

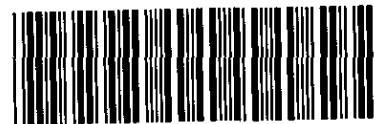
AM03

Notice of administrator's proposals



Companies House

THURSDAY



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11/04/2019

#398

COMPANIES HOUSE

1 Company details

Company number 0 5 0 2 8 6 7 7

Company name in full Morris McLellan Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

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

Surname Evans

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 2 Sovereign Quay

Street Havannah Street

Post town Cardiff

County/Region

Postcode C F 1 0 5 S F

Country

② Other administrator

Use this section to tell us about
another administrator.

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

AM03

Notice of Administrator's Proposals

6 Statement of proposals



I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature

×

B. E. J.

×

Signature date

^d

2

^d

5

^m

0

^m

3

^y

2

^y

0

^y

1

^y

9

Morris McLellan Limited - In Administration ("the Company")

Joint Administrators' Proposals

Pursuant to Paragraph 49 of the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England & Wales) Rules 2016.

Issued on 25 March 2019

Delivered to creditors on: 27 March 2019

Decision date: 10 April 2019

If you require any further information please contact:

Pippa Thompson on +44 (0)29 2067 4997 or PThompson@menzies.co.uk

Name of Joint Administrators:

John Dean Cullen, Bethan Louise Evans and
Simon James Underwood
Menzies LLP
2 Sovereign Quay
Havannah Street
Cardiff
CF10 5SF

Date of appointment:

31 January 2019

Date of proposals:

25 March 2019

Appointed by:

The directors in accordance with Paragraph 22 of
Schedule B1 of the Insolvency Act 1986

Court reference:

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

John Dean Cullen, Bethan Louise Evans and Simon James Underwood, who act as Insolvency Practitioners, are licensed in the UK by the Insolvency Practitioners Association.

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.

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

Menzies LLP
2 Sovereign Quay
Havannah Street
Cardiff
CF10 5SF

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2. Background and events leading to the Administration of the Company
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7. End of Administration
8. Joint Administrators' remuneration, disbursements & costs
9. Pre-Administration costs
10. Administrators' investigations
11. Dividend prospects
12. EC regulation on insolvency proceedings
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GLOSSARY

Insolvency Act 1986 ("the Act")
Insolvency (England & Wales) Rules 2016 ("the Rules")
Schedule B1 to the Insolvency Act 1986 ("Schedule B1")
Morris McLellan Limited ("the Company")

1 INTRODUCTION AND EXECUTIVE SUMMARY

- 1.1 Bethan Louise Evans, Simon James Underwood and I, all of Menzies LLP, were appointed Joint Administrators of Morris McLellan Limited ("the Company") on 31 January 2019. The Joint Administrators were appointed by the directors of the Company, pursuant to Paragraph 22 of the Schedule B1 of the Insolvency Act 1986 ("the Act").
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 of the Act, the functions of the Joint Administrators may be exercised jointly or individually.
- 1.3 This report sets out our proposals in respect of the Administration. A summary of the Company's statutory information, including a summary of the securities granted by the Company and information on the Joint Administrators appointment is set out in Appendix I.
- 1.4 The Company is the parent of a group of companies, 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 is still trading. As the non-trading parent of the group, it was dependent upon its subsidiary companies to fund costs and to allow it to make distributions to its shareholders. JWE was facing a problem relating to a contract entered into with Aecom UK ("Aecom") which could result in a significant liability. This meant that it was unable to continue to trade and would need to enter into Administration. M&P was also insolvent and entering into Administration. Given the position of the subsidiaries, the intercompany loan would be called in by the Administrators, making the Company insolvent. This, coupled with the cross guarantee to the Bank and indemnity to Aviva for the bond on the Long Street contract meant the company had no alternative than to enter Administration.
- 1.5 The Company's main assets are its investments in its three wholly owned subsidiaries. Due to JWE and M&P being insolvent, the investments are considered to be worthless and unsaleable. My strategy is to value and sell the shares in the third investment, Templegate.
- 1.6 The financial position of the Company means that there may be sufficient assets to enable a distribution to be made to unsecured creditors. As a result I am seeking a decision by correspondence from the creditors to consider these proposals. See section 13 of the proposals.
- 1.7 The Joint Administrators are also seeking decisions by correspondence from the unsecured creditors in respect of their pre-administration costs, remuneration and discharge from liability. See section 14 for further details.

2 BACKGROUND AND EVENTS LEADING TO THE ADMINISTRATION OF THE COMPANY

- 2.1 The Company was incorporated on 28 January 2004.
- 2.2 It is understood that the Company did not carry out its own trade, but was the parent of the group, with subsidiaries M&P, JWE, and Templegate ("the Group"). It provided shared services to other group companies for which it charged a management fee. It also employed the executive team of the group.
- 2.3 As the Company relied on the cash flow from its subsidiaries, two of which are insolvent, the Company could not continue. The intercompany liabilities to the subsidiaries also meant it was insolvent.

2.5 A summary of the recent trading performance is set out below:

	<i>Draft Management accounts Year ended 30 June 2018 £</i>	<i>Statutory accounts Year ended 30 June 2017 £</i>	<i>Statutory accounts Year ended 30 June 2016 £</i>	<i>Statutory accounts Year ended 30 June 2015 £</i>
Turnover	1,088,280	797,114	809,500	735,000
Gross profit	374,388	512,005	567,523	471,472
Net profit/(loss)	Not provided	510,423	544,847	455,700

It should be noted that the management accounts have not been verified for accuracy and therefore may not reflect the Company's true position.

