on a fee estimate of £28,808 plus VAT. This fee estimate was included in the Proposals. The fee estimate acts as a cap and I cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.

My initial fees estimate was a milestone estimate to cover the costs anticipated to be incurred in order to value the Company's shares in Templegate and formulate a strategy for the sale of the shares. As this was carried out in the previous period, a revised fees estimate was circulated in my previous progress report dated 28 August 2019. Following a decision by correspondence on 16 September 2019, creditors approved my revised fee estimate of £62,340.50 plus VAT in relation to floating charge time costs.

During the previous period, I liaised with the Bank in order to seek fee approval for my time costs in dealing with the fixed charge asset, the shares in Templegate. Authority was given by the Bank on 26 June 2019 to draw a fixed fee of £20,000 plus VAT in relation to time associated with realising the shares. The Bank also approved legal fees of £12,564 plus VAT and agents' fees of £3,133.23 plus VAT.

My total time costs to 30 January 2020 amount to £70,464.98, representing 309.27 of hours work at an average charge out rate of £227.84 per hour. This is broken down to £49,739.50 in relation to floating charge time costs and £20,725.48 in relation to fixed charge time costs as shown at Appendix 3a.

During the period of this report, my fixed charge time costs total £1,952 and my total floating charge time costs total £15,781.50 as shown in Appendix 3b and 3c respectively.

A fixed fee of £20,000 plus VAT was charged in the period since 31 July 2019 in accordance with the approval given by the Bank to deal with the fixed charge asset. I have not drawn any fees in relation to floating charge time costs due to lack of realisations.

Given the size and technical nature of the Administration, much of the work described in the sections above was undertaken by me, a manager and an administrator. Additional assistance was provided by cashiers dealing with banking and statutory duties, and administrators offering various support services. All time spent on administering various duties was charged directly to the case in 6 minute units.

As at 30 January 2020, I anticipate that the total floating charge time costs I will incur in the Administration will exceed the total estimated remuneration as set out in my revised fee estimate when my remuneration was authorised by the creditors. This is due to the outstanding investigation matters as mentioned in section 4. Please see Appendix 4 which details actual floating charge time costs incurred as compared to the revised fees estimate provided to creditors in my progress report dated 28 August 2019.

I do not intend to request to increase my fees estimate in the matter as there are not currently anticipated to be sufficient realisations in the Administration to enable any further fees to be taken. Should my investigations lead to further asset recoveries, a further fee estimate will be circulated to creditors and approval will be sought.

A creditors' guide to Administrators' fees is available via the following link:
<http://www.menzies.co.uk/helping-you/business-recovery/fees-guide/>.

Please refer the document available for appointments made after September 2015. Alternatively, it is available free of charge by contacting this office.

7. JOINT ADMINISTRATORS EXPENSES AND DISBURSEMENTS

Expenses

Please see the receipts and payments account detailed at Appendix 2, which shows the payments made from the estate during the Administration and for the period since the last progress report.

I have incurred expenses of £2,700 during this period as detailed in statement of expenses below.

I have paid £10,553.73 during this period, as detailed below and outlined in the attached receipts and payments account. These expenses relate to fixed charge realisations and were approved by the Bank.

The total expenses incurred to 30 January 2020 is therefore £18,967.25, of which £10,553.73 has been paid to 30 January 2020.

Expenses	Amount incurred up to the previous reporting period (£)	Amount incurred / accrued in the reporting period (£)	Total incurred (£)	Amount paid up to the previous period (£)	Amount paid in the period (£)	Total Paid (£)	Remains outstanding (£)
Agents/valuers fees	3,133.23	Nil	3,133.23	Nil	3,133.23	3,133.23	Nil
Legal fees and disbursements	12,564.00	1,500.00	14,064.00	Nil	7,420.50	7,420.50	6,643.50
Accounting fees	67.00	1,200.00	1,267.00	Nil	Nil	Nil	1,267.00
Disbursements:							
Specific Penalty Bond	420.00	Nil	420.00	Nil	Nil	Nil	420.00
Statutory advertising	83.02	Nil	83.02	Nil	Nil	Nil	83.02
Total	16,200.25	2,200.00	18,967.25	Nil	10,553.73	10,553.73	8,413.52

Professional advisors

I have used the following agents or professional advisors in the reporting period:

Professional Advisor	Nature of Work	Basis of Fees
Darwin Gray LLP	Solicitors	Fixed fee
Graham Paul Limited	Accountants	Fixed fee

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. I have reviewed the charges they have made and am satisfied that they are reasonable in the circumstances of this case.

