

# AM10

## Notice of administrator's progress report



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### 1 Company details

Company number 0 5 7 7 7 0 3 2

Company name in full Now Motor Retailing Limited

→ **Filling in this form**  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Gregory Andrew

Surname Palfrey

### 3 Administrator's address

Building name/number Smith & Williamson LLP

Street 4th Floor, Cumberland House

15-17 Cumberland Place

Post town Southampton

County/Region Hampshire

Postcode S O 1 5 2 B G

Country

### 4 Administrator's name ①

Full forename(s) Stephen John

Surname Adshead

① **Other administrator**  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Smith & Williamson LLP

Street 4th Floor, Cumberland House

15-17 Cumberland Place

Post town Southampton

County/Region Hampshire

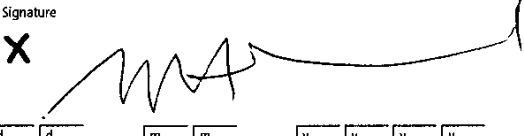
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# AM10

## Notice of administrator's progress report

<b>6</b>										<b>Period of progress report</b>									
From date		d	0	d	1	m	0	m	5	y	2	y	0	y	1	y	8		
To date		d	3	d	1	m	1	m	0	y	2	y	0	y	1	y	8		
<b>7</b>										<b>Progress report</b>									
										<input checked="" type="checkbox"/> I attach a copy of the progress report									
<b>8</b>										<b>Sign and date</b>									
Administrator's signature		<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;">X</div>  <div style="margin-left: 10px;">X</div> </div>																	
Signature date		d	2	d	7	m	1	m	1	y	2	y	0	y	1	y	8		

# AM10

## Notice of administrator's progress report



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Contact name Chris Trimble

Company name Smith & Williamson LLP

Address 4th Floor, Cumberland House

15-17 Cumberland Place

Post town Southampton

County/Region Hampshire

Postcode S O 1 5 2 B G

Country

DX

Telephone 023 8082 7600



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# Now Motor Retailing Limited (in administration)

Joint administrators' progress report for the period from 1 May  
2018 to 31 October 2018

27 November 2018



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# 1. Glossary

Abbreviation	Description
the Company	Now Motor Retailing Limited
the administrators/joint administrators	Gregory Andrew Palfrey and Stephen John Adshead
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
HMRC	HM Revenue & Customs
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
S&WEBC	Smith & Williamson Employee Benefits Consultancy, a division of Smith & Williamson Financial Services Limited
S&WFS	Smith & Williamson Financial Services Limited
FCA	Financial Conduct Authority
Go Vauxhall	Go Motor Retailing Limited t/a Go Vauxhall
Eden Vauxhall	Eden (GM) Limited t/a Eden Vauxhall
Vauxhall Finance	Vauxhall Finance Plc
Barclays	Barclays Bank Plc

## 2. Introduction & Summary

*This report provides an update on the progress in the administration of the Company for the six month period ended 31 October 2018. It should be read in conjunction with any previous reports. By way of reminder, we, Gregory Andrew Palfrey and Stephen John Adshead, of Smith & Williamson LLP, 4th Floor Cumberland House, 15-17 Cumberland Place, Southampton, SO15 2BG, were appointed administrators of the Company on 1 May 2018.*

## 3. Key Points

- Two separate pre-packaged sales of the Company's business and assets were completed on 2 May 2018, total consideration received was £803k.
- In addition to the consideration under the pre-packaged sales, funded new vehicles with a value of approximately £6m and funded used vehicles with a value of approximately £1.3m transferred to the purchasers.
- All staff at the date of the administrators' appointment, with the exception of the director and his wife transferred to one of the purchasers on completion of the pre-pack sales.
- Other significant realisations in the administration have been:
  - Sale of a freehold property at New Haw Road, Addlestone, for £850k.
  - Sale of an investment property at the Triangle, Kingston-upon-Thames, for £520k.
  - Book debt collections, totalling £701k during the reporting period.
  - Used vehicle stock, not included in the pre-packaged sales of business, with a value of £155k.
- Objective 3(1)(b) has been achieved, namely a better result has been achieved for the creditors than would have been the case had the Company been wound up without first being in administration.
- Secured creditors have been paid a total of £1,491k during the reporting period, and remaining outstanding balances due to the secured creditors will be settled shortly.
- Notice of intended dividend has been issued to preferential creditors, and a distribution of 100p in the £1 is expected to be made shortly.
- *Unsecured creditors are expected to receive a distribution comprised of the Prescribed Part funds and surplus funds following payment of secured and preferential claims in full. It is currently anticipated that funds available to unsecured creditors will be of the order of £500k.*
- The basis of the joint administrators' remuneration was approved by the creditors on a time costs basis. Fees drawn during the reporting period total £169k, and the administrators are seeking approval of a revised fee estimate with this report, as set out in section 7.
- The joint administrators expect surplus funds to be available for a liquidator to pay a (further) dividend and creditors voluntary liquidation will be the chosen exit route from administration.

## 4. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 1 May 2018 to 31 October 2018.

### 4.1 Pre-packaged sales

Following our appointment, pre-packaged sales of the Company's business and assets at certain sites were completed on 2 May 2018. Our proposals, including our SIP 16 statement, provided full detail surrounding the transactions. A summary of the consideration received is set out below:

Asset description	Consideration received (£)		
	Go Vauxhall (Greater London 4 sites) £	Eden Vauxhall (Swindon site) £	Total £
Goodwill and related assets	3	1	4
Plant and machinery	89,000	40,000	129,000
Work in progress	9,950	1,215	11,165
Vauxhall Finance vehicles	131,714	-	131,714
Unfunded vehicles	189,000	41,508	230,508
Parts	217,804	50,000	267,804
Apportionments	32,059	-	32,059
Cash on site	-	750	750
<b>Total</b>	<b>669,530</b>	<b>133,474</b>	<b>803,004</b>

As noted above, funded vehicles held by the Company with a total value of £7.3m were also transferred to the purchasers directly by the vehicle funders.

Since the completion of the business sales, we have attended to various matters arising from them, including, but not limited to:

- Assistance in respect of the transfer of the Greater London leasehold properties, including payment of rent under licence. The transfer of three of the four premises to Go Vauxhall has been concluded.
- Dealing with issues arising from payments made to the Company in error that were due to the purchasers, which is still ongoing.
- Arranging for the transfer of customer deposits that had been ring-fenced by the Company prior to our appointment to the respective purchasers in relation to vehicle sales that had subsequently been completed by the purchasers.
- Enquiries from consumers relating to the transfer of the businesses and particularly with reference to service plans (where customers paid a regular amount to the Company for future servicing costs).
- Dealing with the transfer of service plan balances from the outsourced service plan providers and the Company's former bank account.

Time costs incurred during the reporting period in relation to this matter were £50,271. This work has resulted in a financial benefit to creditors as realisations have been achieved from the sales, while potential claims have also been mitigated.

## 4.2 Freehold property - New Haw Road, Addlestone (fixed charge)

The Company owned the freehold of a site at 1-3 New Haw Road, Addlestone, which was mortgaged in favour of Vauxhall Finance.

