

**2.17B**

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company East London Properties Limited	Company number 06834459
In the High Court (full name of court)	Court case number 3453 of 2015

(a) Insert full  
name(s) and  
address(es) of  
administrator(s)

I/We (a)  
Ninos Koumettou  
AlexanderLawsonJacobs  
1 Kings Avenue  
Winchmore Hill  
London N21 3NA

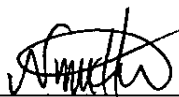
\*Delete as  
applicable

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

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

(b) 29 June 2015

Signed

  
\_\_\_\_\_  
Administrator

Dated

29 June 2015  
\_\_\_\_\_

**Contact Details**

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

The contact information that you give will be visible to researchers of the public record

Ninos Koumettou  
AlexanderLawsonJacobs  
1 Kings Avenue  
Winchmore Hill  
London N21 3NA

DX Number DX 36953 Winchmore Hill 020 8370 7250  
DX Exchange

When you have completed and signed this form, please send it to the  
Registrar of Companies at -  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**

TUESDAY



A18 30/06/2015 #403  
COMPANIES HOUSE

Case Admin Samantha George  
Our Ref EA31518/NK/AG/SG/3  
Date 26 June 2015

# Alexander Lawson Jacobs

## To all Known Creditors

Dear Sirs,

### East London Properties Limited - In Administration 537 Roman Road, London, E3 5EL

I write further to my appointment as Administrator of the above named Company and to previous correspondence in this respect

I confirm that my Administrator's Proposals are now due to be issued to creditors. Please therefore be advised that this report can be downloaded directly from our website **www.aljuk.com** by accessing the **cases** section and clicking on the company name. If you would prefer to receive a hard copy of the report, please contact the case administrator.

I have attached for your information a copy of the Notice of a Meeting of Creditors, which is due to be held at this office on Wednesday 15 July 2015 at 2.00 pm, together with a proxy form.

If you wish to lodge a claim in the administration and have not already done so, please complete and return the enclosed **Proof of Debt form** and attach any invoices / statements of account where possible.

Please note that the VAT bad debt relief on supplies made may be claimed without further reference to or acknowledgement from me provided that six months have elapsed since the date of supply and the debt has been written off in your books. A guide on how to claim bad debt relief can also be downloaded from our website in the **downloads** area.

If you require more information on any of the above, please contact the case administrator.

Yours faithfully,  
For and on behalf of  
East London Properties Limited - In Administration

  
 **Ninos Koumettou FCA, FCCA, FABRP**  
Administrator

(Licensed to act as an Insolvency Practitioner in the UK by the  
Institute of Chartered Accountants in England & Wales)

Chartered Accountants | Corporate Recovery & Insolvency Specialists  
1 Kings Avenue Winchmore Hill London N21 3NA  
T +44 (0) 20 8370 7250 F +44 (0) 20 8370 7251 DX 36953 Winchmore Hill  
E [info@aljuk.com](mailto:info@aljuk.com) [www.aljuk.com](http://www.aljuk.com)

The affairs, business and property of a company in Administration are managed by the Administrator who acts as an agent of the company over which he is appointed at all times and without personal liability. Alexander Lawson Jacobs ALJ and ALJUK are trading names of Alexander Lawson Jacobs Ltd. Company registered in England No 5814561. Registered office as above.



## Notice of an Initial Meeting of Creditors – Administration

Para 51 Schedule B1 Insolvency Act 1986 and Rule 2.35 of The Insolvency Rules 1986 (as amended)

Registered name of Company	East London Properties Limited
Court / Court Number	High Court - 3453 of 2015
Registered number	06834459
Registered office	537 Roman Road, London, E3 5EL
Principal trading address	537 Roman Road, London, E3 5EL
Former registered names (in previous 12 months)	Not Applicable
Trading names-or styles	Property Rental Management

Notice is hereby given that an initial meeting of creditors of the above named company is to be held at 1 King's Avenue, Winchmore Hill, London, N21 3NA on Wednesday 15 July 2015 at 2 00pm for the purpose of considering the Administrator's statement of proposals and to consider establishing a creditors' committee. If no creditors' committee is formed at this meeting a resolution may be taken to fix the basis of the Administrator's remuneration

A proxy form is enclosed which should be completed and returned to Ninos Koumettou by the date of the meeting if you cannot attend and wish to be represented In order to be entitled to vote under Rule 2 38 at the meeting, you must give to Ninos Koumettou, details in writing of your claim not later than 12.00 hours on the business day before the day fixed for the meeting

Name of office holder	Ninos Koumettou
Office holder IP number	002240

Postal address of office holder(s)	1 Kings Avenue, Winchmore Hill, London N21 3NA
Office holder's telephone no and email address	020 8370 7250 and ninos@aljuk.com
Date of Appointment	11 May 2015
Capacity of office holder(s)	Administrator
Alternative contact for enquiries on proceedings	Samantha George

## Proxy (Administration)

## East London Properties Limited - In Administration

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_

Name of Proxy Holder

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Wednesday 15 July 2015, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

## Voting Instructions for resolutions

1 For the acceptance/rejection\* of the Administrator's proposals/revised proposals\* as circulated

2 For the acceptance/rejection\* of the balance of the Administrator's pre-appointment fee, in the sum of £2,309 00, being paid as an expense of the Administration

3 For the acceptance/rejection\* of the Administrators Remuneration to be drawn on a time cost basis

4 For the acceptance/rejection\* of the Administrator's Disbursements being drawn as set out in the creditors guide to fees that has been circulated

5 For the acceptance/rejection\* of solicitors fees in the sum of £675 00 plus VAT being paid from the sale proceeds as an expense of the Administration

6 For the acceptance/rejection\* of agents fees in the sum of £4,000 00 plus VAT being paid from the sale proceeds as an expense of the Administration

6 For the appointment of

\_\_\_\_\_

of

\_\_\_\_\_

representing

as a member of the creditors' committee

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

\_\_\_\_\_  
\_\_\_\_\_

Remember there may be resolutions on the other side of this form

## Rule 4 73 PROOF OF DEBT - GENERAL FORM

Form 4 25

**In the matter of East London Properties Limited  
and in the matter of The Insolvency Act 1986**

Date of Administration 11 May, 2015

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

Admitted to Vote for £

Date

Liquidator / Chairman Signed

Software Supplied by Turnkey Computer Technology Limited, Glasgow

Added to IPS (tick)	
Date	
Who by	

**East London Properties Limited ('the Company')**  
**(In Administration)**  
**High Court No. 3453 of 2015**

*Administrator's Statement of Proposals*  
*Pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986*

The Administrator of the Company makes the following statement in discharge of his obligations pursuant to the provisions of Schedule B1 to the Insolvency Act 1986

**1. Introduction**

- 1.1.** This Report is addressed to all known creditors of the company and incorporates the Administrator's Proposals. These Proposals are to be considered at the creditors' meeting called pursuant to paragraph 51 of Schedule B1 of the Insolvency Act 1986 to be held at the offices of Alexander Lawson Jacobs, 1 Kings Avenue, Winchmore Hill, London, N21 3NA on Wednesday 15 July 2015 at 2 00pm
- 1.2** Creditors may approve the Proposals with or without modifications, subject to the Administrator's agreement to any such modifications. If the Proposals are rejected by creditors then a report will be sent to the High Court reporting the outcome of the same. The Court may then discharge the Administration and make consequential directions or alternatively, it may adjourn the Hearing or make some other Order as it thinks fit