Details of registered charges

- 2.6 Barclays Bank Plc ("the Bank") has a fixed and floating charge in the form of a debenture dated 6 July 2017. It also has a cross guarantee, held against the assets of the Group. The Bank is understood to be owed under this debenture and cross guarantee approximately £2,550,000.
- 2.7 I was introduced to the Company as a result of prior contact with another member of the Group. The initial introduction to the Group was made by Graham Paul, its accountants, on 22 October 2018. I first met with the Board of Directors as a whole ("the Board") on 9 January 2019, although I had had contact previously with members of the Board in respect of the subsidiary companies and been provided with instructions to advise and assist the Board with respect to the Administration. I advised the Board in respect of the financial affairs of the Company and current position.
- 2.8 The Company was insolvent by virtue of its insolvent subsidiaries and intercompany liabilities. The major realisable asset was the Company's shares in Templegate, which continues to trade. Further, the Company had guaranteed Group debts to the Bank, and a contingent debt to Aviva Plc ("Aviva") in relation to a bond for a construction contract entered into by JWE.
- 2.9 Given that the Bank could make a demand on the Company in respect of the Group debt, the intercompany liabilities, and the lack of cash flow, the Company's position was not sustainable.
- 2.10 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.
- 2.11 The shares in the subsidiary companies and the inter-company debtors are the only assets. As JWE and M&P are both insolvent, the shares in these two subsidiaries are not considered to have any value. However, the shares in Templegate are expected to be realisable. To provide a more accurate estimate of the outcome, more work will need to be carried out. A three way forecast is being prepared which will allow a marketing strategy to be finalised. This process is well underway and I will revert to creditors on the strategy for the sale of the shares.
- 2.12 To date, no marketing or formal valuation has taken place, however, I have instructed Lambert Smith Hampton ("LSH") to assist in the valuation of the assets of Templegate.
- 2.13 On 24 January 2019 a further NOI to appoint an Administrator was issued by the directors of the Company and filed in the High Court of Justice, Business and Property Courts in Bristol.

- 2.14 Following the NOI which was filed on 24 January 2019, the Bank as qualifying floating charge holder, consented to the appointment of Administrators.
- 2.15 On 31 January 2019, Bethan Louise Evans, Simon James Underwood and I were appointed by the directors as Joint Administrators of the Company and took over 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 I have been the Administrator primarily involved in dealing with the Company's affairs since that date.
- 2.16 Prior to the commencement of the Administration I acted as advisor to the Board as a whole 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, Menzies LLP was still required to act in its dealings with the Company in accordance with the Insolvency Code of Ethics.
- 2.17 Bethan Louise Evans, Simon James Underwood and I have been appointed as Joint Administrators of two other companies within the Group, being M&P and JWE. I consider that a self-review threat arises should a dividend be declared to creditors and claims adjudicated, as it would be unethical for me to agree my own claims. In order to reduce the level of threat to an acceptable level, I will seek creditor approval to agree the claims prior to payment of any unsecured creditor dividend.

3 OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

- 3.1 As Joint Administrators, Bethan Louise Evans, Simon James Underwood and I are officers of the Court and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration. The purpose of the Administration is to achieve one of the hierarchy of statutory objectives, 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.
- 3.2 Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

As a result, I am seeking to achieve objective (b) for the Company, and will do this by valuing, marketing and selling the shares in Templegate in order to achieve a sale for the highest possible value. The alternative would have been a Compulsory Liquidation. If this route were taken, the Official Receiver would charge a realisation fee of 15% of all asset realisations with no cap. If the shares were to be sold for the book value of £3,377,440 the realisation fee of the Official Receiver would amount to an estimated £506,616. The Official Receiver would also charge administration and general fees of £11,000. The Joint Administrators proposed post appointment fees will be considerably less than this amount and accordingly, placing the Company into Administration is expected to create a better return for creditors than if the Company had been placed into Liquidation.

Not only this, this strategy is part of a wider group strategy incorporating the administrations of JWE and M&P which looks to ensure that not only is a better return for the creditors as a whole achieved, but a distribution is also made to the Bank under their fixed and floating charge debenture and cross group guarantee.

- 3.3 The insolvency legislation has set a 12 month duration for Administrations, unless the duration is extended by the Court or the creditors. If I am unable to complete the Administration of the Company within 12 months then we will either apply to the Court or obtain the appropriate creditors' consent to extend the duration of the Administration.

4 ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT.

- 4.1 The manner in which the affairs and property of the Company have been managed since the appointment of the Joint Administrators and how they will continue to be managed are set out below.
- 4.2 I decided that the objective of the Administration was best achieved by the Company ceasing trade to avoid any further losses. As a result, the Company ceased trading on 31 January 2019 and its employees were dismissed on that date.
- 4.3 I summarise below some of the key matters dealt with since my appointment.
- Routine statutory and compliance work, such as filing the notice of appointment at Companies House and preparing a Gazette notice, together with notifications to all known creditors, including the preparation of these proposals. These are tasks that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings. Whilst they do not produce any direct benefit for creditors, they still have to be carried out.
 - Opening an estate bank account;
 - Liaising with the Board in order to arrange handover of the estate, including but not limited to details of any cash in hand, up-to-date creditor information and arranging the security of the books and records of the Company;
 - Sending out correspondence to the employees of the Company, advising them of their redundancy and giving details of the information required to make their claims with the Redundancy Payments Service ("RPS");
 - Answering queries from redundant employees regarding their claims;
 - Setting up and maintaining my own electronic and hard copy files;
 - Strategy discussions with my team;
 - Liaising with my agents in respect of the valuation and sale of the Company's shares in Templegate, as well as liaising with possible purchasers of the shares;
 - Gathering information from the director of Templegate to enable the preparation of a three-way cashflow;
 - The preparation of the three-way cashflow;
 - Creditor correspondence and recording claims received.
- 4.4 As indicated above, the purpose of the Administration is to achieve objective (b), to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up. In order to help me achieve the objective I have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable.

5 FINANCIAL POSITION OF THE COMPANY

- 5.1 A summary of the Company's estimated financial position as at 31 January 2019, which is known as a Statement of Affairs, is attached at Appendix II. I have requested that the director submit a statement of affairs, which will be filed at Register of Companies upon receipt. I have therefore prepared an estimated statement of affairs based on the information available to me.

Comments on the Administrators' estimate of the financial position of the Company

Assets

Investments

- 5.2 The Company has investments in JWE and M&P. The book value of these investments as stated in the last audited accounts is £13,010,448, however given that both companies are insolvent, the investments are not estimated to realise any value in the estate.

The Company also has an investment in Templegate, which continues to trade. The shares were initially bought for £3,377,440 which has been written down to an uncertain realisable value for the purposes of the statement of affairs. I have instructed agents, LSH, to carry out a more detailed valuation of the assets of Templegate and I am preparing a three way forecast in order to value the shares and finalise my marketing strategy.