The site had previously been run as a Vauxhall dealership but had subsequently been let (other than a small first floor office space) to a second hand car dealer. The tenant had entered an insolvency process some time prior to our appointment and the showroom part of the site and external display area were empty and had already been cleared.

The separate office space was used by the Company as its accounts office prior to administration. Following the sale of the London business to Go the former Now accounts team remained in-situ for a short period up to 8 June 2018.



The property was excluded from the pre-pack sale. According to the Company's accounting records the book value was £1.7m.

The property had been marketed prior to our appointment and an offer accepted. During the sale process an issue came to light concerning the title to part of the property.

The legal ownership of the property was through a number of separate pieces of registered land. Following extensive investigation into the title issue, including tracing and speaking to former employees of the Company and prior owners of the property, it was concluded independently by the Administrators and the buyer that the title issue had a significant adverse effect on the value of the property, which could not be commercially resolved, and the existing offer was reduced.

Following the reduction in the offer, our agents approached the parties that had previously shown an interest in the property to establish whether any further offers would be submitted based on the revised understanding of the title. There were no further offers received. Following negotiation with the existing offeror and advice from our agents, a revised price of £850k was agreed for the sale of the property. The terms of the sale included an additional anti-embarrassment clause which provides for the Company to share in any increase in value should the purchaser dispose of the land for a significant profit in the short term.

The above issues resulted in the sales process taking significantly longer than anticipated. As the property had become vacant on 8 June 2018, we arranged for vacant premises security measures to be put in place to protect the property from unauthorised entry/occupation until the completion of a sale.

Contracts for the sale were exchanged on 13 August 2018 and the sale completed on 31 August 2018.

Time costs incurred during the reporting period in relation to this matter were approximately £36k. This work has resulted in a financial benefit to creditors and particularly to Vauxhall Finance who had a legal mortgage over the property. Careful investigation of the issues and negotiation of the terms of the transaction reduced the potential loss in value from the problems with title and has therefore also reduced the extent to which floating charge assets are required to be used to settle the secured creditors' claims.

#### **4.3 Investment property - The Triangle, Kingston (fixed charge)**

The Company owned a mixed use investment property known as 7 The Triangle, Kingston-Upon-Thames that was not utilised as part of the main trading activities and was rented to third parties. This property was also subject to a mortgage with Vauxhall Finance.

The investment property was excluded from the pre-pack sale.

The Company's accounting records showed the book value of this property at £0.5m. The property was marketed and there was interest from a number of parties in the period surrounding the Administrators' appointment. Following advice from Foxtons estate agents an offer was accepted for £520k. The sale of this property completed on 16 July 2018.

Time costs incurred during the reporting period in relation to this matter were approximately £8k. This work has resulted in a financial benefit to creditors and in particular to Vauxhall Finance as the holder of a legal mortgage. As noted above maximising the value from the mortgaged property has reduced the amount of floating charge assets required to settle the balance of the secured creditors' claims.

#### **4.4 Book debts**

At the date of appointment the Company's sales ledger had a book value of £945k.

Following our appointment, we wrote to all debtors to request payment of outstanding amounts. Initially collection activity was undertaken with the assistance of former employees of the Company who had transferred to Go, following which we instructed Hilton Baird Collection Services to collect the remaining outstanding balances.

The debt collection process has included reconciling payments received into the Company's pre-administration bank account that relate to debtor balances, and also payments received directly by us as administrators.

Book debt recoveries to date are summarised below:

	£k
Ledger at date of appointment (book value)	945
Adjustments in relation to internal accounts and other items	(54)
<b>Revised opening balance</b>	<b>891</b>
Payments received to date	(701)
<b>Remaining balance</b>	<b>190</b>

Collection activities are continuing in relation to the remaining balance. A number of the remaining balances are subject to disputes or queries and consequently the collectable figure is likely to be below that set out above. We continue to work with Hilton Baird Collection Services and, where appropriate, our solicitors in respect of the collection of the ongoing balances.

In particular there is one large balance where the debtor concerned may have a right of set-off. The terms of the various agreements are being reviewed by our solicitors.

In addition to recoveries in respect of the Company's trade sales ledger, we have also recovered £83k in respect of outstanding balances for vehicles, which has included identifying the location of certain vehicles purchased by a party pre-administration and arranging for their delivery.

Time costs incurred during the reporting period in relation to this matter were £10,800. This work has resulted in a financial benefit to creditors.

#### 4.5 Used vehicle stock

We have disposed of 56 used vehicles which were not initially included in the pre-pack sales. Of these:

- 44 were disposed of via auction, with total realisations of £73k.
- 5 were identified as having been on site at Go premises and were purchased by Go on 4 May 2018 for £38k pursuant to the term of the pre-pack sale.
- 7 vehicles, for which sales had been agreed with a third party prior to the administration, were purchased by Eden for £44k after the third party did not proceed with their purchase.

We engaged the services of Sellcar to assist with disposing of these vehicles. There are no further vehicles to be sold.

Time costs incurred during the reporting period in relation to this matter were £2,644. This work has resulted in a financial benefit to creditors.

#### 4.6 Plant & machinery

The majority of the Company's plant & equipment was included in the pre-pack sales. The only items not included were a small number of items from the Marlborough and West Byfleet sites. These have been sold by our agents, SIA Group, via an on-line auction.

Total realisations in this respect were £18k.

Time costs incurred during the reporting period in relation to this matter were £893. This work has resulted in a financial benefit to the estate.

#### 4.7 Other matters

We summarise below the other key matters that we have dealt with since our appointment. We have:

- Dealt with statutory and best practice administrative matters.

- Overseen the removal of sold assets and third party assets from the Company's sites at West Byfleet & Marlborough which were not included in the pre-pack sales.
- Obtained funds that had been received into the Company's former bank account after the administration appointment
- Obtained legal advice confirming the validity of the security held by Vauxhall Finance and Barclays.
- Worked with our claims agent ERA Solutions to arrange the submission of staff claims to the RPS and to resolve queries arising thereon.
- In conjunction with S&WEBC, submitted a claim to the RPS in respect of outstanding employers' pension contributions.
- Organised the production and dispatch of P45s to former employees and relevant returns to HMRC.
- Isolated and recovered records of the Company where required for the purposes of the administration.

#### 4.8 Assets still to be realised

As noted in Section 4.4, there remain some outstanding book debt balances to be collected. The exact amount considered to be collectable is between £50k and £100k.

Additionally, the administrators are investigating the possibility of submitting a claim for terminal loss relief in respect of historic Corporation Tax paid. The amount that may be realised in this respect is uncertain

#### 4.9 Administration strategy

There have been no significant changes to the administrators' strategy outlined in our proposals.

## 5. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Energy & Industrial Strategy on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Additionally, we have a duty to investigate transactions to establish whether there may be any worth pursuing for the creditors' benefit from, for example, legal proceedings. Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors as a response to our request to complete an investigation questionnaire.