**2. Appointment and Purpose**

- 2.1.** On 11 May 2015, I, Ninos Koumettou of Alexander Lawson Jacobs ("ALJ") of 1 Kings Avenue, Winchmore Hill, London, N21 3NA, a licensed Insolvency Practitioner authorised to act in the UK by the Institute of Chartered Accountants in England & Wales, was appointed Administrator of the Company, further to an application made by the Company's director, Mr Deniz Mehmet, in accordance with Schedule B1 to the Insolvency Act 1986

- 2.1.1.** The statutory purpose of an Administration consists of a single three-tiered purpose

- (i) The first objective is to rescue the Company as a going concern which involves rescuing the Company with all or most of its business intact
- (ii) The second objective (to be considered only if the first objective is not reasonably practical or would clearly be better for creditors as a whole) is to achieve a better result for the creditors than would be obtained through an immediate winding up of the Company
- (iii) The third objective is realising property in order to make a distribution to one or more secured or preferential creditors

- 2.1 2.** The first objective of an Administration was unlikely to be met, as without an immediate and substantial injection of working capital to cover the Company's ongoing trading expenditure, as well as to enable an arrangement to deal with its historic debts, the Company could not be rescued as a going concern. The Company did not have the resources available with which to meet the ongoing legal costs required to defend existing and potential landlords' claims and, furthermore, the Company's director also confirmed that he was not in a position, or willing, to inject the substantial funds that would have been required to enable the continuation of trade

There would have also have been a real risk that either the local authority or landlords would seek to terminate any existing arrangements with the Company as a result of the Administration. Accordingly, it was decided that this objective was therefore not viable.

- 2.1.3.** In this case, and for the reasons set out below, my appointment was based on the second objective, which was to achieve a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in administration).

### **3. Security**

The register held at Companies House indicates that no charges had been registered against the Company at the time it entered Administration.

### **4 Recent History and Circumstances Giving Rise to the Appointment of an Administrator**

Creditors are advised that a full history of the Company was provided within the SIP16 report previously circulated, which is attached herewith at **Appendix I**. I have, however, provided details of the main points relating to the circumstances leading up to the Company's Administration below.

The Company was incorporated on 3 March 2009 as a property letting agency, supplying temporary accommodation for tenants placed primarily by one customer, the London Borough of Tower Hamlets.

The Company's director and sole shareholder is Deniz Mehmet and it employed 8 staff to manage a property portfolio, which were all rented from various landlords.

During the Company's first three years of trade it generated turnover of £1,835,226, £3,459,685 and £4,481,590 respectively from which net profits of £44,992, £73,839 and £93,027 were achieved. The Company's accounts indicate that during the following year, to 31 March 2013, both turnover and net profit decreased slightly to that of £3,953,830 and £87,484 respectively. Since that time, the number of properties managed declined to only 124 at the time of Administration, generating a monthly gross income of c £157,000, indicating a current annual turnover of under £1.9M.

During late 2012, a claim was made against the Company by one of the landlords, Mr & Mrs Silver, which the director stated resulted from a problem in the terms of the Company's contract with that landlord. The Company had managed three properties for this particular landlord between 2009 and 2013 and a large claim, now in excess of £100,000, was made against the Company when the properties were handed back. The claim related to monies which the landlord believed had been wrongly retained by the Company from the rental income their properties achieved during the relevant period. The claim against the Company has been subject to ongoing legal proceedings by the landlord and attempts to settle the claim had not been successful.

The Company had been disputing the claim through various law firms and a final Court Hearing was due to take place either later this year or during 2016. The Company was advised that if it wished to continue to defend the claim then it was likely to incur substantial further legal fees and furthermore that there was a 50/50 chance of successfully defending the claim.

Following on from this, more recently, an additional claim, of circa £149,000 was also made against the Company by a second landlord, Mr E Z Enver on the same grounds. There was also a likelihood of further claims if other landlords, previously party to similar contracts, became aware of the actions already in hand.

The Company's director realised that the Company did not have the financial resources available to defend the claims, particularly the ongoing claim with Mr & Mrs Silver, especially with the risk of further claims. He therefore took the decision to seek advice from an Insolvency Practitioner and, as a result, made contact with this office.

I have now been contacted on behalf of the original claimant landlord, who has provided much useful information with regards the background to their claim. They have also raised various issues related to concerns they have about the conduct of the director and the background to the Administration. I am currently reviewing this information and will be liaising with the landlord's adviser to address the same shortly.

Following our discussions and meetings with the Company's director and, for the reasons set out below, the decision was made to place the Company into Administration and for Mr Ninos Koumettou of this firm to be the duly appointed Administrator.

#### **Commencement of Involvement of Alexander Lawson Jacobs**

Alexander Lawson Jacobs were first consulted by the Director of the Company by telephone on 28 April 2015 and a discussion was held regarding the Company's general financial position. A meeting with the Company's director subsequently took place on 30 April 2015 in order to discuss the various options available to the Company, such as a Company Voluntary Arrangement ("CVA"), Creditors Voluntary Liquidation ("CVL") or Administration.

Following our discussions, it was considered that a CVA would not be viable in view of the substantial claims that had been issued against the Company by the two landlords, which could potentially lead to other claims also being made. It was doubtful that the Company would be able to generate sufficient working capital and achieve sufficient profits, in its current form, to meet its ongoing overheads, finance the costs of defending the legal claim and at the same time make a requisite contribution into a CVA, which would have been necessary to make it attractive enough to achieve the support of its creditors.

Although it was possible for the Company to have entered CVL, Mr Mehmet advised that a company, of which his wife was a director, was expressly interested in purchasing the business, goodwill, work in progress and assets of the Company as a going concern. It was considered essential that continuity was ensured for the landlords and the local authority customer, as well as the tenants of the various properties managed by the Company. Furthermore, Mr Mehmet felt that, if the Company entered Liquidation, it would diminish any value which could be attributed to both the business and goodwill, in the event that a sale of these assets could be achieved.

The Company's director further advised that there was no formal contract in place between the Company and London Borough of Tower Hamlets and, as such, much if not all of the Company's goodwill was attributable to his own long standing business relationship with the local authority, which would inevitably be damaged in the event of Liquidation and, in turn, any disruption to the business. Any potential purchaser would need to meet with the approval of both the local authority and the landlords if the business was to be successfully transferred.



Furthermore, I was advised that the interested party would be willing to take over all the Company's existing employees, including the director, which would then form a TUPE transfer and ensure that no claims were made by staff in relation to unpaid wages, outstanding holiday pay, notice claims or redundancy. This would also provide the best chance for maintaining and preserving the Company's business and goodwill.

It was further considered that if the business and / or goodwill was sold on to an unconnected third party, then there was no guarantee that the association between the Company's director and the local authority would continue and, in addition, it was considered less likely that various landlords would be willing to novate their contracts to an unknown third party. The effect on the business could potentially have been catastrophic and the repercussions on both the tenants and local authority disastrous. Accordingly, it was determined that CVL would not be the best course of action for the Company and its creditors.

It was clear that achieving a sale of the Company's business, goodwill, work in progress and assets would be in the best interests of the Company's creditors and it was therefore considered that, for the reasons set out above, Administration would be the most favourable option for the Company, as this would ensure a maximum realisation from the sale of the Company's business, goodwill, work in progress and assets.

Following our discussions, the Company's director advised that he needed a short period of time to enable him to give full consideration to the various insolvency options available but, in the meantime, confirmed on 7 May 2015, that he was agreeable to the suggestion that professional agents be appointed to value the Company's business and assets.