Inter-Company Debtors

- 5.3 According to the Company's management accounts, the Company is owed £556,200 by JWE and £774,000 by M&P. As JWE is also a creditor in the Administration in respect of a loan that was made to the Company, it is anticipated that the amount owed by JWE will be set off completely. It is therefore anticipated that nothing will be realised from this asset. The estimated to realise figure for the M&P debt is based on the anticipated dividend of 6 pence in the pound from M&P now that it has also been placed into Administration.

Liabilities

Secured creditor

- 5.4 The Bank has a fixed and floating charge in the form of a debenture dated 6 July 2017. It also has a cross guarantee across the Group. The Bank is understood to be owed approximately £2,550,000 under this debenture and cross guarantee. There may be additional trade guarantees which have not yet crystallised.

I will be seeking legal advice as to whether, in the event that JWE pay the debt owed to the Bank, JWE would become a creditor of the Company.

Preferential creditors

- 5.5 The Company is the parent Company in the Group and as such it employed the Board. It is understood that 4 members of the Board had employment contracts with the Company and received their salaries from the Company. The two non-executive directors did not hold a contract

of employment and received no salary, however they did receive directors' fees and bonuses from the Company.

The 4 directors that held employment contracts with the Company may have preferential claims in respect of pay arrears (up to a maximum of £800) and any accrued unpaid holiday. Employees may be entitled to recover sums due to them, up to certain statutory limits, by making a claim against the National Insurance Fund via the Redundancy Payments Service ("RPS").

- 5.8 I have not yet received a claim from the RPS in respect of the payment made to employees. However, I have estimated employees' preferential claims at £1,239.69 in total.

Prescribed part

- 5.9 Under Section 176A of the Act, where a company has granted a floating charge to a creditor on or after 15 September 2003, a prescribed part of the company's net property, which would otherwise be available to the floating charge creditor, is set aside for the benefit of unsecured non-preferential creditors. 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.

- 5.10 In this particular case, the Company granted a fixed and floating charge to the Bank on 6 July 2017. Since the charge was created after 15 September 2003, the prescribed part provisions will apply. Given the uncertain valuation of the Templegate shares, the currently unknown quantum of the bank lend to be paid by JWE or M&P and the uncertainty as to whether those estates would have any claim in this estate if they repay the lend, it is currently uncertain as to whether the prescribed part will apply. The statement of affairs shows a prescribed part of £12,040.06 on the basis of the realisations from the debt owed from M&P being available to creditors. This is subject to change dependent on the outcome of the above variables and my valuation of the shares in Templegate, as any realisations from the sale of shares in Templegate will be repayable to the Bank under their fixed charge. In the event that the Bank's debt is repaid in full, the floating charge will have been repaid and the prescribed part provision will no longer apply.

Unsecured creditors

- 5.11 *Inter-company creditor*

JWE provided finance to the Company to fund its investments. It is understood that the amount currently outstanding to JWE stands at £4,702,741. If the amount owed to JWE is set off by the amount owed by JWE to the Company, this amount will be reduced to £4,146,541. Set off has been applied for the purpose of the statement of affairs.

- 5.12 *Contingent creditors*

JWE entered into a construction contract with Aecom Limited ("Aecom") in respect of a project known as "Long Street". A requirement of the contract was to hold a performance bond. This is held with Aviva for the sum of approximately £714,000 and in the event that a claim is made on the bond by Aecom, Aviva may claim the sum from JWE.

There is a group indemnity in place making the Company liable for the sum in the event of non-payment by JWE. It is therefore recognised as a contingent creditor in the estate as well as that of JWE.

5.13 *Directors Special Bonuses*

It is understood that the directors are entitled to bonuses which have not been paid. They are estimated to total £357,000.

5.14 *Employees*

Advice was sought from TLT Solicitors LLP ("TLT") on making the employees, being the Board of Directors, redundant and the status of their employment contracts. All employees of the Company were subsequently made redundant on 31 January 2019. The employees may be entitled to redundancy pay and pay in lieu of notice.

As the Company was incorporated on 28 January 2004 and traded for 15 years, there may be substantial redundancy claims from the former employees due to their length of service. This is estimated at £59,324.14 on the basis of the employment records I have reviewed to date.

5.15 *Templegate ex-shareholders*

The prior shareholders of Templegate entered into a Share Purchase Agreement ("SPA") dated 6 July 2017 with the Company. The shares were paid for partly in cash, and partly in loan notes. The terms of the loan notes state that in the event of default, each noteholder, being the prior shareholders, may demand the immediate repayment of the principle amount of all their notes. I believe that this amounts to £1,000,000 plus interest. In addition, the SPA states that in event of default, the maximum Earn-out Payment shall be immediately due, being £1,300,000.

5.16 *Company shareholders*

A dividend was declared to the shareholders of the Company in the financial year 30 June 2017, payable on 2 July 2018 at the rate of £7.75 per share. The dividend was not subsequently paid. At the date of the dividend, the number of dividend paying shares totalled 35,489, therefore it is estimated that £275,039.75 is owed to the shareholders in respect of the unpaid dividend.

5.17 Inclusion or exclusion on the statement of affairs does not constitute agreement or rejection of claims. Any claims received will be reviewed prior to adjudication of the claim.

6 ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

6.1 I attach at Appendix III a summary of the Joint Administrators' receipts and payments for the period 31 January 2019 to the date of these proposals.

7 JOINT ADMINISTRATORS STRATEGY TO ACHIEVE OBJECTIVE OF THE ADMINISTRATION AND END OF ADMINISTRATION

7.1 *In order to achieve the objective of the Administration of the Company I propose to comply with my statutory duties and obligations as outlined in the relevant legislation, to value the shares in Templegate, to realise the assets of the Company, being the shares in Templegate and intercompany balances from M&P, to carry out my usual investigations into the Company's affairs and to deal with any creditor queries arising. Should sufficient realisations be made in the Administration, I then propose to distribute funds to the Bank under their fixed and floating charge, the preferential creditors, and where appropriate the unsecured creditors.*

Exit route from Administration

7.2 In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the creditors. There are several possible exit routes from administration.

7.3 At present, it is anticipated that there is likely to be a distribution to unsecured creditors over and above the prescribed part. Therefore, it is proposed that the Administration will end by placing the Company into Creditors' Voluntary Liquidation ("CVL") and that John Dean Cullen, Bethan Louise Evans and Simon James Underwood are appointed Joint Liquidators of the Company and that they be authorised to act either jointly or separately in undertaking their duties as Liquidators.