Darwin Gray LLP ("Darwin Gray") were instructed to conduct a security review of the Group's charges granted to the Bank. Graham Paul were instructed to review the intercompany position by drafting accounts for the year prior to the Administration, as well as submitting the pre-appointment Corporation Tax return and reviewing the scope for a terminal loss claim to be made.

Detailed below is a table showing the actual expenses incurred as compared to the revised expenses estimated in my previous progress report.

Nature of expense	Revised estimated expenses	Expenses incurred
Statutory advertising	£83.02	£83.02
Specific penalty bond	£420.00	£420.00
Legal Fees	£20,000.00	£14,064.00
Agents/valuers fees	£3,133.23	£3,133.23
Accounting fees	£Nil	£1,267.00
Storage	£Nil	£Nil
Total	£23,636.25	£18,967.25

As at 30 January 2020 I do not anticipate that the expenses I will incur in this matter will exceed the total expenses I estimated I would incur when my revised fees estimate was authorised by the creditors.

Disbursements

In relation to disbursements, where my firm incurs a cost that is directly referable to this matter and the payment was made to a third party, these costs have been or will be reimbursed, subject to sufficient funds being available in the estate. I have not incurred any disbursements during the period of this report as demonstrated in the table above.

No disbursements have or will be claimed which, while directly referable to this matter, did not involve a payment to a third party. Neither will any cost be reimbursed which included an element of shared or allocated cost (e.g. photocopying).

8 EXTENSION OF THE ADMINISTRATION

In accordance with Paragraph 76(1) of Schedule B1 of the Act, the appointment of an Administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. As mentioned previously, a decision by correspondence was sought from creditors to extend the Administration by one year. The resolutions to extend the Administration was passed on 13 January 2020. Accordingly, my appointment will end on 31 January 2021 unless steps are taken to extend the Administration further, pursuant to Paragraph 76(2) of Schedule B1 of the Act.

9 EXIT ROUTE FROM THE ADMINISTRATION

The Proposals provided reasons in respect of the chosen exit route of the Administration. It is currently unlikely that there will be sufficient realisations in the Administration to enable a dividend to the creditors of the Company. I will be required to keep the Administration open until I have received the dividend from M&P. I therefore propose to exit the Administration via dissolution following receipt of the dividend from M&P and once all other matters have been concluded.

Please note that the exit route of the Administration may be subject to change and should this be the case, I will notify all the relevant parties accordingly.

10 CREDITORS' RIGHTS

Creditors' right to request information

Any secured creditor, or an unsecured creditor may, with the support of at least 5% in value of unsecured creditors or with the leave of court, may (in writing) request me to provide additional information regarding remuneration or expenses already supplied within this report. In accordance with Rule 18.9(2) of the Rules, such a request or application for leave must be made within 21 days of receipt of this report.

Creditors' right to challenge remuneration and/or expenses

Any secured creditors, or an unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the court, may apply to court for one or more orders under Rules 18.36(4) or 18.37(4) of the Rules to challenge the amount and/or basis of the Administrator's fees and the amount of any proposed expenses or expenses already incurred. In accordance with Rule 18.34(3) of the Rules, such applications must be made within 8 weeks of receipt of this report.

11 DATA PROTECTION NOTICE


The Joint Administrators are data controllers of personal data as defined by the relevant provisions of the applicable data protection legislation. Menzies LLP will act as a data processor on their instructions. Personal data will be kept secure and processed only for matters relating to the insolvency appointment. Full details of our privacy notice are at the following link: <https://www.menzies.co.uk/legal/>.

12 CONCLUSION

The Administration will remain open until the Joint Administrators have realised the dividend from M&P and my investigations have concluded.