I subsequently met with the Company's director on 11 May 2015 whereby he confirmed his intention to place the Company into Administration. I was satisfied that this would achieve the best result for the Company's creditors in the circumstances.

Accordingly, on 11 May 2015, Mr Deniz Mehmet, the Company's sole director and shareholder, filed into Court a Notice of Intention to Appoint an Administrator nominating me as the proposed Administrator. A formal Notice of Appointment was also filed on the same day whereby I was duly appointed as Administrator of the Company.

I would confirm that I have not acted for the Company's director / shareholder previously and, as such, there was no prior relationship of any kind which prohibited me from taking this appointment.

## 5. Statutory Information

5.1. The Company's statutory information is detailed below -

<i>Registered no</i>	06834459
<i>Date of incorporation</i>	3 March 2009
<i>Registered office</i>	1 Kings Avenue, Winchmore Hill, London, N21 3NA (formerly 537 Roman Road, London, E3 5EL)
<i>Authorised share capital</i>	100 Ordinary shares of £1 00 each
<i>Issued share capital</i>	1 Ordinary share of £1 00 each
<i>Shareholders</i>	Deniz Mehmet – 1 Share
<i>Directors</i>	Deniz Mehmet (Appointed 5 March 2009)
<i>Secretary</i>	No Secretary Appointed
<i>Charges Registered</i>	No Charges Registered

## 6. Financial Information

6.1. The Company's accounts reveal the following results -

	<i>Year Ended 31 March 2013</i>	<i>Year ended 31 March 2012</i>	<i>Year Ended 31 March 2011</i>
<b>Turnover</b>	3,953,830	4,481,590	3,459,685
<b>Gross Profit/Loss</b>	363,272	399,806	341,872
<b>Net Profit/Loss</b>	87,484	93,027	73,839
<b>Dividends</b>	Nil	Nil	(26,000)
<b>Director's Remuneration</b>	(7,200)	(6,000)	(4,800)
<b>Accumulated Profit &amp; Loss Account</b>	273,342	185,858	92,831
<b>Accumulated Bal.</b>	273,442	185,958	92,931

## **7. Management by the Administrator since his appointment**

- 7.1. I can confirm that the appropriate documents have been filed with the Court. Notice of my Appointment has been given to the Registrar of Companies and to all known creditors. Details of my appointment were also advertised in the London Gazette.
- 7.2. Creditors were advised in my previous report, issued in accordance with Statement of Insolvency Practice 16 ("SIP 16") that the Company's Business, Goodwill, Work in Progress and Assets were sold for the sum of £40,000, to Matkap Limited ("Matkap"), a company owned by Mrs Anil Mehmet, the wife of the Company's director. I can also confirm that a personal guarantee has been provided by Mrs Anil Mehmet in relation to the deferred consideration which is payable by the purchasing company under the terms of the sale agreement. A copy of the SIP 16 Report, which provides more details of the sale, is attached herewith at **Appendix I**.
- 7.3. I would specifically advise that, in accordance with the terms of the sale agreement, the purchaser was to pay an initial lump sum of £4,000 by 11 May 2015. The balance of £36,000 is to be paid in 9 equal monthly instalments of £4,000, commencing on 20 June 2015, with the final instalment being payable on 20 February 2016. I can confirm that, in accordance with the terms of the sale agreement, the sum of £8,000 has, to date, been received from the purchaser.
- 7.4. At the time of its Administration the Company was in possession of two motor vehicles, a Tiguan Match and a Porsche Panamera, which were both held under Hire Purchase Agreements with Lombard Finance ("Lombard"). Agents were subsequently appointed to value these vehicles and to determine whether there would be any equity available for the general body of creditors. The agents subsequently advised that the vehicles had a combined value of £79,120 whilst the outstanding debt due to Lombard was £90,263.71. Accordingly, it was determined that there was no equity available.
- 7.5. The Company was also in possession of two additional vehicles, both being Peugeot Hatchbacks, which were held under Hire Purchase Agreements with Santander Finance ("Santander"). The agents also valued these vehicles with a view to establishing whether there was any equity available for the general body of creditors. The agent subsequently confirmed that these vehicles had a combined value of £7,200 whilst the outstanding debt due to Santander was circa £3,560. Accordingly, it was determined that there was equity in these vehicles in the sum of circa £3,640 and, as such, the Company's interest in these vehicles was also included within the sale to Matkap.

## **8. Prescribed Part**

- 8.1. Under the provisions of Section 176A of the Insolvency Act 1986, an Administrator must state the amount of funds available to unsecured creditors in respect of the prescribed part. This relates to a percentage of the Company's assets being set aside for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property". A Company's net property is that left after paying the expenses of the administration and any preferential creditors, but before paying the lender who holds a floating charge. An administrator has to set aside

*a) where the Company's property does not exceed £10,000 – 50% of that property,*

*b) where it exceeds £10,000*

*i) 50% of the first £10,000 of the net property and*

*ii) 20% of the remaining net property up to a maximum of £600,000*

8.2. In this instance, the Company did not grant a Floating Charge and therefore the prescribed part element will not apply

## 9. Creditors' Claims

9.1. The attached Statement of Affairs, at **Appendix II**, incorporates the amounts provided by the director and is accurate to the best of his knowledge and belief

9.2 Given that the Company's staff were all transferred to Matkap, it is not expected that there will be any preferential claims in respect of unpaid wages & holiday pay

9.3. The Company's outstanding non-preferential unsecured creditors' claims are £397,292 40, per the director's Statement of Affairs and I can confirm that, to date, I have received formal claims totalling £148,629 43. Creditors are advised that all claims will be fully reviewed prior to the payment of any dividend in this matter

9.4. Any creditor who has yet to submit a claim is requested to do so forthwith. In this regard a Proof of Debt Form is attached at **Appendix III** for this purpose. I have also enclosed guidance notes on VAT Bad Debt relief at **Appendix IV**

## 10. EC Regulation on Insolvency Proceedings

10.1. I am required under the Insolvency Rules 1986 to state whether, and if so the extent, to which the above regulations apply to this Administration. In this particular case, the EC

Regulation will apply and these proceedings will be main proceedings as defined in Article 3 of the EC Regulation

10.2. The Company's registered office and its trading address is in the UK and therefore, in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom

## 11. Statement of Affairs

11.1. A statement as to the affairs of the Company has been prepared as at 11 May 2015. A copy of this is enclosed for creditors' information within this bundle of documents at **Appendix II**

11.2. The Statement of Affairs has been prepared from the Company records and other information available and/or provided by or on behalf of the director. Notes to the Statement of Affairs have also been prepared but we have not carried out any audit or detailed verification work on the information contained therein

## 12. Administrator's Proposals

12.1. Pursuant to Paragraph 49 of Schedule B1 of the Act, this report sets out the Administrator's Proposals for achieving the purpose of the Administration. A summary of the Proposals is at Section 2 of this report

- 12.2. I also attach a summary of my receipts and payments, at **Appendix V**, relating to the Company for the period 11 May 2015 to 23 June 2015
- 12.3. In order to achieve the purpose of the Administration it is proposed that the Administration will continue for the time being whilst the collection of the deferred balance due under the sale agreement continues
- 12.4. Once sufficient funds have been received to enable a dividend to be paid to the Company's unsecured creditors, then it is proposed that the Administration be concluded