Our investigations identified certain matters that we consider require further investigation, which are ongoing. We are not yet in a position to conclude whether any matter identified may result in any actions that would lead to recoveries for the estate.

## 6. Pre-administration costs

On 10 July 2018 the following amounts in respect of pre-administration costs were approved:

Recipient	Brief description of services provided	Amount approved £	Paid in period £
Smith & Williamson LLP	Advice on the Company's financial position, assistance with marketing the Company's business and assets, assistance with placing the Company in administration and with progressing the pre-packaged sales of business. Includes disbursements.	59,729	59,729
SIA Group	Valuation of chattel assets and advice on proposed disposal strategies of assets not	15,794	15,675
Rapleys	Property valuation	1,500	1,500
Duane Morris	Assistance in respect of administration appointment and pre-pack sale	50,061	50,061
Lester Aldridge	Advice on service plan position	1,073	743
AB Services	IT support	1,300	1,300
<b>Total</b>		<b>129,457</b>	<b>129,008</b>

Note: In some instances the amounts paid to advisors have been lower than the amounts approved due to differences in the estimates provided in the proposals and the actual amount invoiced. A further £50 was paid to Duane Morris in respect of pre-appointment expenses which directly related to the administration appointment and therefore falls outside of the pre-administration costs approval provisions.

We refer creditors to our comments at 7.1 concerning the allocation of these costs between fixed and floating charges.

## 7. Administrators' remuneration

On 10 July 2018, the creditors approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration. This was granted following the joint administrators providing a fees' and expenses' estimate and the requisite majority of creditors granting approval at by way of a Qualifying Decision Procedure.

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
1 May 2018 to 31 October 2018	940.15	244,669.50	260.25	169,150.75

Attached as Appendix III is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the body of this report.

The joint administrators' costs to date are £244,670, as above, compared to our original estimate of £219,258. Appendix III provides a summary of the previously authorised time cost estimate breakdown for comparison purposes. Going forward, the joint administrators anticipate future costs to be in the region of £69,619 and Appendix IV provides a detailed breakdown of our anticipated future costs.

Since the end of the reporting period, the administrators have drawn further fees of £50,107, of which £44,617 has been drawn from fixed charge funds. These payments are not shown in the attached receipts and payments but will be detailed in our next report.

As our original time costs estimate has now been exceeded we will be seeking the appropriate authority from the creditors to draw an additional amount of fees, as shown in Appendix IV. Subject to the relevant authority being granted by the creditors the revised incurred time costs which may be drawn by the joint administrators will be £314,288.25 without further recourse to the creditors.

A detailed narrative explanation of the work associated with the future costs can be found in the 'Outstanding matters' section of this report. Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. In the event that the fees estimate is likely to be exceeded, the joint administrators will need to provide an update and seek approval from the appropriate creditors before drawing any additional sums. Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to provide an accurate estimate at any given point.

As a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with statutory reporting, case reviews and its former officers as required by the Company Directors' Disqualification Act 1986.

A copy of "A Creditor's Guide to Administrator's Fees", as produced by the ICAEW, is available free on request or can be downloaded from their website as follows:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix V.

## 7.1 Allocation of administrators' costs between fixed and floating charge recoveries

In section 9 we indicate that (1) secured creditors will be paid in full and (2) that the return to unsecured creditors will exceed the amount available under the Prescribed Part.

As a consequence, and for administrative simplicity the Administrators have chosen to only draw direct costs of realising the two properties from the fixed charge and have not allocated any general expenses of the administration to those sales.

Similarly the Administrators have not sought to specifically charge any costs to the fixed charge realisations arising from the sale of goodwill and contracts as the value achieved (total of £4.00) made this uneconomic.

The amounts shown as received and distributed for the Vauxhall Finance vehicles were part of the pre-pack sales and generated no net cash value for the estate but selling the vehicles within the transaction did ensure that the floating charge claim of Vauxhall Finance (for any sale of the vehicles at auction) was eliminated thus the benefit of this transaction was primarily to reduce the impact on floating charge assets of secured creditors.

## 8. Administration expenses

### 8.1 Subcontractors

We have utilised the services of the following subcontractors during the current period:

Provider/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
ERA Solutions / employee claims processing	Fixed fee	660.00	660.00	-
Hilton Baird Collection Services / Book debt collection	5% of collections up to £200k, 7.5% of collections above £200k	15,131.50	14,974.03	157.47
Sellcar / disposal of used motor vehicles	Fixed fee	1,100.00	1,100.00	-
<b>Total</b>		<b>16,891.50</b>	<b>16,743.03</b>	<b>157.47</b>

### 8.2 Professional advisers

On this assignment we have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

#### 8.2.1 Fixed charge

The following costs have been attributed to fixed charge realisations, as noted in 7.1 above.

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Duane Morris / legal advice re sale of freehold & investment properties	Hourly rate and disbursements	21,047.84	21,047.84	-
Foxtons Limited / agency fees in respect of Kingston property	2.5% of realisations	13,000.00	13,000.00	-
Rapleys LLP / agency fees in respect of Addlestone property	1.25% of realisations	10,625.00	10,625.00	-
<b>Total</b>		<b>44,672.84</b>	<b>44,672.84</b>	<b>-</b>

### 8.2.2 Floating charge

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Duane Morris LLP / Legal advice regarding pre-pack sales, including post sale obligations	Hourly rate and disbursements	32,066.64	32,066.64	-
Lester Aldridge (legal advice re validity of charges)	Hourly rate and disbursements	1,787.50	1,787.50	-
SIA Group (valuation and disposal advice, health & safety advice, site clearance, undertaking online auction)	Hourly rate and disbursements	36,989.63	36,989.63	-
<b>Total</b>		<b>70,843.77</b>	<b>70,843.77</b>	<b>-</b>

Note: We have received the sum of £5,000 from Go Vauxhall as a contribution towards Duane Morris LLP's fees in respect of the post sale obligations, specifically the transfer of leasehold properties to Go Vauxhall.

### 8.2.3 Variances to original estimate

Where the above amounts have materially exceeded the amounts originally estimated, we have provided further details below.

Name of professional adviser/Service(s)	Original estimate £	Actual costs incurred £	Reasons for variation / other notes
Duane Morris LLP / Legal advice re property sales, and pre-packaged sales including post completion matters.	30,000.00 (fixed and floating charge)	53,114.48 (fixed and floating charge)	Additional work undertaken as a result of extended and more complex than anticipated sales process on Addlestone property. Further work has also been required in relation to post completion matters arising from the pre-pack sales, particularly with respect to the transfer of properties, which has taken longer than anticipated.
SIA Group / (valuation and disposal advice, health & safety advice, site clearance, undertaking online auction)	22,500.00	36,989.63	Higher than anticipated costs in relation to clearance of West Byfleet and Marlborough sites. Other services provided in relation to properties. Some of these costs would originally have been included in estimate for 'Security & other property costs' which have otherwise been below the estimated figure.