In this regard, I now anticipate the Administration will remain open for at least one further year. If deemed necessary to finalise matters the appropriate steps will be taken to extend the end date of 31 January 2021.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Pippa Thompson by email at PTHompson@menzies.co.uk, or by phone on +44 (0)29 2067 4997.



John Dean Cullen
Joint Administrator

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

APPENDIX 1

STATUTORY INFORMATION

Company name: Morris McLellan Limited

Previous name: N/A

Trading names: N/A

Company number: 05028677

Court reference: High Court of Justice, Business and Property Courts in Bristol, 11 of 2019

Date of incorporation: 28 January 2014

Trading address: Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB

Current registered office: 2 Sovereign Quay, Havannah Street, Cardiff, CF10 5SF

Former registered office: Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB

Principal trading activity:

Directors:	<i>Name:</i>	<i>Start date:</i>	<i>End date:</i>
	Brenda Bennett	24 February 2004	N/A
	Christopher Breckon	1 March 2013	N/A
	John Catlow	5 April 2004	N/A
	David Kearle	22 February 2004	N/A
	Timothy Morris	22 February 2004	N/A
	Rachel Selden	2 January 2018	N/A
	John Kearle	22 February 2004	30 June 2017

Company secretary: Rachel Selden 10 July 2017 N/A

Share capital: The Company's share capital is as follows:

	<i>Per the management accounts as £1 each</i>
Non-voting Capital and Dividend	34,649
Non-voting Capital Only	9,288
Voting Capital and Dividend	840
Total shares	<u>44,777</u>

These shares are held by T Morris, J Catlow, J Daniels, J Bussey, B Bennett, M Major, D Kearle, J Kearle, W Hopkins and S J Kearle.

Charges:	<i>Beneficiary</i>	<i>Type of charge</i>	<i>Date created</i>	<i>Assets secured</i>
	Barclays Bank Plc	Fixed and floating	6 July 2017	All property or undertaking of the Company

APPENDIX 2

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION ("the Company")

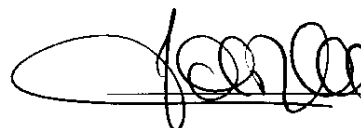
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

Appendix 2
Morris McLellan Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 31/07/2019 To 30/01/2020	From 31/01/2019 To 30/01/2020
	GENERAL FIXED CHARGE		
NIL	Investments - J.W. & E. Morris & Son	NIL	NIL
NIL	Investments - McLellan and Partners	NIL	NIL
Uncertain (2,550,000.00)	Investments - Templegate	65,000.00	65,000.00
	Barclays Bank Plc	(22,070.72)	(22,070.72)
	Bank interest (sale proceeds)	74.53	74.53
	Legal fees	(7,420.50)	(7,420.50)
	Agents/valuers fees	(3,133.23)	(3,133.23)
	Administrator's fees	(20,000.00)	(20,000.00)
		12,450.08	12,450.08
	ASSET REALISATIONS		
46,440.00	McLellan and Partners	NIL	NIL
NIL	J. W. & E Morris & Son	NIL	NIL
		NIL	NIL
	PREFERENTIAL CREDITORS		
(1,239.69)	Employees Wage Arrears	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(2,354,266.64)	Ex-Templegate Shareholders	NIL	NIL
(59,324.14)	Employees	NIL	NIL
(11,190.00)	Trade and Expense Creditors	NIL	NIL
(357,000.00)	Directors Special Bonuses	NIL	NIL
(275,039.75)	Shareholders - Unpaid Dividend	NIL	NIL
(17,562.13)	HM Revenue and Customs - PAYE &	NIL	NIL
(28,787.00)	HM Revenue and Customs - VAT	NIL	NIL
(4,146,541.00)	J.W. & E. Morris & Son	NIL	NIL
(714,000.00)	Contingent Creditor - Aviva	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(44,777.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(10,513,287.35)		12,450.08	12,450.08
	REPRESENTED BY		
	Barclays Bank - Fixed Act		12,450.08
			12,450.08

Note:

All items detailed on the receipts and payments account are shown net of VAT as the Company was VAT registered and VAT has therefore been recovered for the benefit of the Administration estate.