### **13. Proposed Exit Route of Administration**

- 13.1. The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from Administration, being primarily a Company Voluntary Arrangement, Liquidation or Dissolution of the Company. It is my recommendation and proposal that the Administrator should remain in office until the monies from the sale of the Company's Business, Goodwill, Work in Progress and Assets have been received, together with the realisation of any other potential assets

Once sufficient monies have been realised to ensure a dividend will be paid to the Company's unsecured creditors, then, as soon as reasonably practicable, a Notice will be filed with the Registrar of Companies (in Form 2 34B) bringing the Administration to an end and placing the Company into Creditors Voluntary Liquidation ("CVL") and a final report will also be issued to creditors. This will enable the payment of a dividend to the Company's unsecured creditors from the funds held in the estate

- 13.2. It is further my recommendation and proposal that, in the event the Company enters Creditors Voluntary Liquidation, I should be appointed Liquidator
- 13.3. Should it subsequently transpire that, for any reason, the above course of action is not possible and there are insufficient funds with which to make a dividend to unsecured creditors, then I will take the necessary steps to place the Company into Compulsory Liquidation
- 13.4. Under the amended provisions of the Insolvency Act 1986, there is no requirement for an additional meeting of members and creditors to be convened to place the Company into CVL or to appoint a liquidator. This is because the creditors can agree to the process and to the nominated Liquidator at the meeting to be held on Wednesday 15 July 2015. As a result, the move from Administration to CVL is a simple procedure
- 13.5. However, creditors should note that, in accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.117(3) of the Insolvency Rules, they may nominate an alternative liquidator at any time after the Proposals have been received but before they are actually approved

### **14. Administrator's Remuneration & Expenses**

- 14.1. In accordance with Rule 2.33(2A) of the Insolvency Rules 1986, I would advise creditors that on 11 May 2015, I agreed with the directors a pre-appointment fee of £8,000 plus VAT. I can further confirm that this payment was received in full from the Company's funds prior to my appointment

This payment was to cover all my work in connection with the Company's Administration including the following

- Various meetings with the Company's director and associated discussions
- A full review of the Company's financial position and consideration of the relevant insolvency procedure in order to maximise realisations for creditors
- Liaising with my agents in relation to the sale of the Company's business and assets and also with my solicitors in order to enable the drafting of the sale agreement between the Company and Matkap
- Preparation and filing of all necessary documents to facilitate the Company's Administration

It was essential that this work be carried out in order to determine the best way in which to manage the Company's affairs and to decide upon the appropriate course of action. In my view all actions undertaken pre-administration have ensured the best possible outcome for creditors and the achievement of the purpose of the administration ie a better return for creditors as a whole

I have attached herewith, at **Appendix VI**, a copy of my Statement of Insolvency Practice 9 time summary covering the pre-appointment work which was carried out by this firm during the period leading up to the Company's administration, wherein you will note that my time costs in dealing with this amounted to £10,309.00. This represents a total of 35.10 hours and equates to an average hourly rate of £293.70.

I would advise that I will be seeking a resolution from creditors, within my Proposals, for the payment of the balance of my pre-appointment fee, in the sum of £2,309 plus VAT, to be made from the funds held in the Administration estate, in accordance with the time costs attached

- 14.2.** I am proposing to be remunerated for post appointment work by reference to the time properly spent for my services and those of my staff in dealing with matters arising from the Administration. A description of the routine work undertaken in the Administration, to date, is as follows

#### Administration and Planning

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Preparing documentation required
- Dealing with all routine correspondence
- Maintaining physical case files and electronic case details on IPS case management software
- Case bordereau
- Case planning and administration
- Preparing reports to members and creditors
- Convening meetings of members and creditors

#### Cashiering

- Maintaining and managing the administrator's cashbook and bank account
- Ensuring statutory lodgements are met

#### Creditors

- Dealing with creditor correspondence
- Preparing reports to creditors
- Maintaining creditor information on IPS case management software
- Reviewing, and adjudicating on if necessary, proofs of debt received from creditors

#### Investigations

- Interim review of Company accounts / financial information & associated discussions with the Company's director

#### Realisation of Assets

- Liaising with the both the purchaser and our solicitors in relation to the finalisation and completion of the Company's Sale Agreement

**14.3.** I am obliged, pursuant to Statement of Insolvency Practice 9, to provide creditors with details relating to the time costs and the disbursements that have been incurred by myself and my staff to date. I therefore attach at **Appendix VII** a summary of my own and my firms' time costs for the period 11 May 2015 to 23 June 2015 wherein you will note that the time costs incurred during this period amounted to £7,937.00 plus VAT. This represents a total of 29.80 hours and equates to an average hourly rate of £266.34.

**14.4.** I also attach at **Appendix VIII** a Creditors' Guide to Fees together with my firm's Practice Fee Recovery Policy for your reference and this details the staff hourly charge out rates relevant to this Administration. I can confirm that time is charged in 6 minute units.

**14.5.** I also propose to recover my disbursements and expenses in accordance with the rates set out in the Creditors' Guide to Fees and Practice Fee Recovery Policy. In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2. These are detailed in the attached Administrator's guide to fees. However, I would summarise these as follows,-

Category 1 expenses are attributed to the estate and are recoverable in full from the estate without the prior approval of creditors. This will include the cost of statutory advertising, external meeting room hire, external storage, specific bond insurance, company search fees and postage.

Category 2 expenses are incurred by the firm and recharged to the estate. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

The following expenses have been incurred in relation to this matter -

Type of category 1 disbursement	Amount incurred but not paid £
Indemnity Bond	144.00
Company Search	8.00
Statutory Advertising	74.50
Postage	17.94
Room Hire (external)	0.00
Type of category 2 disbursement	Amount incurred but not paid £
Room Hire (internal)	0.00
Photocopying	2.80
Storage of Books and Records	0.00
Other	0.00

14.6. The approval of the basis of my remuneration and expenses, as Administrator, forms part of these Proposals for which approval is being sought, however, if a creditors' committee is appointed at the forthcoming meeting of creditors then I will seek approval from that committee instead. If the committee does not approve those fees, or it approves the fees at a level that I feel is insufficient, I may seek approval from a further meeting of creditors or failing that, from the Court.

## 15. Agents Fees & Legal Fees

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

Professional Advisor	Nature of Work	Fee Arrangement
Summers Nigh Law LLP	Solicitors	Time Costs
Rabbow & Co	Agent / Valuers	Percentage of Realisations

15.2. In accordance with Rule 2.33(2A) of the Insolvency Rules 1986, I would also advise that both my solicitors and agents have incurred costs relating to their time spent in dealing with the sale of the Company's business, goodwill and assets to Matkap.

15.3. I can confirm that my solicitors have invoiced the sum of £675.00 plus VAT for the work which was carried out by them with regard to the initial drafting of the sale agreement as well as liaising with both this office and the purchaser in order to reach agreed terms and to enable the completion of the sale agreement. I consider that these fees are reasonable in comparison to the work which was carried out by my solicitors and I am now seeking creditors' approval for these fees to be paid from the sale proceeds, as an expense of the Administration.

15.4. I have agreed a fee with my agents of £4,000 plus VAT for the work which they carried out in providing a valuation of the Company's Business, Goodwill and Assets and to considering and advising me on the offer that had been received from Matkap in this respect. The work which was undertaken in this respect comprises meetings with the Company's director, preparing an inventory and valuation on the Company's assets and liaising with Matkap in relation to the offer put forward for the purchase of the Company's business, goodwill and assets. I confirm that my agent has not yet been paid for the work undertaken in this respect and I am seeking approval from the Company's creditors for these fees to be paid from the sale proceeds, as an expense of the Administration.