### 8.3 Administrators' disbursements

We have paid and/or incurred the following disbursements in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Media services	770.00	770.00	-
Storage	463.68	431.67	32.01
Mail - redirection/postage	424.00	424.00	-
Statutory advertising	162.90	162.90	-
Administrators' bond	140.00	140.00	-
Accommodation & subsistence	10.15	10.15	-
Search fees	9.00	9.00	-
Category 2 disbursements (see below)	481.55	481.55	-
<b>Total</b>	<b>2,461.28</b>	<b>2,429.27</b>	<b>32.01</b>

### 8.4 Category 2 disbursements

The following Category 2 disbursements have been incurred and/or paid in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Business mileage @ HMRC rates	481.55	481.55	-

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

Approval to recover the Category 2 disbursements shown above was given by the creditors on 10 July 2018.

### 8.5 Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during the period covered by this report are shown in the receipts and payments summary at Appendix II. Detailed below are those expenses which we consider to be significant in the context of this case. Also detailed below are expenses incurred but not paid in the current period:



Supplier/Service provider	Nature of expense incurred	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Pinewood Technologies Plc	Provision of access to the Company's computerised accounting records	15,000.00	15,000.00	-
Willis Limited	Insurance cover	9,274.19	9,274.19	-
Veritas Property Management Ltd (note : partly allocated to fixed charge in receipts and payments)	Site clearance and security	4,763.20	4,763.20	-
Trace Payroll Services	Production of final payroll figures	2,969.52	2,969.52	-
Aston Barclay Limited	Auction commission/expenses on sale of used vehicles.	2,370.50	2,370.50	-
Concert Networks	Telephony services	2,343.99	2,343.99	-
<b>Total</b>		<b>36,721.40</b>	<b>36,721.40</b>	<b>-</b>

## 8.6 Policies regarding use of third parties and disbursement recovery

Appendix V provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements.

# 9. Estimated outcome for creditors

The estimated outcome for each class of creditors is set out below.

## 9.1 Secured creditors

### 9.1.1 Vauxhall Finance

Vauxhall Finance holds a fixed and floating charge over the Company's assets dated 16 November 2006, together with mortgages over the properties detailed in Sections 4.2 and 4.3. It also had title to used vehicles that were subject to a funding agreement with it.

During the reporting period the following amounts have been paid to Vauxhall Finance:

Description	Amount paid (£)
Payments under mortgages	1,260,000.00
Payments in relation to used vehicles subject to funding agreement	131,714.36
Floating charge payments	96,060.79
<b>Total</b>	<b>1,487,775.15</b>

Since the end of the reporting period, a further £207,220.19 has been paid to Vauxhall Finance, which settles its total claims of £1,694,995.34 in full.

#### 9.1.2 Barclays

Barclays holds a fixed and floating charge over the Company's assets dated 2 April 2012. We have recently received confirmation from Barclays that the balance outstanding to it at the date of our appointment was £80,739, in respect of a current account overdraft and a term loan.

We anticipate settling the outstanding balance in full shortly.

### 9.2 Prescribed Part

The Company granted floating charges to Vauxhall Finance and Barclays on 16 November 2006 and 2 April 2012 respectively. Accordingly, we are required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors.

Based on present information, we estimate the value of the Company's net floating charge property to be £890k. Arising from this, the value of the unsecured creditors' Prescribed Part fund is estimated to be £181k. Please be aware that this estimate is subject to fluctuation and the final outcome can only be determined once all asset realisations have been made.

We currently anticipate that, in addition to the Prescribed Part funds, there will be a surplus available for unsecured creditors following payment of the preferential and secured creditors in full. Consequently, we expect to exit administration into creditors' voluntary liquidation in order to enable the payment of a distribution to unsecured creditors.

### 9.3 Preferential creditors

We set out below a summary of preferential claims received:

Preferential creditor	Claims received £
Vauxhall Motors Limited (subrogated claim in respect of funds advanced prior to administration to meet April 2018 payroll)	196,524.31
Employee claims (5 claims)	1,316.35
Redundancy Payments Service	2,749.41
<b>Total</b>	<b>200,590.07</b>

Notice of intended dividend was circulated to preferential creditors on 16 October 2018 and expired on 18 November 2018 (after the period end). We anticipate agreeing and issuing payment in full of agreed claims shortly.

## 9.4 Unsecured creditors

A summary of unsecured claims received is set out below:

	Claims received £
Amount of claims (£)	1,799,144.82
Number of claims	92

*We have not yet taken any steps to agree unsecured creditor claims.*

As noted in Section 9.2 it is anticipated that realisations will be sufficient to pay a dividend to unsecured creditors, comprising both Prescribed Part funds and surplus funds after the payment in full of secured and preferential creditors. We currently anticipate that funds available for distribution will be of the order of £500k.

Creditors are reminded that the terms of the sale agreements with Go and Eden were such that a large number of consumer balances (in respect of service plans) were effectively substituted. This has greatly reduced the administrative burden on the administrators as well as protecting consumers.

# 10. Outstanding matters

The joint administrators' actual time costs to date are £244,670, as detailed in section 7, which exceeds our original estimate of £219,257 by £25,412. Appendix III provides a comparison of these two sums and a narrative explanation.

In addition to the original estimate, the anticipated future costs are £69,619 and Appendix IV provides a detailed breakdown of our anticipated future costs.

A detailed narrative explanation of these future costs can be found below.

Taking into account additional costs incurred to the date of this report of £25,412 and the anticipated future costs of £69,619 this gives a revised total estimate of fees of £314,288. As previously noted this estimate is based on present information and may change due to unforeseen circumstances arising.

The remaining actions to be concluded are as follows (some matters may be worked on in both the administration and the subsequent liquidation):

- Liaising with our collection agents and solicitors to finalise the collection of remaining book debts.
- Continuing to comply with post-sale obligations under the terms of the pre-packaged sale agreements, including the transfer of the remaining leasehold property and transfers of service plan and deposit funds held.
- Agreeing and paying preferential creditor claims.
- Further investigations as noted in Section 5.
- Assessing whether a Terminal Loss Relief claim can be made for a refund of Corporation Tax previously paid.
- Finalising the Corporation Tax position for the administration.
- Closure of the administration and facilitating the Company moving to creditors' voluntary liquidation.
- Once the Company has moved to creditors' voluntary liquidation, notice of intended distribution will be issued to unsecured creditors, following which claims will be reviewed, agreed or otherwise adjudicated upon, and agreed claims will be paid.

# 11. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://smithandwilliamson.com/rrsgdpr>

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

# 12. Ending the administration

As noted in previous sections, the administrators anticipate that there will be funds available for distribution to unsecured creditors other than by way of the Prescribed Part. Consequently, we expect that the Company will move from administration to creditors' voluntary liquidation, and that we will file the relevant paperwork to do so within 4-6 weeks.

The administrators will be discharged from liability under P98(3) of Sch B1 immediately upon their appointment as administrators ceasing to have effect.

Authorisation for discharge from liability was granted by the creditors on 10 July 2018.