John Dean Cullen
18 January 2020

Appendix 3a - TOTAL TIME COSTS FOR THE PERIOD 31 JANUARY 2019 - 30 JANUARY 2020

Classification of work function	Total floating charge time costs				Total fixed charge time costs				Total time costs			
	£		£		£		£		£		£	
	Total Hours	Blended Hourly Rate	Total Time Costs		Total Hours	Blended Hourly Rate	Total Time Costs		Total Hours	Blended Hourly Rate	Total Time Costs	
Administration	181.10	222.94	40,374.00		4.50	325.67	1,465.50		185.60	225.43	41,839.50	
Asset realisation	2.60	193.65	503.50		67.37	239.70	16,148.48		69.97	237.99	16,651.98	
Creditors (claims and distribution)	33.00	205.50	6,781.50		8.80	353.58	3,111.50		41.80	236.67	9,893.00	
Investigations	11.90	174.83	2,080.50		0.00	0.00	0.00		11.90	174.83	2,080.50	
Estimated total hours	228.60	217.58			80.67	256.92			309.27	227.84		
Estimated average blended rate												
Estimated total cost			49,739.50				20,725.48				70,464.98	

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS

From 1 October 2019 1 October 2018-30 September 2019

£ per hour £ per hour

Partner/Director
Manager
Senior
Administrator
Support Staff

400-525
260-350
230-250
100-205
100-135

375-505
250-345
215-240
80-200
95-100

Note 1 There may have been a number of promotions through the various grades during the period of the administration.

Note 2 Overhead costs are reflected in the charge out rates detailed.

Note 3 The charge-out rate of the Insolvency Practitioners for this assignment are currently £525 and £475 per hour, and the administrator is £145 per hour

Note 4 Time is recorded in minimum units of 6 minutes.

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION

APPENDIX 3B

FIXED TIME CHARGE OUT SUMMARY FOR THE PERIOD FROM 31 JULY 2019 - 30 JANUARY 2020

HOURS

Classification of work function	Partner/ Director	Manager	Senior	Administrator	Support	Total Hours	Time Costs £	Average Hourly Rate £
Admin and Planning								
Investigations	0.80	0.00	0.00	0.00	0.00	0.80	305.00	381.25
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	2.70	0.60	0.00	1.20	0.00	4.50	1,357.00	301.56
Creditors	0.70	0.00	0.00	0.10	0.00	0.80	290.00	362.50
Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	4.20	0.60	0.00	1.30	0.00	6.10		
Total Costs	1,618.00	156.00	0.00	178.00	0.00		1,952.00	

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS

From 1 October 2019 1 Oct 2018 to 30 Sept 2019

£ per hour £ per hour

Partner/Director	400-525	375-505
Manager	260-350	250-345
Senior	230-250	215-240
Administrator	100-205	80-200
Support Staff	100-135	95-100

Note 1 There may have been a number of promotions through the various grades during the period of the administration.

Note 2 Overhead costs are reflected in the charge out rates detailed.

Note 3 The charge-out rate of the Insolvency Practitioner for this assignment is currently £525 and £475 per hour, and the administrator is £145 per hour.

Note 4 Time is recorded in minimum units of 6 minutes.

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION

APPENDIX 3C

FLOATING TIME CHARGE OUT SUMMARY FOR THE PERIOD FROM 31 JULY 2019 - 30 JANUARY 2020

HOURS

Classification of work function	Partner/ Director	Manager	Senior	Administrator	Support	Total Hours	Time Costs £	Average Hourly Rate £
Admin and Planning	10.00	16.20	0.90	32.40	2.10	61.60	13,487.50	218.95
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.20	0.20	0.00	0.70	0.00	1.10	219.00	199.09
Creditors	2.40	0.80	0.00	4.20	1.30	8.70	2,075.00	238.51
Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	12.60	17.20	0.90	37.30	3.40	71.40		
Total Costs	5,460.00	4,599.50	202.50	5,192.50	327.00		15,781.50	

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS

From 1 October 2019 to 1 Oct 2018 to 30 Sept 2019

£ per hour

Partner/Director	400-525	375-505
Manager	260-350	250-345
Senior	230-250	215-240
Administrator	100-205	80-200
Support Staff	100-135	95-100

Note 1 There may have been a number of promotions through the various grades during the period of the administration.