15.5. The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. The rates to be charged have been reviewed and I am satisfied that they are reasonable in the circumstances of this case.

It is my belief that it was essential for this work to be carried out in order to ensure the best possible outcome for creditors and the achievement of the purpose of the administration i.e. a better return for creditors as a whole.

## 16. Administrator's Investigations

16.1. 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.

I am also required, under the Company Directors' Disqualification Act 1986 and related subordinate legislation, to make a return no later than six months from the date of my appointment in respect of every person who was on that date a director or shadow director of the Company, or who was a director or shadow director of the Company at any time in the three years immediately preceding that date. If you have any information, other than what we have reported upon above, which you consider may be relevant to my report you should provide me with details without delay, either on the attached questionnaire on directors' conduct at **Appendix IX** herewith or in any other appropriate written form.

## **17. Members' and Creditors' Voting Rights**

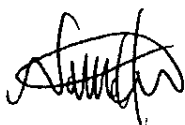
**17.1.** Creditors are entitled to vote for the amount of their debt as at the date of my appointment subject to their submission of any proxy they intend to use and written details of their debt not later than 12 noon on the business day before the day fixed for the meeting. A form of Proxy is enclosed herewith at **Appendix X**. Creditors who have unliquidated or unascertained debts may only vote if I agree to place an estimated minimum value upon their debt for the purpose of voting entitlements. I have the right to reject any creditor's claim in whole or in part for the purpose of his or her entitlement to vote. Any creditor whose claim is so rejected has the right of appeal to the Court within 28 days. Full details of creditors' entitlement to vote, is set out in Rule 2.38, the text of which is attached at **Appendix XI**.

## **18. Further Information**

**18.1.** I will report to creditors on the progress of the Administration, in accordance with my statutory obligations.

**18.2.** At Alexander Lawson Jacobs we always strive to provide a professional and efficient service. However, we recognise that it is the nature of insolvency proceedings for disputes to arise from time to time. As such, should you have any comments or complaints regarding the administration of this case, then in the first instance you should contact me at the address given in this letter.

If you consider that I have not dealt with your comments or complaint appropriately, then put details of your concerns in writing to our complaints officer, Kerri Cramphorn, at this address. This will formally invoke our complaints procedure and we will endeavour to deal with your complaint under supervision of a senior partner unconnected with the appointment.



Ninos Koumettou FCA, FCCA, FABRP  
**Administrator**

(Licensed to act as an Insolvency Practitioner in the UK by the  
Institute of Chartered Accountants in England & Wales)

24 June 2015

**East London Properties Limited ('the Company')  
In Administration**

**Summary of the Administrator's Proposals**

***Summary of the Administrator's Proposals under Paragraph 49 of Schedule B1 to the Insolvency Act 1986***

In accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986, **Ninos Koumettou**, the Administrator of East London Properties Limited, makes the following proposals for achieving the purpose of the Administration, which came into effect on 11 May 2015

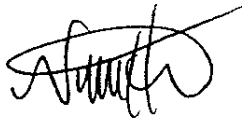
These summary Proposals and the attached report to creditors together set out the information required of the Administrator and discharges his duties pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986

An initial meeting of the Company's creditors to consider these Proposals has been convened for Wednesday 15 July 2015 at 2 00pm

**SUMMARY PROPOSALS**

- **That** the Administrator does all such things and generally exercises all his powers in order to achieve objective 2 of the statutory purpose of an Administration,
- **That** the Administrator should remain in office until the monies from the sale of the Company's Business, Goodwill and Assets have been received together with the realisation of any other potential assets. Once sufficient monies have been realised to ensure a dividend will be paid to the Company's unsecured creditors then, as soon as reasonably practicable, a Notice will be filed with the Registrar of Companies (in Form 2 34B) bringing the Administration to an end and placing the Company into Creditors Voluntary Liquidation ("CVL") and a final report will also be issued to creditors. This will enable the payment of a dividend to the Company's unsecured creditors from the funds held in the estate
- **That** it is further my recommendation and proposal that, if the Company enters Creditors Voluntary Liquidation, I should be appointed liquidator
- **That** should it subsequently transpire, for any reason, the above course of action is not possible and there are insufficient funds with which to make a dividend to unsecured creditors, then I will take the necessary steps to place the Company into Compulsory Liquidation

- **That** should a Creditors' Committee be established at the forthcoming meeting of creditors scheduled to take place on Wednesday 15 July 2015, the Administrator is to consult with the Committee in relation to matters concerning the conduct of the Administration and with regard to the fixing of remuneration and expenses



Ninos Koumettou FCA, FCCA, FABRP  
**Administrator**

(Licensed to act as an Insolvency Practitioner in the UK by the  
Institute of Chartered Accountants in England & Wales)

24 June 2015

**EAST LONDON PROPERTIES LIMITED ("THE COMPANY")  
(IN ADMINISTRATION)**

**INFORMATION TO CREDITORS REGARDING THE SALE  
OF THE COMPANY'S BUSINESS AND ASSETS**

**ISSUED IN ACCORD WITH STATEMENT OF  
INSOLVENCY PRACTICE 16**

**1. Background**

The Company was incorporated on 3 March 2009 as a property letting agency, supplying temporary accommodation for tenants placed primarily by one customer, the London Borough of Tower Hamlets

The Company employed 8 staff and had a property portfolio of approximately 124 properties which were rented from various landlords

Deniz Mehmet is the Company's sole director and shareholder

During the Company's first period of trading, to 31 March 2010, it achieved a turnover of £1,835,226 from which a net profit of £44,992 was achieved. This turnover increased during the Company's second year of trading and its accounts to 31 March 2011 showed it to have achieved a turnover of £3,459,685 and a net profit of £73,839. The Company's accounts for the year ended 31 March 2012 indicated that turnover and net profit had further increased to £4,481,590 and £93,027 respectively. Turnover subsequently decreased slightly during the following year, to 31 March 2013 to £3,953,830 and, in turn, the Company's net profit also reduced to that of £87,484.

In late 2012, a claim was made against the Company by one of the landlords, Mr & Mrs Silver, which resulted from a problem in the terms of the Company's contract with the landlord. Although the Company had adhered in full to the agreed payments that it believed were due to be made to the landlord, in fact, the terms of the contract stated wrongly that all monies received by the Company in respect of their properties were due to be paid over to the landlord. This effectively meant that the Company would not have been entitled to retain any of the monies which it had received from letting this landlord's property and, in turn, that no profit element would have been available for the Company.

The Company had managed three properties for this particular landlord during the period between 2009 and 2013 and a large claim, now in excess of £100,000, was made against the Company by the landlord when those properties were handed back. This claim was in relation to the monies which the landlord believed the Company had retained from the rental income received on their properties during the relevant period. The claim against the Company has been the subject of ongoing proceedings by the landlord and attempts to settle the claim have not been successful.

The Company fully disputes that there should be any liability and has been defending the claim through various law firms and this has currently incurred legal fees of approximately £30,000. A final Court Hearing was due to take place in 2016 and the Company was advised that, if it was to continue to defend the proceedings, it was likely to incur substantial further legal fees. The Company was also advised that there was a 50/50 chance of successfully defending the claim. However, the director did not believe that the Company was in a financial position to sustain the costs of the action, particularly in the event that it was not ultimately successful in defending the claim, which would then no doubt also result in an adverse costs order.

Recently, a further claim in the sum of circa £149,000 was made against the Company by a second landlord, Mr E Z Enver, on the same grounds. There was also a likelihood of further claims if other landlords previously party to similar contracts became aware of the actions already in hand.