Creditors may nominate alternative Insolvency Practitioners as the proposed liquidators, but must make the nominations at any time after these Proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 14.

7.4 As the Bank has a guarantee across the Group, it is uncertain as to what extent the Bank debt will be discharged by the Company.

Should the only funds available for distribution to unsecured creditors be those ring-fenced for unsecured creditors under the prescribed part provisions, the Company will not be placed into CVL and the Administration of the Company will end upon filing notice of move from Administration to dissolution with the Registrar of Companies. The Company will then be automatically dissolved by the Registrar three months after the notice is registered.

7.5 The exit strategy will be closely monitored as the case progresses and further details will be provided to creditors in the six month progress report.

Discharge from liability

7.6 The Joint Administrators propose to seek approval from the creditors that we will be discharged from liability in respect of any of our actions as Joint Administrators immediately upon our appointment ceasing to have effect.

7.7 Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against the Joint Administrators.

8 JOINT ADMINISTRATORS' REMUNERATION, DISBURSEMENTS & EXPENSES

Joint Administrators' remuneration

8.1 Agreement to the basis of the Joint Administrators' remuneration is subject to specific approval. It is not part of the proposals.

8.2 The Joint Administrators are entitled to receive remuneration for their services. Rule 18.16 of the Rules permits remuneration to be fixed either:

- as a percentage, for example, of the value of the property with which the Joint Administrators have to deal; or
- by reference to the time the Joint Administrators and their staff have spent attending to matters arising in the Administration; or
- as a set amount.

- 8.3 It is for a Creditors Committee to approve the basis of the Administrators remuneration. Please see Section 14 below relating to Creditors Committee. If no Creditors Committee is established or the Creditors Committee fails to determine the basis of my remuneration, it will be for the creditors to determine.
- 8.4 In the event that no Creditors Committee is formed, I propose to seek approval from the Company's creditors for my remuneration to be fixed by reference to time properly spent by me and my staff in attending to matters arising in the Administration. I am required to provide an estimate of my fees, and will not be able to draw remuneration from the estate above the agreed level set out in the estimate without further approval.
- 8.5 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 to the April 2017 version under appointments made after September 2015. Alternatively, it is available free of charge by contacting my office.
- 8.6 Once a three way forecast for Templegate has been finalised, I will be in a position to build a strategy for disposal of the shares in Templegate. I propose fees on a time costs basis for the initial work to include:
- reviewing the value of the business;
 - deciding on a strategy for the marketing of the shares; and
 - preparing a further report to creditors.
- 8.7 The total hours and total time costs anticipated to be spent in respect of each aspect of work up to this milestone, together with a description of the work to be undertaken, is attached at Appendix IV. Also included is the blended hourly rate for each activity. This is the prospective average cost per hour for the category of work based upon the estimated time to be expended by each grade of staff at their specific charge-out rate.
- 8.8 My milestone fee estimate in this matter is £28,808 plus VAT. At the point of reaching this milestone fees estimate I will revert to creditors with my strategy for the marketing and sale of the shares in Templegate, and will issue my revised fees estimate.
- 8.9 My post-appointment time costs for the period to 25 March 2019 total £23,747.98 plus VAT. A schedule of these time costs can be found at Appendix V.
- 8.10 Full details of the charge out rates currently charged are detailed in Appendix V.

Disbursements

- 8.13 In relation to disbursements, where my firm incurs a cost that is directly attributable to the case and payment is made to a third party, these costs will be reimbursed once there are sufficient funds to do so. Disbursements incurred to date are set out at Appendix V.
- 8.14 Also set out in Appendix V are the disbursements I anticipate incurring.
- 8.15 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 includes an element of shared or allocated cost.

Professionals, sub-contractors and other expenses

- 8.16 Where appropriate, I have employed or will be employing professionals to advise me in relation to certain specialist matters. The firms engaged to provide professional advice are chosen on the basis of their experience and knowledge of the areas on which they are advising, taking into account the complexity of the assignment. The fees charged will be reviewed for reasonableness, given the level of work undertaken.
- 8.17 Capital Law LLP ("Capital Law") were instructed prior to my appointment to draft and file the first NOI to appoint Administrators. It is not anticipated that any further work will be carried out by Capital Law.
- 8.18 TLT were instructed to provide pre-appointment advice in relation to the Administration and my appointment and giving me advice on the directors' employment position. Specifically, TLT gave advice in relation to the status of the employees' contracts. TLT also assisted in preparing and filing the second NOI to appoint Administrators and Notice of Appointment of Administrators. It is anticipated that further work will be carried out by TLT to assist in the sale of Templegate's shares. This will be on a time cost basis and is estimated to cost £15,000 plus VAT.
- 8.19 I have engaged Jason Hall MRICS of LSH to assist in the valuation of the assets of Templegate which will assist in my valuation of the shares. LSH have visited the premises of Templegate and have prepared an inventory and valuation report for the assets. I have been informed that LSH's post-appointment fees amount to £2,000 plus VAT plus disbursements of £133.23 plus VAT.
- 8.20 Archiving agents have been instructed to collect the Company's physical records and store them for the period of the Administration and any subsequent Liquidation. I estimate the costs will be on a fixed fee basis of approximately £1,000 plus VAT.
- 8.21 The costs are attached at Appendix V which include additional expenses not linked to professional advice.

9 PRE-ADMINISTRATION COSTS

- 9.1 The Board of Directors instructed Menzies LLP to assist them in placing the Company in to Administration on 18 December 2018. They agreed that Menzies LLP should be paid pre-administration fixed costs 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.
- 9.2 The following was undertaken by my firm:
- Advice and assistance was provided to the Board and meetings were attended in respect of the Company's financial situation, specifically the appointment of Administrators;
 - Liaising with TLT and Capital Law regarding the filing of two NOI to Appoint Administrators at Court;
 - Advising the Board in relation to the Administration appointment;
 - Liaising with TLT regarding the employment of the directors and whether all employees would be made redundant;
 - Liaising with the Company's secured creditor appraising them of the Company's financial position and strategy to achieve the objective of the Administration;

- Liaising with Company creditors and obtaining petition searches to ascertain if a winding-up petition had been lodged against the Company;
- Liaising with stakeholders and agents to formulate a strategy; and
- Seeking advice from agents in respect of the sale of the shares in Templegate.