# 13. Creditors' rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Gregory Andrew Palfrey or Stephen John Adshead in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

i) Email: [insolvency.enquiryline@insolvency.gsi.gov.uk](mailto:insolvency.enquiryline@insolvency.gsi.gov.uk)

ii) Telephone number: +44 300 678 0015

iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

## 14. Next report

We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report.

A handwritten signature in black ink, appearing to read 'G A Palfrey', with a long horizontal flourish extending from the end.

Gregory Andrew Palfrey and Stephen John Adshead

Joint Administrators

Date: 27 November 2018

# I Receipts and payments account

	Fixed Charge	Floating Charge
	From 01/05/2018	01/05/2018
	To 31/10/2018	31/10/2018
	£	£
<b>RECEIPTS</b>		
Property - New Haw Road, Addlestone	850,000.00	-
Property - The Triangle, Kingston	520,000.00	-
Goodwill, Contracts and Records	4.00	-
Vauxhall Finance vehicles	131,714.36	-
Plant & Equipment	-	146,908.00
Motor Vehicles - unfunded	-	385,742.51
Parts stock	-	267,803.59
Work in Progress	-	11,164.48
Book Debts	-	701,376.30
Debtors - vehicles	-	76,892.84
Electric bike stock	-	10,000.00
Road fund licence refunds	-	2,048.66
Cash at Bank	-	11,532.91
Rent	-	3,374.00
Cash floats / petty cash	-	3,028.90
Apportionments	(5,921.50)	32,058.55
Bank Interest Gross	90.11	1,420.80
Recalled/unpaid direct debits	-	30,682.71
Contribution to legal costs	-	5,000.00
Insurance Refund	-	449.90
Miscellaneous Receipts	-	23,693.22
Rates Refunds	-	13,883.69
Property Licence fee	-	379,329.00
Sundry refunds	-	7,268.52
Third party funds	-	34,264.41
Third Party Funds - Service Plan	-	18,248.38
	<u>1,495,886.97</u>	<u>2,166,171.37</u>
<b>PAYMENTS</b>		
Administrators' pre-appt fees	-	58,986.00
Administrators' pre-appt expenses	-	743.19
Administrators' fees	-	169,150.75
Administrators' expenses	-	2,429.27
Pre-appt legal fees/expenses	-	50,853.25
Legal fees	19,800.00	32,871.75
Legal expenses	1,247.84	322.39
Pre-appt agents' fees/expenses	-	18,474.75
Agents'/Valuers' Fees	23,625.00	25,265.00
Agents'/Valuers' Expenses	-	12,824.63
Auction Commissions/expenses	-	2,370.50
IT / Telephone costs	-	17,343.99
Payroll Services	-	2,969.52
Book Debt Collection Fees	-	14,974.03
Employee agents' fees	-	660.00
Rents Payable	-	386,028.81
Property costs	3,572.40	2,444.47
Insurance	-	9,274.19
Bank Charges	-	106.11
Other expenses	495.00	-
Irrecoverable VAT	3,500.00	1,292.84
Vauxhall Finance Vehicles	131,714.36	-
Chargeholder - Vauxhall Finance	1,260,000.00	96,060.79
Chargeholder - Barclays	-	2,898.12
	<u>1,443,954.60</u>	<u>908,344.35</u>
Net Receipts/(Payments)	<u>51,932.37</u>	<u>1,257,827.02</u>
	<u>1,495,886.97</u>	<u>2,166,171.37</u>
<b>Balance in hand</b>		
Client deposit accs (Int Bear)	216,533.20	1,196,248.60
Net VAT Receivable / (Payable)	(164,600.83)	61,578.42
	<u>51,932.37</u>	<u>1,257,827.02</u>

## Notes and further information required by SIP 7

- As previously reported, we received £106,500 from the Company in respect of our pre-appointment costs.
- Details of significant expenses paid are provided in the body of our report.
- Details of payments made to sub-contractors are shown in the body of our report.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.
- The equal and opposite amounts received / paid re Vauxhall Finance relate to vehicle transferred on the instructions of Vauxhall Finance to one of the business purchasers under the relevant sale contract.
- At the end of the reporting period we were also holding £30,213 in a third party funds account, relating to customer deposits and some service plan funds that had been ring-fenced by the Company prior to administration. These funds will either be transferred to a purchaser (where they have completed the relevant vehicle sale or honoured a service plan obligation) or returned to the customer in due course.