The Company's director realised that the Company did not have the financial resources to defend both claims, especially with the risk of further claims. He therefore took the decision to seek advice from an Insolvency Practitioner and as a result, he made contact with this office.

Following this and, for the reasons set out below, the decision was made to place the Company into Administration and for Mr Ninos Koumettou of this firm to be the duly appointed Administrator

## **2. Security**

There were no Charges registered against the Company at the time it entered Administration

## **3. Initial Introduction**

Alexander Lawson Jacobs were first contacted by the Director of the Company by telephone on 28 April 2015 and a discussion was held regarding the Company's general financial position. A meeting with the Company's director subsequently took place on 30 April 2015 in order to discuss the various options available to the Company such as a Company Voluntary Arrangement ("CVA"), Creditors Voluntary Liquidation ("CVL") or Administration

Further more detailed information was then obtained and subsequently reviewed by myself and my staff. Following this review and the earlier discussions, I confirmed to the Company's director that, for the reasons set out below, my advice was that Administration was considered to be the best way forward. The Company's director advised that he required a short period of time to enable him to give full consideration to the various insolvency options available to the Company but, in the mean time, confirmed, on 7 May 2015, that he was agreeable to the suggestion that professional valuers be appointed to value the company's business and assets

I subsequently met with the Company's director again on 11 May 2015, whereby he confirmed his intention to place the Company into Administration

I would confirm that we have not acted for the Company's director/shareholder previously and as such there was no prior relationship of any kind which prohibited me from taking this appointment

Accordingly, on 11 May 2015, Mr Deniz Mehmet, the Company's sole director and shareholder, filed into Court a Notice of Intention to Appoint an Administrator, nominating me as the proposed Administrator. A formal Notice of Appointment was also filed on the same day whereby I was duly appointed as Administrator of the Company

## **4. Pre Appointment Considerations.**

Following our discussions with the Company's director, it was considered that a CVA would not be viable in view of the substantial claims that had been issued against the Company by the two landlords and other potential claims. It was doubtful that the Company would be able to generate sufficient working capital and achieve sufficient profits in its current form to meet its ongoing overheads, finance the costs of defending both legal claims and at the same time make the requisite contributions into a CVA which would have been necessary to make it attractive enough to achieve the support of its creditors

Although it was possible for the Company to have entered CVL, Mr Mehmet advised that a company of which his wife was a director, had expressed an interest in purchasing the business, goodwill, work in progress and assets of the Company as a going concern. It was therefore essential to ensure continuity for the local authority customer and the tenants of the company. Mr Mehmet felt that, if the Company entered Liquidation, it would diminish any value which could be attributed to both the business and goodwill, in the event that a sale of these assets could be achieved

The Company's director further advised that there was no formal contract in place between the Company and London Borough of Tower Hamlets and, as such, much if not all of the Company's goodwill is attributable to his own long standing business relationship with the London Borough of Tower Hamlets, which would inevitably be damaged in the event of Liquidation and any disruption to the business

Furthermore, I was advised that the interested party would be willing to take over all of the Company's employees, including the director, which would then be a TUPE transfer and ensure no claims for redundancy, etc. This would also give the best chance for maintaining and preserving the Company's business and goodwill. It was further considered that, if the business and/or goodwill was sold on to an unconnected third party, then there was no guarantee that the association between the Company's director and the local authority would continue and, in addition, it would also be less likely that the

various landlords would be willing to novate their contracts. The effect on the business would have been catastrophic and the repercussions on both the tenants and the local authority disastrous.

Accordingly, it was determined that CVL would not be the best course of action for the Company and its creditors.

It was clear that achieving a sale of the Company's business, goodwill, work in progress and assets would be in the interests of the Company's creditors and it was therefore considered that Administration was the most favourable option for the Company, as this would ensure a maximum realisation for the Company's business, goodwill, work in progress and assets.

Initial consideration was given to trading the business under administration to allow our agent the time to market it for sale as a going concern. However, it was considered that trading a business of this nature would have been a risk to any duly appointed Administrator and could also have damaged the value of its goodwill significantly, in light of the personal association and working relationship between the Company's director and the local authority. In any event, there was no funding available to the Company and it was not considered to be commercially viable to cover the costs of continuing the business in its current form. The director was asked if he would be able to provide funding for further trading but he confirmed that he was not in a position to do so. It was therefore considered that, whilst Administration was the best course of action for the Company, it was not viable for the Administrator to continue trading, once the Company entered Administration.

Creditors are advised that the statutory purpose of an Administration consists of a single three-tiered purpose:

- (i) The first objective is to rescue the Company as a going concern which involves rescuing the Company with all or most of its business intact.
- (ii) The second objective (to be considered only if the first objective is not reasonably practical or would clearly be better for creditors as a whole) is to achieve a better result for the creditors than would be obtained through an immediate winding up of the Company.
- iii) The third objective is realising property in order to make a distribution to one or more secured or preferential creditors.

In this instance, my appointment was based on the second objective, which was to achieve a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in administration). Given that the Company's business, goodwill and assets have all now been sold, as referred to further below, it is considered that the purpose of the Administration will be achieved.

## **5. Marketing of the business**

I instructed Rabbow & Co ("Rabbow"), a specialist firm of valuers, who have confirmed their independence, to prepare a valuation and advise on how best to ensure that maximum value would be achieved for the Company's business, goodwill and assets.

Rabbow confirmed that the Company owned a small quantity of office furniture and equipment which was all in reasonable condition and also operated five vehicles, four of which were subject to finance agreements. Rabbow further confirmed that there was equity in only two of the financed vehicles, after the deduction of the amounts which remained due to the respective finance companies.

Rabbow also confirmed that the Company had ongoing work in progress which comprised uncollected rent covering a 10-12 day period, which would then also be subject to the respective payments being made to the various landlords.

The Company's goodwill was valued based on the turnover of the Company, although Rabbow advised that more recently, turnover had diminished significantly as landlords are generally finding it more beneficial to let directly in the private sector. The connection and personal relationship between the

Company's director and London Borough of Tower Hamlets was also taken into consideration when valuing the Company's goodwill

Accordingly, a summary of the values on both a going concern basis and a forced sale basis, which were provided by our agents, are set out below

	<u>Willing Purchaser (£)</u>	<u>Forced Sale (£)</u>
Office Furniture & Equipment	2,250	750
Motor Vehicles	5,000	4,000
Motor Vehicle subject to Finance (Equity)	3,560	1,160
Work in Progress	5,000	Nil
Goodwill	30,000	Nil
<b><u>TOTAL</u></b>	<b><u>45,810</u></b>	<b><u>5,910</u></b>

An offer to acquire the Company's business, goodwill, work in progress and assets was received from Matkap Limited ("Matkap"), a company owned by Mrs Anil Mehmet, the wife of the Company's director, Mr Deniz Mehmet, in the sum of £40,000. Rabbow felt that the proposed offer would produce a significantly better outcome than any other alternative available. Rabbow also felt that as Matkap would be employing the Company's employees, specifically the director Mr Mehmet, then in view of the ongoing connection between Mr Mehmet and London Borough of Tower Hamlets, this company would be best placed to achieve a smooth continuation of the business as required.

Rabbow also confirmed that this offer included an offer for goodwill, which was unlikely to be realised had any third party offer been received. It was considered unlikely that a higher offer could be secured than the one received from Matkap had the business been advertised for sale and, accordingly, no advertising was carried out in this respect.