Expenses

- 9.3 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. TLT were instructed on a time cost basis and their time for the pre-appointment work undertaken equates to £2,500 plus VAT. TLT have also incurred pre-appointment disbursements totalling £88 in respect of company searches and land registry searches.
- 9.4 Capital Law have assisted in the preparation of and filing of the first NOI to appoint Administrators and associated documentation. Capital Law's costs in this respect are £500 plus VAT. The work done was necessary to effect our appointment.
- 9.5 The task of assisting the Board with taking steps to place the Company into Administration, together with some of the other tasks mentioned above, are required by statute and regulatory best practice guidance. Whilst they do not produce any direct benefit for creditors, they are still necessary to be carried out.
- 9.8 The table below sets out my pre-Administration costs incurred and paid, net of VAT.

Name	Incurred £	Paid £	Identity of payer	Outstanding £
Menzies Fees				
Menzies LLP	20,000.00	20,000.00	The Company	Nil
Menzies Expenses				
TLT	2,588.00	-	-	2,588.00
Capital Law	500.00	-	-	500.00
	23,088.00	20,000.00	-	3,088

- 9.9 If a Creditors' Committee is appointed, it will be for the Committee to approve payment of the outstanding pre-Administration costs. The payment of the unpaid pre-Administration costs as an expense of the Administration is not part of the proposals. If a Committee is not appointed, I will be seeking a separate decision from the creditors to approve the payment of the outstanding costs, in accordance with Rule 3.52 of the Rules, at the same time I seek a decision from them on whether or not to approve these proposals.
- 9.10 No fees or expenses were incurred prior to the Administration by another person qualified to act as an Insolvency Practitioner.

10 ADMINISTRATORS' INVESTIGATIONS

- 10.1 I 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. I am 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. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

11 DIVIDEND PROSPECTS

Secured creditors

- 11.1 As detailed above, the Bank has a fixed and floating charge in the form of a debenture dated 6 July 2017. It also has a cross guarantee across the Group of companies. The Bank is understood to be owed approximately £2,550,000 under this debenture and cross guarantee.
- 11.2 As the Bank has a guarantee across the Group it is uncertain as to what extent the Bank debt will be discharged by the Company. However, any realisations in respect of the Company's shares in Templegate are expected to fall under the Bank's fixed charge and would be payable to the Bank *subject to costs*.

Preferential creditors

- 11.3 There are 4 preferential creditors in this matter to which a dividend will be payable in respect of pay arrears (up to a maximum of £800) and any accrued unpaid holiday. Employees may be entitled to recover sums due to them, up to the statutory limit, by making a claim against the National Insurance Fund via the RPS.

11.4 *Prescribed part*

Under Section 176A of the Act, where a company has granted a floating charge to a creditor on or after 15 September 2003, a prescribed part of the company's net property, which would otherwise be available to the floating charge creditor, is set aside for the benefit of unsecured non-preferential creditors. 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.

- 11.5 In this particular case, the Company granted a fixed and floating charge to the Bank on 6 July 2017. Since the charge was created after 15 September 2003, the prescribed part provisions will apply. Given the uncertain valuation of the Templegate shares, the currently unknown quantum of the bank lend to be paid by JWE or M&P and the uncertainty as to whether those estates would have any claim in this estate if they repay the lend, it is currently uncertain as to whether the prescribed part will apply. The statement of affairs shows a prescribed part of £12,040.06 on the basis of the realisations from the debt owed from M&P being available to creditors. This is subject to change dependent on the outcome of the above variables and my valuation of the shares in Templegate, as any realisations from the sale of shares in Templegate will be repayable to the Bank under their fixed charge. In the event that the Bank's debt is repaid in full, the floating charge will have been repaid and the prescribed part provision will no longer apply.

Unsecured creditors

- 11.6 There may be a dividend over and above the prescribed part, depending upon the valuation of the Templegate shares and the amount they are able to realise. As mentioned previously, I am currently finalising my forecast of Templegate in order to calculate the realisable value of the shares. Once this has been calculated, I will revert to creditors with the anticipated dividend prospects.

12 EC REGULATION ON INSOLVENCY PROCEEDINGS

- 12.1 I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading addresses are in the United Kingdom.

13 ADMINISTRATORS' PROPOSALS

- 13.1 In order to achieve the objective set out at section 3 above, Bethan Louise Evans, Simon James Underwood and I formally propose to creditors that (in addition to the specific itemised proposals below, this document 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.

14 APPROVAL OF PROPOSALS

Decision procedure via correspondence

- 14.1 Given the financial position of the Company, there may be sufficient funds available to enable a dividend to be paid to unsecured creditors over and above the prescribed part. A decision procedure is therefore required from the creditors to approve my proposals.
- 14.2 I am seeking the following decisions by correspondence from the creditors:
- i. To approve the Joint Administrators' proposals;
 - ii. **In the event that a Creditors Committee is not established**, to approve the pre-administration costs;
 - iii. **In the event that a Creditors Committee is not established**, to fix the basis of the Joint Administrators' remuneration;
 - iv. **In the event that a Creditors Committee is not established**, to approve their discharge from liability.
- 14.3 If a creditor wishes to vote on the decisions, they must complete and return the enclosed voting form to me by no later than 23.59 on **10 April 2019**, the decision date. If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me, together with the relevant supporting documentation. A vote on the decisions by a creditor will not count unless they have lodged proof of their debt by no later than 23.59 on **10 April 2019**.

Please note that I must receive at least one vote by the decision date or the decisions will not be made. I would therefore urge creditors to respond promptly.

Creditors' Committee

- 14.4 Creditors are also invited to determine whether to form a Creditors' Committee ("the Committee"), and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <https://www.r3.org.uk/what-we-do/publications/professional/creditors-guides>
- 14.5 The Committee will be formed if sufficient creditors are willing to act. The minimum number of Committee members is three and the maximum is five. The Committee represents the interests of the creditors as a whole, rather than the interests of certain parties or individuals and its statutory function is to help the Joint Administrators to discharge their responsibilities.
- 14.6 If the Committee is formed it is for that body to approve:
- The Joint Administrators' pre-appointment costs
 - The basis of the Joint Administrators' remuneration
 - The drawing of certain disbursements
 - The Joint Administrators discharge from liability in respect of any actions taken during the Administration.