## II Time analysis for the period

From 1 May 2018 to 31 October 2018

Activity	Partner / Director	Assoc. Director / Manager	Other Senior Professionals	Assistants & Support Staff	Total		Avg Rate
	Hours	Hours	Hours	Hours	Hours	£	£ / hr
<b>Administration &amp; Planning</b>							
Statutory Returns, Reports & Meetings	17.55	39.15	3.95	2.20	62.85	16,984.75	270.24
Initial post-appointment statutory letters/reports	5.00	20.65	2.30	-	27.95	8,579.75	306.97
Cashiering general, including bonding	3.00	2.65	36.65	-	42.30	10,511.00	248.49
Job planning, reviews and progression	7.85	7.95	0.40	-	16.20	5,123.00	316.23
Post-appt tax (VAT, PAYE/NIC, Corp Tax - non trading)	1.90	14.40	4.90	-	21.20	5,539.50	261.30
Protection of company records (incl electronic)	-	6.30	1.45	-	7.75	1,737.25	224.16
Insurance & General Asset Protection	0.35	13.00	-	-	13.35	3,593.50	269.18
Travelling	-	6.75	3.00	-	9.75	2,043.75	209.62
Filing, file and information management	0.50	2.70	0.10	5.50	8.80	1,183.50	134.49
Agents and Advisers, General	0.35	3.10	0.70	0.45	4.60	985.50	214.24
Director/ Manager review, approval and signing	11.35	0.20	0.10	-	11.65	4,761.75	408.73
Other	1.65	2.80	2.20	0.10	6.75	1,717.50	254.44
	49.50	119.65	55.75	8.25	233.15	62,760.75	269.19
<b>Investigations</b>							
Directors' correspondence & conduct questionnaires	-	5.55	-	-	5.55	1,374.50	247.66
Creditor & shareholder complaints	-	-	0.25	-	0.25	43.75	175.00
Statutory book and accounting records review	-	-	6.65	-	6.65	1,197.00	180.00
Investigation of legal claims	-	0.25	-	-	0.25	57.50	230.00
SIP2 and SIP4 obligations (inc CDDA86 forms)	2.20	18.20	-	-	20.40	5,403.75	264.89
	2.20	24.00	6.90	-	33.10	8,076.50	244.00
<b>Realisation of Assets</b>							
Fixed Charge Property (land and buildings)	68.15	63.50	0.10	0.45	132.20	44,406.75	335.91
Debtors NOT FINANCED (includes reassigned debtors)	3.10	35.75	8.45	0.05	47.35	10,800.00	228.09
Stock	-	11.75	-	-	11.75	2,644.75	225.09
Other Chattel Assets	0.90	1.65	0.35	-	2.90	793.50	273.62
Financed assets	0.50	-	-	-	0.50	187.50	375.00
Sale of business as a whole	27.90	20.95	3.00	-	51.85	15,641.50	301.67
Completion of Work in Progress	10.50	-	-	-	10.50	3,780.00	360.00
Cash at Bank	0.10	12.95	4.20	4.00	21.25	3,932.00	185.04
Liasing with agents (general)	-	2.25	0.25	0.55	3.05	582.75	191.07
Sale of business - Post Completion Matters	41.70	64.90	14.80	0.10	121.50	34,629.75	285.02
Realisation of Assets Other	0.10	0.90	1.45	-	2.45	504.50	205.92
	152.95	214.60	32.60	5.15	405.30	117,903.00	290.90
<b>Trading</b>							
Sales and Customers	-	23.00	51.20	5.90	80.10	14,798.75	184.75
Purchasing / Suppliers (not Landlord)	0.05	3.25	6.15	0.20	9.65	1,865.75	193.34
Accounting	-	0.50	-	-	0.50	158.25	316.50
Premises issues (incl Landlord and site clearance)	-	20.85	1.40	0.55	22.80	5,567.50	244.19
Health & Safety	-	1.00	-	-	1.00	315.00	315.00
Director/ Manager review, approval and signing	0.05	-	-	-	0.05	18.00	360.00
Trading other	-	-	0.45	-	0.45	81.00	180.00
	0.10	48.60	59.20	6.65	114.55	22,804.25	199.08
<b>Creditors</b>							
Fixed charge Creditors	5.60	5.40	0.10	-	11.10	3,403.25	306.60
Floating charge creditors	1.05	4.85	0.20	-	6.10	1,594.00	261.31
HP & Lease creditors	-	7.65	2.05	0.30	10.00	2,393.00	239.30
RPO and ERA Claims & Tribunals	-	5.35	-	-	5.35	1,207.25	225.65
Employees & pensions (other) (incl. JobCentre / CSA etc)	0.80	6.70	31.00	-	38.50	7,548.50	196.06
Crown (not RPO etc)	-	1.80	0.15	-	1.95	439.00	225.13
Unsecured creditors	3.50	24.70	34.95	7.30	70.45	13,937.50	197.84
ROT Claims	0.25	1.40	1.40	-	3.05	650.75	213.36
Distributions for prefs and unsecured	1.25	2.65	2.00	-	5.90	1,444.50	244.83
Director/ Manager review, approval and signing	0.20	-	-	-	0.20	76.00	380.00
Creditors Other	0.15	0.95	0.35	-	1.45	431.25	297.41
	12.80	61.45	72.20	7.60	154.05	33,125.00	215.03
<b>Total Hours</b>	217.55	468.30	226.65	27.65	940.15		
<b>Total £</b>	81,142.00	119,244.75	42,485.50	1,797.25		244,669.50	260.25



## Explanation of major work activities undertaken

### Administration & Planning

Work undertaken in this area to date includes:

- Initial statutory notifications.
- Preparation and circulation of our report to creditors pursuant to SIP16.
- Preparation and circulation of our proposals, and notice to creditors of the outcome of the related decision procedure.
- Case planning.
- Maintaining and managing the case bank accounts and associated accounting.
- Maintaining physical and electronic case files and information.
- Protection of the Company's records.
- Arranging insurance cover for the administration period as required.
- VAT compliance for the administration period.

### Investigation

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors. This has included:

- Preparing a submission to The Insolvency Service pursuant to the Company Directors' Disqualification Act.
- Investigation into the reasons for the Company's failure, including a review of response to our requests to creditors and other stakeholders for information, and reviewing the Company's records.

### Realisation of assets

Work undertaken in this area includes:

- Completion of the pre-pack sales following our appointment.
- Dealing with the sales of the Company's freehold property and investment property.
- Liaising initially with former employees of the Company, and subsequently with Hilton Baird Collection Services, our appointed agents, in respect of the collection of the Company's book debt ledger.
- Obtaining payment for a number of vehicles for which sales were arranged by the Company prior to our appointment.
- Dealing with the sale of vehicles not included in the pre-pack sales.
- Arranging for the transfer of funds received into the Company's pre-appointment bank account following our appointment, including analysis of any such receipts.
- Attending to our obligations under the pre-pack sale agreements. Further detail is set out in Section 4.1.

### Trading

Work undertaken in this area includes:

- Dealing with a large volume of queries from service plan customer in respect of the transfer of their plans to the purchasers.
- Corresponding with the landlords of the Company's leasehold premises at West Byfleet and Marlborough in relation to the potential hand back of these premises.
- Shut down of the Addlestone premises following the vacation of the property by employees retained by Go, and arranging and overseeing clearance and security of the premises following shut down.
- Payment of expenses in relation to supplies to those sites for which we have retained responsibility for during the administration.

## Creditors

Work carried out to date under this heading includes:

- Correspondence with and making distributions to the secured creditors.
- Liaising with our agents, ERA Solutions, in relation to claims by former employees to the RPS for outstanding monies, including dealing with queries from those employees.
- Liaising with S&WFS in respect of establishing our obligations in respect of the Company's pension schemes, including arranging payment of contributions deducted by the Company for the final pre-administration payroll from ring-fenced funds and submission of a claim to the RPS.
- Issue of notice of intended dividend to preferential creditors.
- Dealing with creditor queries received.

## Comparison with original estimate

The following gives a summary of our original estimates, provided in our proposals, and the actual time costs incurred as at 31 October 2018 for ease of comparison, negative numbers (in £) indicate costs in excess of the original estimate:

Task	Estimated fees to be incurred £	Actual Fees Incurred £	Difference £
Administration and Planning	70,805	62,761	8,044
Investigations	7,939	8,077	(138)
Realisation of Assets	61,090	117,903	(56,813)
Trading	15,825	22,804	(6,979)
Creditors	49,948	33,125	16,823
Unposted time	13,650	-	13,650
<b>Total</b>	<b>219,257</b>	<b>244,670</b>	<b>25,413</b>

As noted in our proposals, an adjustment had been made to our time analysis/fee estimate in that document in respect of time spent by a staff member who had subsequently been absent on long term sick. This time has now been posted on our systems, and the majority of this time has been entered in the Realisation of Assets category.

The material differences between our original estimates and what has actually been incurred as at 31 October 2018 can be explained as follows:

### Realisation of Assets (£56,813 underestimated)

Realisation of Assets has been underestimated due to the following:

- Issues with the title to the Addlestone property resulting in significant further work being required, including:
  - Investigations into the title issues, which included discussions with numerous parties and visits to the premises.
  - Revisiting the sales process in light of the issues identified, and liaising with our agents thereon.
  - Renegotiating the purchase price, which included a provision for an uplift if the property is sold on for a large profit in the short term. This in turn required additional work with our legal advisors in respect of revised sale documentation.
- Additional work has also been undertaken in relation to post-completion matters arising from the pre-packaged sales. In particular, the transfer of the Greater London leasehold properties has taken longer than anticipated, requiring extensions to the licence periods and further rent payments to landlords.