The proposed offer was apportioned as follows -

	<u>£</u>
Office Furniture & Equipment	£ 2,000
Motor Vehicles	£ 5,000
Motor Vehicles subject to Finance	£ 3,000
Work in Progress	£ 5,000
Goodwill	£25,000
<b>Total</b>	<b>£40,000</b>

To be paid as follows.-

By 11 May 2015	£ 4,000
9 Monthly instalments of £4,000	£36,000
<b>Total</b>	<b>£40,000</b>

In the circumstances and following the advice from Rabbow, I accepted the offer from Matkap. Given the time available and the ongoing disputes over the liabilities claimed, I would confirm that I did not consider it possible or appropriate to consult with the major creditors of the Company. I would advise that a formal Sale Agreement, dated 11 May 2015, has now been signed by all parties and confirm that the deferred payments are supported by a personal guarantee, which has been provided by Mrs Anil Mehmet, the director of Matkap.



**Ninos Koumettou FCA, FCCA, FABRP**  
**Administrator**  
**13 May 2015**

Insolvency Act 1986

East London Properties Limited  
Estimated Statement Of Affairs as at 11 May 2015

	Book Value £	Estimated to Realise £	£
<b>ASSETS</b>			
Motor Vehicle - Porsche Panamera	59,740 00	59,740 00	
Lombard Finance Company		(68,057 57)	
Deficiency c/d		(8,317 57)	
Motor Vehicle - Tiguan Match	19,380 00	19,380 00	
Santander Finance Company		(22,206 14)	
Deficiency c/d		(2,826 14)	
Motor Vehicle - Peugeot Hatchback	6,131 00	3,600 00	
Santander Finance		(1,905 60)	
		1,694 40	1,694 40
Motor Vehicle - Peugeot Hatchback	6,131 00	3,600 00	
Santander Finance		(1,734 54)	
		1,865 46	1,865 46
Office Furniture & Equipment	18,000 00		2,250 00
Motor Vehicle - Renault Traffic Van	8,521 00		5,000 00
Work in Progress	5,000 00		5,000 00
Goodwill			30,000 00
			45,809 86
<b>LIABILITIES</b>			
<b>PREFERENTIAL CREDITORS -</b>			
			NIL
			45,809 86
<b>DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003</b>			
<b>OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS</b>			
			NIL
			45,809 86
<b>Estimated prescribed part of net property where applicable (to carry forward)</b>			
			NIL
			45,809 86
<b>DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003</b>			
			NIL
			45,809 86
<b>Estimated prescribed part of net property where applicable (brought down)</b>			
			NIL
			45,809 86
<b>Unsecured non-preferential claims (excluding any shortfall to floating charge holders)</b>			
Deficiency b/d		11,143 71	
Trade & Expense Creditors		26,269 17	



Insolvency Act 1986

East London Properties Limited  
Estimated Statement Of Affairs as at 11 May 2015

	Book Value £	Estimated to Realise £	£
Rates		1,056 00	
HMRC - PAYE/NIC/VAT/CIS/CT		48,567 70	
Landlord - Company Trading Address		3,350 00	
Property Landlords		<u>306,905 82</u>	
			<u>397,292 40</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)			<u>(351,482 54)</u>
			<u>(351,482 54)</u>
Issued and called up capital			
Ordinary Shareholders		1 00	
			<u>1 00</u>
<b>TOTAL SURPLUS/(DEFICIENCY)</b>			<u><u>(351,483 54)</u></u>

**AlexanderLawsonJacobs**  
**East London Properties Limited**  
**B - Company Creditors**

Key	Name	Address	£
CA00	Allied Estates (London) Ltd	537 Roman Road, Bow, London, E3 5EL	3,350.00
CB00	Barclays Bank Plc (Business Insolvency)	RR Donnelly , Open Sort & Distribute, Astron House, 51 Saffron Road, Leicester, LE87 2BB	0.00
CB01	Bowling & Co Solicitors	62 Broadway, Stratford, London, E15 1NG	706.68
CB02	Grace Bowman	80 Drysdale Avenue, London, E4 7NJ	52,755.00
CB03	British Gas Business	c/o Baker Tilly Business Services Limited, 6th Floor, Salisbury House, 31 Finsbury Circus, London, EC2M 5SQ	0.00
CC00	Companies House	DX 33050, Cardiff	0.00
CC01	CTM Partnership Ltd	838 Wickham Road, Croydon, CR0 8ED	7,428.00
CE00	EE Ltd	Customer Services, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9BW	1,664.85
CE01	Mr Enver Z Enver	276 Bexley Lane, Sidcup, Kent, DA14 4JG	149,150.82
CH03	HMRC - (EIS) (VAT/PAYE/NIC/CT/CIS)	Enforcement & Insolvency Service (EIS) Worthing, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	48,567.70
CL00	Lombard North Central Plc	Lombard Collections & Recoveries, Debt Management Operations, PBB Services, RBS Rotherham, Cyan Building 1st Floor, PO Box 520, Rotherham, S63 3BR	90,263.71
CL01	London Borough of Tower Hamlets	Revenue Service Department, Mulberry Place, 5 Clove Crescent, London, E14 2BG	1,056.00
CL02	Links Property Services Ltd	510c Roman Road, Bow, London, E3 5ES	16,245.54
CR00	The National Insurance Fund	PO Box 16685, BIRMINGHAM, B2 2LX	0.00
CS00	Santander Consumer Finance	Santander House, 86 Station Road, Redhill, Surrey, RH1 1SR	3,640.14
CS01	Charles & Sandra Silver	Green Lane Cottage, Green Lane, Stanmore, Middlesex, HA7 3AB	105,000.00
CT00	Thames Water (Customer Services)	P O Box 234, Swindon, SN38 3TW	224.10
CV00	VPS (UK) Ltd	C/O Spratt Endicott, Solicitors, DX 24204, Banbury 1	0.00
RM00	Mr Deniz Mehmet	537 Roman Road, Bow, London, E3 5EL	0.00
<b>19 Entries Totalling</b>			<b>480,052.54</b>

Signature \_\_\_\_\_

## Rule 4 73 PROOF OF DEBT - GENERAL FORM

Form 4 25

**In the matter of East London Properties Limited  
and in the matter of The Insolvency Act 1986**

Date of Administration 11 May, 2015

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

Admitted to Vote for £

Date

Liquidator / Chairman Signed

Software Supplied by Turnkey Computer Technology Limited Glasgow

Added to IPS (tick)	
Date	
Who by	

## BAD DEBT RELIEF-EXPLANATORY NOTES

### 1 Entitlement to claim refund of VAT

1 1 If you are an unpaid creditor of the Company you are entitled to claim a refund of value added tax ('VAT') paid in relation to a supply to the Company if

- (a) your supply was of goods or services and for a monetary consideration,
- (b) the supply was made on or after 1 April 1989,
- (c) the value of the supply did not exceed its open market value,
- (d) in the case of a supply of goods, the property in the goods has passed to the Company,
- (e) you have accounted and paid VAT on the supply,
- (f) you have written off all or part of the consideration as a bad debt in your accounts,
- (g) a period of one year has elapsed since the time of supply or, if the supply was made on or after 1 April 1992, a period of six months has elapsed since the time of supply,
- (h) you have not already made a claim for bad debt relief, and
- (i) you make a claim for a VAT refund to the Commissioners of Customs and Excise

1 2 If you wish to make such a claim, you must include the correct amount of the refund opposite the legend 'VAT reclaimed in this period on purchases and other inputs' on your tax return (i.e. Form VAT 100 or Form VAT 193) unless the Commissioners of Customs and Excise have allowed or directed otherwise. If, however, you are no longer required to make returns at the time when you become entitled to a refund because you have been deregistered, a claim must be made in such form and manner as the Commissioners may direct.