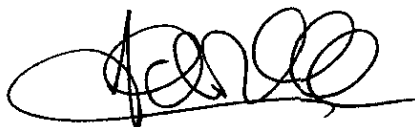
- 14.7 Members of the Committee are not remunerated for their time. Other than receiving travel expenses, they receive no payment from the Company.
- 14.8 Should any creditor decide that a Committee should be established and wishes to sit on the Committee, please complete the resolution attached to the Notice of Invitation to form a Committee and contact Pippa Thompson on +44 (0)29 2067 4997, or by email at PThompson@menzies.co.uk, who will assist you with the completion of the forms.

Creditors' right to request a physical meeting

- 14.9 Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within 5 business days of the delivery of the notice that accompanies this letter. Such requests must be supported by proof of their debt, if not already lodged. I will convene a meeting if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

15 FURTHER INFORMATION

- 15.1 To comply with the Provision of Services Regulations, some general information about Menzies LLP, including about our complaints policy and Professional Indemnity Insurance, can be found at <https://www.menzies.co.uk/helping-you/business-recovery/making-a-complaint/>.
- 15.2 If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available online, they should contact Pippa Thompson on the above telephone number, or by email at PThompson@menzies.co.uk.



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.

The officeholders 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 is at the following link: <https://www.menzies.co.uk/legal/>

Appendix I

STATUTORY INFORMATION

Company Information

Company name:	Morris McLellan Limited		
Previous name:	JWM (Holdings) Limited Redi-156 Limited		
Trading names:	N/A		
Company number:	05028677		
Date of incorporation:	28/01/2004		
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:	Holding company		
Directors:	<i>Name:</i>	<i>Start date:</i>	<i>End date:</i>
	Rachel Selden	2 January 2018	N/A
	Brenda Bennett	22 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
	John Kearle	22 February 2004	30 June 2017
Company secretary:	Rachel Selden	10 July 2017	N/A
	John Kearle	22 February 2004	30 June 2017
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>

The shares are owned by T Morris, J Catlow, J Daniels, J Bussey, B Bennett, M Major, D Kearle, J Kearle, W Hopkins and S J Kearle. The beneficial owners are Brenda Bennett, David Kearle and John Kearle.

Charges:

Beneficiary
Barclays Bank
plc

Type of charge
Fixed and floating

Date created
6 July 2017

Assets secured
All property or
undertaking of the
Company

Morris McLellan Limited
Statement Of Affairs as at 31 January 2019

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge:		
Investments - J.W. & E. Morris & Son	8,745,007.00	NIL
Investments - McLellan and Partners	4,265,441.00	NIL
Investments - Templegate	3,377,440.00	Uncertain
Barclays Bank Plc		(2,550,000.00)
Deficiency c/d		(2,550,000.00)
Assets subject to floating charge:		
McLellan and Partners	774,000.00	46,440.00
J. W. & E Morris & Son	556,200.00	NIL
Uncharged assets:		
Estimated total assets available for preferential creditors		46,440.00

Signature _____ Date _____

Morris McLellan Limited
Statement Of Affairs as at 31 January 2019

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		46,440.00
Liabilities		
Preferential Creditors:-		
Employees Wage Arrears	1,239.69	1,239.69
Estimated deficiency/surplus as regards preferential creditors		45,200.31
Debts secured by floating charges pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		NIL
		45,200.31
Estimated prescribed part of net property where applicable (to carry forward)		12,040.06
Estimated total assets available for floating charge holders		33,160.25
Debts secured by floating charges post 14 September 2003		
Deficiency b/d	2,550,000.00	2,550,000.00
Estimated deficiency/surplus of assets after floating charges		(2,516,839.75)
Estimated prescribed part of net property where applicable (brought down)		12,040.06
Total assets available to unsecured creditors		12,040.06
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Ex-Templegate Shareholders	2,354,266.64	
Employees	59,324.14	
Trade and Expense Creditors	11,190.00	
Directors Special Bonuses	357,000.00	
Shareholders - Unpaid Dividend	275,039.75	
HM Revenue and Customs - PAYE & NIC	17,562.13	
HM Revenue and Customs - VAT	28,787.00	
J.W. & E. Morris & Son	4,146,541.00	
Contingent Creditor - Aviva	714,000.00	
		7,963,710.66
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(7,951,670.60)
Shortfall in respect of F.C's post 14 September 2003 (brought down)		2,516,839.75
Estimated deficiency/surplus as regards creditors		(10,468,510.35)
Issued and called up capital		
Ordinary Shareholders	44,777.00	44,777.00
Estimated total deficiency/surplus as regards members		(10,513,287.35)

Signature _____ Date _____

Menzies LLP
Morris McLeilan Limited
B - Company Creditors

Key	Name	Address	£
CA00	Aviva Insurance Limited	Pitheavlis, Perth, PH2 0NH	714,000.00
CB00	Barclays Bank Plc	1 Churchill Place, London, E14 5HP	2,550,000.00
CB01	Glyn Bailey	c/o Blake Morgan, One Central Square, Cardiff, CF10 1FS	657,124.97
CB02	Patricia Bailey	C/o Blake Morgan, One Central Square, Cardiff, CF10 1FS	258,710.62
CB03	Brenda Bennett	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	62,868.00
CB05	Jeanette Bussey	Greenacres, Hillcrest Penfai, Bridgend, CF31 4NL	20,925.00
CB07	Christopher James Breckon	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	89,250.00
CC00	John Catlow	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	38.75
CC01	John Catlow	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	89,250.00
CD00	Ian Dyer	C/o Blake Morgan, One Central Square, Cardiff, CF10 1FS	64,677.66
CD01	Judith Daniels	51 Brynhedyn, Pencoes, Bridgend, CF35 6TL	20,925.00
CG00	Graham Paul Ltd	Court House, Court Road, Bridgend, CF31 1BE	11,190.00
CH00	Lee Hall	C/o Blake Morgan, One Central Square, Cardiff, CF10 1FS	64,677.66
CH01	HM Revenue & Customs	Debt Management, DM Paye, BX9 1EW	17,562.13
CH02	William J Hopkins	4 Lidmore Road, Barry, Vale of Glamorgan, CF62 7NF	4,045.50
CJ00	J.W. & E Morris & Son Limited	Morris House, South Road, Industrial Estate, Bridgend, CF31 3RB	4,146,541.00
CK00	David Kearle	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	21,529.50
CK01	John Kearle	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	2,108.00
CK02	Sylvia Jane Kearle	North Lodge, Nantgaredig, Camarthen, SA32 7NR	19,375.00
CK03	David Kearle	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	89,250.00
CM00	Molly Major	c/o Blue Cedars, Woodlands Road, West Byfleet, Surrey, KT4 6JW	40,687.50
CM01	Tim Morris	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	82,537.50
CS00	Colin Sawyer	C/o Blake Morgan, One Central Square, Cardiff, CF10 1FS	1,309,075.73
CS01	Rachel Selden		89,250.00
CZ91	HM Revenue and Customs	Enforcement Office, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	28,787.00
25 Entries Totalling			10,454,386.52