**Trading (£6,979 underestimated)**

Costs in this area have been higher than anticipated primarily as a result of:

- A high volume of calls being received from customers who had service plans with the Company, who had been directed to the administrators by staff of one of the purchasers, notwithstanding that the obligations under plans had transferred to the purchaser under the terms of the sale agreement. Some of these costs are also reflected in the post-sale matters category under realisation of assets.
- The delays in the sale of the Addlestone property meant that we had to arrange security for the property once it had been vacated by the former Now accounts team up to completion of the sale. We had previously expected to complete the sale shortly after the vacation of the property. The site was targeted by intruders during that period necessitating further input into security measures and management of the outcome of that forced entry.

# III Future costs & revised fee estimate

## Future costs

Our anticipated future costs are set out below:

Activity	RATE (£/hr)	Partner /	Assoc.	Other Senior	Assistants &	Total	Avg Rate
		Director	Director / Manager	Professionals	Support Staff		
		Hours	Hours	Hours	Hours	£	£ / hr
<b>Administration &amp; Planning</b>							
Statutory Returns, Reports & Meetings	4.50	12.50	20.00	2.00	39.00	8,730.00	223.85
Initial post-appointment statutory letters/reports	1.00	2.00	5.00	1.00	9.00	1,870.00	207.78
Cashiering general, including bonding	-	2.50	37.50	1.50	41.50	7,510.00	180.96
Job planning, reviews and progression	2.50	5.00	15.00	1.00	23.50	5,027.50	213.94
Post-appt tax (VAT, PAYE/NIC, Corp Tax - non trading)	1.50	2.50	10.00	-	14.00	3,025.00	216.07
Protection of company records (incl electronic)	-	-	-	1.50	1.50	97.50	65.00
Filing, file and information management	-	-	-	12.50	12.50	812.50	65.00
Pre-appointment Non-Creditor Tax	2.00	2.50	15.00	-	19.50	4,112.50	210.90
Director/ Manager review, approval and signing	1.50	1.50	-	-	3.00	960.00	320.00
	<b>13.00</b>	<b>28.50</b>	<b>102.50</b>	<b>19.50</b>	<b>163.50</b>	<b>32,145.00</b>	<b>196.61</b>
<b>Investigations</b>							
Investigation of legal claims	1.00	2.50	2.50	-	6.00	1,487.50	247.92
Director/ Manager review, approval and signing	0.50	0.50	-	-	1.00	320.00	320.00
	<b>1.50</b>	<b>3.00</b>	<b>2.50</b>	<b>-</b>	<b>7.00</b>	<b>1,807.50</b>	<b>258.21</b>
<b>Realisation of Assets</b>							
Debtors NOT FINANCED (includes reassigned debtors)	1.50	5.00	5.00	-	11.50	2,787.50	242.39
Sale of business - Post Completion Matters	1.50	7.50	4.00	-	13.00	3,270.00	251.54
Director/ Manager review, approval and signing	0.50	0.50	-	-	1.00	320.00	320.00
	<b>3.50</b>	<b>13.00</b>	<b>9.00</b>	<b>-</b>	<b>25.50</b>	<b>6,377.50</b>	<b>250.10</b>
<b>Trading</b>							
Sales and Customers	1.00	5.00	12.50	-	18.50	3,950.00	213.51
Purchasing / Suppliers (not Landlord)	0.25	1.00	2.00	-	3.25	718.75	221.15
Director/ Manager review, approval and signing	0.50	0.50	-	-	1.00	320.00	320.00
	<b>1.75</b>	<b>6.50</b>	<b>14.50</b>	<b>-</b>	<b>22.75</b>	<b>4,988.75</b>	<b>219.29</b>
<b>Creditors</b>							
Fixed charge Creditors	0.50	0.50	-	-	1.00	320.00	320.00
Floating charge creditors	1.25	2.00	1.50	-	4.75	1,268.75	267.11
Crown (not RPO etc)	0.25	0.75	1.50	-	2.50	562.50	225.00
Unsecured creditors	1.25	5.00	12.50	-	18.75	4,043.75	215.67
Distributions for prefs and unsecured	8.00	20.00	50.00	5.00	83.00	17,625.00	212.35
Director/ Manager review, approval and signing	0.75	0.75	-	-	1.50	480.00	320.00
	<b>12.00</b>	<b>29.00</b>	<b>65.50</b>	<b>5.00</b>	<b>111.50</b>	<b>24,300.00</b>	<b>217.94</b>
<b>Total Hours</b>		<b>31.75</b>	<b>80.00</b>	<b>194.00</b>	<b>24.50</b>	<b>330.25</b>	
<b>Total £</b>		<b>11,906.25</b>	<b>21,200.00</b>	<b>34,920.00</b>	<b>1,592.50</b>	<b>69,618.75</b>	<b>210.81</b>

## Reasons for increase to original estimate

In addition to the matters set out in the previous section, our fee estimate has increased for the following reasons.

As a general note, the complexity of the case has in some instances resulted in work being carried out by more senior staff than initially anticipated to provide a sufficient level of skill/experience where complex issues have arisen.

#### Administration & planning

- Statutory reporting costs have increased, as we now anticipate that the administration/liquidation will take longer to conclude, meaning additional reports will be produced.
- Costs of managing the administration bank accounts have been higher than anticipated due to a high level of transactions, particularly electronic transfers.

#### Investigations

- Additional investigations are being undertaken into matters identified by our initial work in this area.

#### Creditors

- Additional correspondence with secured creditors has been required arising from the issues with the sale of the Addlestone property.
- Time spent by S&WEBC in relation to work in relation to the Company's pension scheme has been recorded within the revised estimate. This time had previously been estimated separately, with an estimated value of £5,080.
- A higher volume of enquiries from unsecured creditors has been received than originally anticipated.

#### Revised total fee estimate

On the following page is a summary of the total estimated fees based on:

- Fees incurred to date as per Appendix II
- Future estimated costs as set out above.

At major heading level, the fee estimates compare as follows:

Task	Fees to date £	Estimated future fees £	Revised fee estimate	Original estimate £	Increase £
Administration and Planning	62,761	32,145	94,906	70,805	24,101
Investigations	8,077	1,808	9,884	7,939	1,945
Realisation of Assets	117,903	6,377	124,281	61,090	63,191
Trading	22,804	4,989	27,793	15,825	11,968
Creditors	33,125	24,300	57,425	49,948	7,477
Unposted time	-			13,650	(13,650)
<b>Total</b>	<b>244,670</b>	<b>69,619</b>	<b>314,289</b>	<b>219,257</b>	<b>95,032</b>