Note 2 Overhead costs are reflected in the charge out rates detailed.

Note 3 The charge-out rate of the Insolvency Practitioners for this assignment is currently £525 and £475 per hour, and the administrator is £145 per hour.

Note 4 Time is recorded in minimum units of 6 minutes.

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION ("the Company")

JOINT ADMINISTRATORS' NARRATIVE OF WORK UNDERTAKEN IN THE PERIOD 31 JULY 2019 TO 30 JANUARY 2020

A description of the work undertaken since my last progress report is as follows:

1 Administration and planning

There are certain aspects of the case that are required by statute and for the efficient running of the case. They are not expected to provide a direct quantifiable benefit to creditors; however, without them, other aspects of the case which do provide a quantifiable benefit to creditors would be less efficient. They include the maintenance of physical case files and electronic case management information, the periodic review of files, strategic case planning and the routine administration of the case, preparation of documentation and reports and dealing with correspondence and statutory advertising.

Specifically:

General Administration and planning

Time allocated to this portion of my time costs fees has been spent monitoring progression of the case, conducting regular case reviews, holding strategy meetings between the Joint Administrators and case administrators and monitoring statutory and case specific deadlines to be adhered to.

Reporting

This includes the preparation of my previous progress report and revised fees estimate which was circulated to creditors during the period, as well as preparing the documentation confirming the outcome of the decision by correspondence. During the period, time was also spent drafting the appropriate documentation in order to request an extension of the Administration from creditors, which included a further report on the progress of the Administration and the reasons for the extension.

Cashiering

Cashiering work has included the maintenance of the Administration bank accounts and cashbooks. This includes lodging receipts, preparing and processing invoices for payment, reconciling bank accounts and producing receipts and payments accounts. It also includes arranging the specific penalty bonding and preparing and submitting VAT returns to HMRC.

The aspects detailed above are required by statute for the efficient running of the case and will continue whilst it remains open. Time spent to date is mostly at administrator level with some additional time at manager, senior, support and partner level.

2 Asset realisations

Net asset realisations provide the financial benefit to creditors and their quantum directly contributes to any dividend ultimately available to creditors.

Investments – Templegate

Following the period of my previous report, time has been spent on completing the sale of the Company's shares in Templegate. This includes time spent liaising with TLT in respect of the sale agreement, reviewing and approving the sale agreement and stock transfer forms, and further correspondence in respect of TLT's fees incurred for carrying out the work. I also was required to approve TLT's additional fees with the Bank as fixed charge holder. Once the funds from the share sale were received, time was spent drafting the necessary paperwork in order to pay the fees of LSH as well as making the distribution to the Bank.

Intercompany debt – M&P

As mentioned in my report, the quantum and timing of the dividend is still uncertain. As such, minimal time has been spent during the period in dealing with floating charge assets.

3 Investigations

Complying with statutory requirements will not necessarily produce a financial benefit to creditors but may identify potential avenues which could lead to a recovery for the benefit of creditors. No time has been incurred in respect of investigations during this reporting period.

Following the period of this report, my investigations have identified some transactions that require further investigation. As such, further time will be spent on investigations during the next period.

3 Creditors (claims and distribution)

Time spent in this category included the following dealing with routine correspondence and queries, taking telephone calls from creditors and maintaining creditor information on the electronic case management files.

Preferential creditors

Time was spent during the period answering queries from redundant employees regarding their claims. In this particular case, there were 6 former employees, 4 of which had preferential claims and time has been spent in obtaining information about their claims, completing documentation for submission to the Redundancy Payments Office and corresponding with employees regarding their claims.