Signature _____

Menzies LLP
Morris McLellan Limited
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HB00	Jeanette Bussey	Greenacres, Hillcrest Penfai, Bridgend, CF31 4NL	Ordinary	3,420.00	3,420	1.00	3,420.00
HB01	Brenda Bennett	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	Ordinary	10,266.00	10,266	1.00	10,266.00
HB02							
HC00	John Catow	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	Ordinary	5.00	5	1.00	5.00
HD00	Judith Daniels	51 Brynhedyn, Pencoeed, Bridgend, CF35 6TL	Ordinary	3,420.00	3,420	1.00	3,420.00
HH00	William J Hopkins	4 Lidmore Road, Barry, Vale of Glamorgan, CF62 7NF	Ordinary	522.00	522	1.00	522.00
HK00	Sylvia Kearle	North Lodge, Nantgaredig, Camarthen, SA32 7NR	Ordinary	2,500.00	2,500	1.00	2,500.00
HK01	John Kearle	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	Ordinary	992.00	992	1.00	992.00
HK02	David Kearle	Morris House, South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	Ordinary	3,498.00	3,498	1.00	3,498.00
HM00	Molly Major	c/o Blue Cedars, Woodlands Road, West Byfleet, Surrey, KT4 6JW	Ordinary	6,690.00	6,690	1.00	6,690.00
HM01	Tim Morris	Morris House South Road, Bridgend Industrial Estate, Bridgend, CF31 3RB	Ordinary	13,464.00	13,464	1.00	13,464.00
10 Ordinary Entries Totalling				4,477.70	44,777		

Signature _____

Morris McLellan Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 25/03/2019

S of A £		£	£
	GENERAL FIXED CHARGE		
NIL	Investments - J.W. & E. Morris & Son	NIL	
NIL	Investments - McLellan and Partners	NIL	
Uncertain	Investments - Templegate	NIL	
(2,550,000.00)	Barclays Bank Plc	NIL	NIL
	ASSET REALISATIONS		
46,440.00	McLellan and Partners	NIL	
NIL	J. W. & E Morris & Son	NIL	NIL
	PREFERENTIAL CREDITORS		
(1,239.69)	Employees Wage Arrears	NIL	NIL
	UNSECURED CREDITORS		
(2,354,266.64)	Ex-Templegate Shareholders	NIL	
(59,324.14)	Employees	NIL	
(11,190.00)	Trade and Expense Creditors	NIL	
(357,000.00)	Directors Special Bonuses	NIL	
(275,039.75)	Shareholders - Unpaid Dividend	NIL	
(17,562.13)	HM Revenue and Customs - PAYE &	NIL	
(28,787.00)	HM Revenue and Customs - VAT	NIL	
(4,146,541.00)	J.W. & E. Morris & Son	NIL	
(714,000.00)	Contingent Creditor - Aviva	NIL	NIL
	DISTRIBUTIONS		
(44,777.00)	Ordinary Shareholders	NIL	NIL
(10,513,287.35)			NIL
	REPRESENTED BY		NIL

John Dean Cullen
Joint Administrator

Morris McLellan Limited - In Administration

Appendix IV - Fees Estimate

Classification of work function	£		
	Total Hours	Blended Hourly Rate	Total Time Costs
Administration	98.70	195.71	19,317.00
Asset realisation	38.00	183.03	6,955.00
Creditors (claims and distribution)	8.70	210.17	1,828.50
Investigations	3.50	202.14	707.50
Estimated total hours	148.90		
Estimated average blended rate		193.47	
Estimated total cost			28,808.00

CURRENT CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS

From 1 October 2018

£ per hour

Partner/Director	375-505
Manager	250-345
Senior	215
Administrator	80-200
Support Staff	95-100

Note 1 There may be 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 £505 and £445 per hour, and the administrator is £130 per hour.

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

APPENDIX IV - NARRATIVE TO SUPPORT TIME SPENT TO DATE AND FURTHER TIME EXPECTED TO MILESTONE FEE ESTIMATE

A description of the work to be undertaken in the Administration of the estate up to a milestone is as follows:

Administration

There are certain aspects of the case that are required by statute and for its efficient conduct; they are not expected to provide a direct quantifiable benefit for the creditors.

This includes the preparation of post appointment documentation, proposals and formalities on appointment including statutory notification to the Registrar of Companies, statutory advertising, convening a creditors' decision procedure, dealing with correspondence and liaising with banks, HM Revenue & Customs ("HMRC"), maintenance of physical and electronic case files, review of files, strategic case planning and routine case administration and cashiering matters. Specifically;

Reporting

I am required to report to creditors on my proposals for the Administration and to convene a decision procedure in order for creditors to resolve to approve those proposals, the basis of my fees and whether to form a creditors' committee. The content and substance of the proposals must be made in line with the Act and the Rules, with this in mind sufficient time has been spent in preparing this report following my appointment, to ensure its compliance.

As mentioned in my proposals, I hope to have finalised my three-way forecast of Templegate and formulated a plan for the marketing and sale of the shares in Templegate shortly. Once finalised, I will revert to creditors with my strategy and issue my revised fees estimate. I have therefore not included any time in this fees estimate for the drafting and circulation of any six monthly progress reports.

Time has also been spent drafting correspondence to the directors of the Company to request their submission of the Statement of Affairs to be filed in at Companies House. A further report will be drafted and sent to creditors to advise of the outcome of my valuation of the shares and my strategy as described above.

Cashiering

This includes setting up and maintaining the Administration bank account and cashbook, lodging receipts, preparing and processing invoices for payment, reconciling bank accounts, and producing receipts and payments accounts. Further cashiering work will include preparing and filing relevant VAT returns.