## Revised total costs

Activity	Partner / Director	Assoc. Director / Manager	Other Senior Professionals	Assistants & Support Staff	Total		Avg Rate
	Hours	Hours	Hours	Hours	£	£ / hr	£ / hr
<b>Administration &amp; Planning</b>							
Statutory Returns, Reports & Meetings	22.05	51.65	23.95	4.20	101.85	25,714.75	252.48
Initial post-appointment statutory letters/reports	6.00	22.65	7.30	1.00	36.95	10,449.75	282.81
Cashiering general, including bonding	3.00	5.15	74.15	1.50	83.80	18,021.00	215.05
Job planning, reviews and progression	10.35	12.95	15.40	1.00	39.70	10,150.50	255.68
Post-appt tax (VAT, PAYE/NIC, Corp Tax - non trading)	3.40	16.90	14.90	-	35.20	8,564.50	243.31
Protection of company records (incl electronic)	-	6.30	1.45	1.50	9.25	1,834.75	198.35
Insurance & General Asset Protection	0.35	13.00	-	-	13.35	3,593.50	269.18
Travelling	-	6.75	3.00	-	9.75	2,043.75	209.62
Filing, file and information management	0.50	2.70	0.10	18.00	21.30	1,996.00	93.71
Pre-appointment Non-Creditor Tax	2.00	2.50	15.00	-	19.50	4,112.50	210.90
Agents and Advisers, General	0.35	3.10	0.70	0.45	4.60	985.50	214.24
Director / Manager review, approval and signing	12.85	1.70	0.10	-	14.65	5,721.75	390.56
Other	1.65	2.80	2.20	0.10	6.75	1,717.50	254.44
	62.50	148.15	158.25	27.75	396.65	94,905.75	239.27
<b>Investigations</b>							
Directors' correspondence & conduct questionnaires	-	5.55	-	-	5.55	1,374.50	247.66
Creditor & shareholder complaints	-	-	0.25	-	0.25	43.75	175.00
Statutory book and accounting records review	-	-	6.65	-	6.65	1,197.00	180.00
Investigation of legal claims	1.00	2.75	2.50	-	6.25	1,545.00	247.20
SIP2 and SIP4 obligations (inc CDDA86 forms)	2.20	18.20	-	-	20.40	5,403.75	264.89
Director / Manager review, approval and signing	0.50	0.50	-	-	1.00	320.00	320.00
	3.70	27.00	9.40	-	40.10	9,884.00	246.48
<b>Realisation of Assets</b>							
Fixed Charge Property (land and buildings)	68.15	63.50	0.10	0.45	132.20	44,406.75	335.91
Debtors NOT FINANCED (includes reassigned debtors)	4.60	40.75	13.45	0.05	58.85	13,587.50	230.88
Stock	-	11.75	-	-	11.75	2,644.75	225.09
Other Chattel Assets	0.90	1.65	0.35	-	2.90	793.50	273.62
Financed assets	0.50	-	-	-	0.50	187.50	375.00
Sale of business as a whole	27.90	20.95	3.00	-	51.85	15,641.50	301.67
Completion of Work in Progress	10.50	-	-	-	10.50	3,780.00	360.00
Cash at Bank	0.10	12.95	4.20	4.00	21.25	3,932.00	185.04
Liasing with agents (general)	-	2.25	0.25	0.55	3.05	582.75	191.07
Sale of business - Post Completion Matters	43.20	72.40	18.80	0.10	134.50	37,899.75	281.78
Director / Manager review, approval and signing	0.50	0.50	-	-	1.00	320.00	320.00
Realisation of Assets Other	0.10	0.90	1.45	-	2.45	504.50	205.92
	156.45	227.60	41.60	5.15	430.80	124,280.50	288.49
<b>Trading</b>							
Sales and Customers	1.00	28.00	63.70	5.90	98.60	18,748.75	190.15
Purchasing / Suppliers (not Landlord)	0.30	4.25	8.15	0.20	12.90	2,584.50	200.35
Accounting	-	0.50	-	-	0.50	158.25	316.50
Premises issues (incl Landlord and site clearance)	-	20.85	1.40	0.55	22.80	5,567.50	244.19
Health & Safety	-	1.00	-	-	1.00	315.00	315.00
Director / Manager review, approval and signing	0.55	0.50	-	-	1.05	338.00	321.90
Trading other	-	-	0.45	-	0.45	81.00	180.00
	1.85	55.10	73.70	6.65	137.30	27,793.00	202.43
<b>Creditors</b>							
Fixed charge Creditors	6.10	5.90	0.10	-	12.10	3,723.25	307.71
Floating charge creditors	2.30	6.85	1.70	-	10.85	2,862.75	263.85
HP & Lease creditors	-	7.65	2.05	0.30	10.00	2,393.00	239.30
RPO and ERA Claims & Tribunals	-	5.35	-	-	5.35	1,207.25	225.65
Employees & pensions (other) (incl. JobCentre / CSA etc)	0.80	6.70	31.00	-	38.50	7,548.50	196.06
Crown (not RPO etc)	0.25	2.55	1.65	-	4.45	1,001.50	225.06
Unsecured creditors	4.75	29.70	47.45	7.30	89.20	17,981.25	201.58
ROT Claims	0.25	1.40	1.40	-	3.05	650.75	213.36
Distributions for prefs and unsecured	9.25	22.65	52.00	5.00	88.90	19,069.50	214.51
Director / Manager review, approval and signing	0.95	0.75	-	-	1.70	556.00	327.06
Creditors Other	0.15	0.95	0.35	-	1.45	431.25	297.41
	24.80	90.45	137.70	12.60	265.55	57,425.00	216.25
<b>Total Hours</b>	249.30	548.30	420.65	52.15	1,270.40		
<b>Total £</b>	93,048.25	140,444.75	77,405.50	3,389.75		314,288.25	247.39

# IV Staffing, charging, subcontractor and adviser policies and charge out rates

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## Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers including S&WFS
  - Disbursement recovery
- Smith & Williamson LLP's and S&WFS' current charge out rates

## Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in the body of this report.

## Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

## S&WFS

S&WEBC is a pensions consultancy firm which specialises in providing advice to Insolvency Practitioners on their appointment in relation to all aspects of pensions. It is a division of S&WFS, a company associated with Smith & Williamson LLP.

S&WEBC may be engaged to deal with the Company's pension affairs. Payments to parties in which the administrators or their firm have an interest must be disclosed to, and approved by, creditors. Fees for their services are accrued on a time costs basis. Consequently, details of the charge out rates for S&WEBC are provided to creditors.

## Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

## Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

The rates applicable to this appointment are set out below.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates	London office £/hr		Regional offices £/hr	
	From 1/7/17	From 1/7/18	From 1/7/17	From 1/7/18
Partner / Director (from 1 January 2016)	435-500	450-520	350-375	360-380
Associate Director	390-410	420	295-315	290-320
Managers	250-350	250-365	190-310	225-310
Other professional staff	160-305	170-320	120-180	140-185
Support & secretarial staff	80-170	90	60-135	60-140

## Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.



S&WFS Employee Benefits Consultancy		From 1/7/17
Charge out rates		£/hr
Director		245-349
Associate Director		204-244
Manager		139-195
Administrator		88-170

**[www.smithandwilliamson.com](http://www.smithandwilliamson.com)**

**Principal offices:** London, Belfast, Birmingham, Bristol, Cheltenham, Dublin, Glasgow, Guildford, Jersey, Salisbury and Southampton.

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