APPENDIX 4

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION ("the Company")

**JOINT ADMINISTRATORS' COMPARISON OF REVISED FEE ESTIMATE AND ACTUAL TIME COSTS
INCURRED**

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION

APPENDIX 4 - REVISED FEE ESTIMATE COMPARISON AGAINST FLOATING CHARGE TIME COSTS INCURRED

Classification of work function	Revised Fee Estimate				Actual - 31/01/2019 - 30/01/2020			
	£		£		£		£	
	Total Hours	Blended Hourly Rate	Total Time Costs		Total Hours	Blended Hourly Rate	Total Time Costs	
Administration	174.90	229.95	40,219.00		181.10	222.94	40,374.00	
Asset realisation	25.30	339.51	8,589.50		2.60	193.65	503.50	
Creditors (claims and distribution)	58.90	189.79	11,178.50		33.00	205.50	6,781.50	
Investigations	13.50	174.33	2,353.50		11.90	174.83	2,080.50	
Estimated total hours	272.60				228.60			
Estimated average blended rate		228.69				217.58		
Estimated total cost			62,340.50				49,739.50	

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS

	From 1 October 2019	1 Oct 2018 to 30 Sept 2019
	£ per hour	£ per hour
Partner/Director	400-525	375-505
Manager	260-350	250-345
Senior	230-250	215-240
Administrator	100-205	80-200
Support Staff	100-135	95-100

Note 1 There may have been a number of promotions through the various grades during the period of the administration.

Note 2 Overhead costs are reflected in the charge out rates detailed.

Note 3 The charge-out rate of the Insolvency Practitioners for this assignment are currently £525 and £475 per hour, and the administrator is £145 per hour

Note 4 Time is recorded in minimum units of 6 minutes.

MORRIS MCLELLAN LIMITED - IN ADMINISTRATION ("the Company")

JOINT ADMINISTRATORS' PROPOSALS

It was proposed to creditors, in the proposals report issued on 25 March 2019, that (in addition to the specific itemised proposals below, the proposals report in its entirety constitutes our proposals):

- (i) The Joint Administrators continue to deal with creditor queries and realise the assets of the Company, specifically including the shares in Templegate and the intercompany debtor;
- (ii) The Joint Administrators do all such things and generally exercise all their powers as Administrators as considered desirable or expedient, exercising 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;
- (iii) The Joint Administrators investigate the financial affairs of the Company and, if appropriate, pursue any claims the Company may have;
- (iv) The Joint Administrators be authorised to agree the claims of any secured, preferential creditors and unsecured creditors unless reasonably concluded that the Company will have no assets available for distribution to these creditors;
- (v) In the event that a secured claim arises, the Joint Administrators be authorised to make distributions to the secured creditor and distributions of the prescribed part funds to unsecured creditors as and when their claims are agreed, and funds allow;
- (vi) If having reviewed the position in respect of the secured sum owing to the Bank under the debenture and cross guarantee, the Joint Administrators are of the opinion that a distribution will be made to unsecured creditors, it is proposed that the Company exits Administration by being placed into a CVL. In these circumstances, it is proposed that the Joint Administrators be appointed Joint Liquidators and be authorised to act either jointly or separately in undertaking their duties as Liquidators.
- (vii) If having reviewed the position in respect of the secured sum owing to the Bank under the debenture and cross guarantee, the Joint Administrators are of the opinion that (1) the Company has no property which might permit a distribution to its unsecured creditors, other than that under the prescribed part provisions, and (2) there are no other outstanding matters to be dealt with in liquidation, then they will end the Administration of the Company by the filing notice of move from Administration to dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the Registrar three months after the notice is registered.
- (viii) The Joint Administrators be authorised to seek an extension to the Administration period if deemed necessary by them.

Proof of Debt

under rule 14.4 The Insolvency (England and Wales) Rules 2016

Morris McLellan Limited - In Administration

Company registration number: 05028677
Date of Administration: 31/01/2019

1	Name of creditor	
2	Address of creditor for correspondence.	
3	If the creditor is a company, provide company registration number	
4	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation.	
5	If amount in 4 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form).	
7	Particulars of any security held, the value of the security, and the date it was given.	
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
9	Details of any documents by reference to which the debt can be substantiated. (Note 1).	
10	Signature of creditor or person authorised to act on creditor's behalf _____ Date: _____	
	Name in BLOCK LETTERS _____	
	Position with, or relation to, creditor (e.g. director) _____ Address of person signing (if different from 2 above)	
Admitted to vote for		Admitted for dividend for
£		£
Date		Date
Administrator		Administrator

Please see overleaf for notes to the form

Notes:

1. There is no need to attach them now but the office holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.