The above aspects of the case 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.

Asset Realisations

This milestone fee estimate covers the costs I expect to incur to finalise my forecasts and subsequent valuation of the Templegate shares and for my strategy for the marketing and sale of the shares.

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

LSH were instructed to assist in the valuation of the assets of Templegate. Time will be spent reviewing the information and liaising with LSH regarding the outcome of the valuation. In addition, time has been spent collating information from the director of Templegate to enable the forecasts to be prepared. The forecasts will shortly be finalised and I will be holding meetings with relevant team members and my agents to discuss the results and formulate a strategy for realisation of the shares.

Time spent will also include the reconciliation of the inter-company position, producing a proof of debt form to submit to M&P and collating the necessary evidence to support my claim in the Administration. It is anticipated that further legal advice will be sought from TLT in respect of my claim.

Creditors (claims and distribution of funds to creditors)

The time attributed to creditors is dealing with creditor correspondence and queries. It also includes maintaining creditor information on our electronic and physical case management files. If a Creditors Committee is formed (minimum of 3 creditors and a maximum of 5), it is envisaged that there will be additional time costs incurred in relation to this, which will include convening meetings, reporting and dealing with any correspondence and queries. However, for the purpose of this fees estimate, time incurred in the constitution of a Creditors Committee has not been included. Should a Committee be formed, the additional time spent on convening meetings, reporting and correspondence will be included in my revised fees estimate.

I have been made aware of approximately 19 unsecured creditors, including one associated company within the Group, and one secured creditor. There are also 4 employee creditors. Time has been spent liaising with these employees regarding their redundancies and assisting the employees in respect of their claims to the Redundancy Payments Services ("RPS").

No time has been allocated to adjudicating and paying a dividend to creditors at this stage. When I reach my milestone fees estimate, if there are anticipated to be sufficient realisations to enable a dividend to the creditors, time costs will be included in my next fees estimate to cover this.

It is anticipated that further time will be spent liaising with the secured creditor and reviewing the position under the cross guarantee and further time may be spent dealing with correspondence from the RPS.

Investigations

Books and Records

It is the Administrator's statutory obligation to ensure that the books and records of the Company are secured. Time costs have been incurred recovering these records and further time will be spent reviewing them in connection with the Directors' conduct report and to identify any matters for further investigation.

Directors' conduct report

It is a statutory requirement that a report is prepared on the conduct of each person who acted as a director of the Company within the three years prior to Administration. This report, which is submitted to the Insolvency Service, is confidential and we are not able to disclose its content to stakeholders. The work undertaken includes the time spent in reviewing the Company records and considering any concerns raised by creditors.

Preparing the report is a statutory requirement which 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. Should any potential recovery be identified, creditors will be advised and a further fee request sought.

It is anticipated that during the period to my milestone fees estimate, I will carry out my initial investigations and collate all relevant documentation to support my report to the Insolvency Service.

Further investigations

The Administrator may also carry out further investigations to identify potential areas of asset recovery or to investigate areas of concern raised by creditors. Creditors are requested to advise me if they are aware of any matters which should be reviewed.

For the purpose of this milestone fees estimate, no time has been allocated to further investigations as at present I am carrying out my initial evaluation of the Company's books and records as described above. Should any further investigation points be identified, time costs for this will be included in my next fees estimate.

MORRIS McLELLAN LIMITED - IN ADMINISTRATION

APPENDIX V

TIME CHARGE OUT SUMMARY FOR THE PERIOD FROM 01/02/2019 to 25/03/2019

HOURS

Classification of work function	Partner/ Director	Manager	Senior	Administrator	Support	£		
						Total Hours	Time Costs	Average Hourly Rate
Admin and Planning	14.40	12.20	0.20	54.40	3.80	85.00	16,774.50	197.35
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	2.80	14.83	0.00	14.50	0.00	32.13	5,414.98	168.52
Creditors	1.30	1.00	0.00	5.70	0.00	8.00	1,558.50	194.81
Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	18.50	28.03	0.20	74.60	3.80	125.13		
Total Costs	7,756.50	6,400.00	43.00	9,187.48	361.00		23,747.98	

CHARGE OUT RATES OF INSOLVENCY TEAM MEMBERS

	From 1 October 2018	10 May 2018 - 30 Sept 2018	1 Oct 2017 - 9 May 2018
	£ per hour	£ per hour	£ per hour
Partner/Director	375-505	365-505	365-505
Manager	250-345	225-295	225-295
Senior	215	210	195
Administrator	80-200	75-195	75-195
Support Staff	95-100	80-95	80-95

- 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 £505 and £445 per hour, and the administrator is £130 per hour.
- Note 4** Time is recorded in minimum units of 6 minutes.

Morris McLellan Limited - In Administration

Appendix V continued
Post-Appointment Disbursements & Expenses

Details of Disbursements (£)	Anticipated Fee Basis	Incurred to Date (£)	Anticipated Further Expenses (£)	Total Estimated Expenses (£)
Statutory Advertising	Fixed fee	83.03	166.06	249.09
Specific Penalty Bond	Fixed fee	210.00	Nil	210.00
Legal Fees - General	Time costs	Nil	15,000.00	15,000.00
Agents Fees - Valuation of assets	Fixed fee	2,133.23	Nil	2,133.23
Archiving Agents & Storage	Fixed fee	Nil	1,000.00	1,000.00
Total		2,426.26	16,166.06	18,592.32

The above disbursements and expenses are shown net of VAT.

Appendix VI
Proof of debt form

under rule 14.4 The Insolvency (England and Wales) Rules 2016
Morris McLellan Limited- In Administration ("the Company")

Company registration number : 05028677
Date of Administration : 31 January 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	
	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	
	Date: <div style="border-bottom: 1px solid black; width: 100%;"></div>	
	Name in BLOCK LETTERS	
	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	
	Position with, or relation to, creditor (e.g. director)	
	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	
	Address of person signing (if different from 2 above)	
	<div style="border-bottom: 1px solid black; height: 20px; width: 100%;"></div>	
Admitted to vote for		Admitted for dividend for

£	£
Date	Date
Administrator	Administrator

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.

AM03

Notice of Administrator's Proposals



Presenter information

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

Contact name **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 and dated the form.



Important information

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



Where to send

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

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



Further information

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

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