1 3 Before making a claim, you must (unless the Commissioners have allowed otherwise) hold the following documents in respect of each taxable supply upon which the claim is based

- (a) a copy of any tax invoice provided or, if there was no obligation to provide a tax invoice, a document which shows the time, nature and purchaser of the supply and the consideration for it,
- (b) records or any other documents showing that you have accounted for and paid the tax due on the supply, and
- (c) records or any other documents showing that the consideration has been written off in your accounts as a bad debt

### 2 Writing off a bad debt in the accounts

2 1 The whole or any part of the consideration for a supply is taken to have been written off as a bad debt when an entry is made in relation to that supply in the Refunds for Bad Debts Account. This applies whether or not a claim can be made in relation to that supply at that time.

2 2 The consideration written off in your accounts must be reduced by

- (a) any amount of money which you owe to the purchaser which can be set off, and
  - (b) the value of any enforceable security held by you in relation to the purchaser.
- 'Security' for this purpose means
- (a) in relation to England, Wales and Northern Ireland, any mortgage, charge, lien or other security, and
  - (b) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and right of retention (other than a right of compensation or set-off)

### 3 Refunds for Bad Debts Account

If you make a claim for a VAT refund, you must keep a record of that claim in a single account known as the Refunds for Bad Debts Account. This record must show the following information in respect of each claim unless the Commissioners allow otherwise:

- (a) the outstanding amount to which the claim relates,
- (b) the amount of the claim,
- (c) the prescribed accounting period in which the claim was made, and
- (d) the following information in respect of each taxable supply upon which a claim is based:
  - (i) the amount of VAT chargeable,
  - (ii) the prescribed accounting period in which the VAT chargeable was accounted for and paid to the Commissioners,
  - (iii) the date and number of any tax invoice issued in relation to the supply or, if there was no such invoice, such information as is necessary to identify the time, nature and purchaser of the supply, and
  - (iv) any payment received for the supply

### 4 Preservation of documents and records and duty to produce

4 1 Unless the Commissioners allow otherwise, you must preserve the documents, invoices and records required to support your claim for a period of four years from the date of making the claim.

4 2 Upon demand made by an authorised person, you must produce or cause to be produced any of the documents, invoices and records supporting your claim for inspection by that person and you must permit him to remove them at a reasonable time and for a reasonable period.

5 Calculation of the outstanding amount

5.1 You are entitled to a refund of VAT chargeable by reference to the 'outstanding amount' This is determined as follows

- (a) if no payment has been received at the time when a claim is made, an amount equal to the consideration written off, or
- (b) if one or more payments have been received at the time when a claim is made, the amount by which the consideration written off exceeds the payment (or the aggregate of the payments) received

5.2 If you have made two or more supplies (whether taxable or otherwise) to the Company, and a payment has been received in relation to those supplies, the following rules apply for attributing payments to each such supply

- (a) first, a payment is attributed to a specific supply if a payment was allocated to that supply by the Company at the time of payment and the consideration for that supply was paid in full,
- (b) secondly, any other payment is attributed to the supply which is earliest in time and, if not wholly attributed to that supply, the balance is attributed to supplies in chronological order, and
- (c) if the earliest supply and the other supplies to which the whole payment could be attributed occur on one day, or if the supplies to which the balance of the payment could be attributed occur on one day, the payment is attributed to those supplies in ratio to the outstanding consideration for each supply

6 Repayment of amounts refunded

6.1 If you have received a VAT refund following a claim, you must make a repayment to the Commissioners if

- (a) you receive a payment in respect of the taxable supply upon which your claim was based, or
- (b) you receive a payment in respect of two or more supplies and all or part of it is attributed to one or more supplies upon which your claim was based

6.2 The amount to be repaid is calculated as follows

$$\begin{array}{l} A \\ - x C \\ B \end{array}$$

where

A is the amount received or attributed to a taxable supply on which the claim was based,

B is the amount of the outstanding consideration, and

C is the amount of the refund or, if a payment has subsequently been received, the balance thereof

6.3 A repayment is to be made by including the amount concerned opposite the legend 'VAT due in this period on sales and other outputs' on your VAT return (i.e. Form VAT 100 or Form VAT 193) for the prescribed accounting period in which the payment is received. If, however, you are no longer required to make returns at the time when you are required to make a repayment because you have been deregistered, a repayment is to be made at such time and in such form and manner as the Commissioners may direct

6.4 You are also required to make a repayment to the Commissioners (unless they allow otherwise) if you fail to comply with the requirements relating to

- (a) the evidence required to be held before a claim is made,
- (b) the Refunds for Bad Debts Account,
- (c) the preservation and production of documents and records, or
- (d) the attribution of payments

7 Assessment

In any case where an amount has been paid or credited to you as being a VAT refund for any prescribed accounting period, the Commissioners may assess

- (a) the amount which ought not to have been paid or credited,
- (b) the amount which would not have been paid or credited if the facts had been known, or
- (c) the amount which would not have been paid or credited if the facts had been as they later turn out to be

8 Appeal

An appeal lies to a VAT tribunal against a decision of the Commissioners with respect to

- (a) a claim for a VAT refund, and
- (b) an assessment, or the amount of an assessment, in respect of a period for which a return has been made

## **APPENDIX V**

### **Summery of Receipts and Payments for the period 11 May 2015 to 23 June 2015**

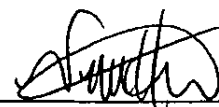
**East London Properties Limited**  
**(In Administration)**

**Administrator's Abstract Of Receipts And Payments**

	Statement of affairs £	From 11/05/2015 To 25/06/2015 £	From 11/05/2015 To 25/06/2015 £
<b>RECEIPTS</b>			
Motor Vehicle - Porsche Panamera	59,740 00	0 00	0 00
Motor Vehicle - Tiguan Match	19,380 00	0 00	0 00
Motor Vehicle - Peugeot Hatchback	3,600 00	300 00	300 00
Motor Vehicle - Peugeot Hatchback	3,600 00	300 00	300 00
Office Furniture & Equipment	2,250 00	400 00	400 00
Motor Vehicle - Renault Traffic Van	5,000 00	1,000 00	1,000 00
Work in Progress	5,000 00	1,000 00	1,000 00
Goodwill	30,000 00	5,000 00	5,000 00
Bank Interest Gross		0 09	0 09
		<u>8,000 09</u>	<u>8,000 09</u>
<b>PAYMENTS</b>			
Lombard Finance Company	(68,057 57)	0 00	0 00
Santander Finance Company	(22,206 14)	0 00	0 00
Santander Finance	(1,905 60)	0 00	0 00
Santander Finance	(1,734 54)	0 00	0 00
Trade & Expense Creditors	(26,269 17)	0 00	0 00
Rates	(1,056 00)	0 00	0 00
HMRC - PAYE/NIC/VAT/CIS/CT	(48,567 70)	0 00	0 00
Landlord - Company Trading Address	(3,350 00)	0 00	0 00
Property Landlords	(306,905 82)	0 00	0 00
Ordinary Shareholders	(1 00)	0 00	0 00
		<u>0 00</u>	<u>0 00</u>
<b>BALANCE - 25 June 2015</b>		<u><u>8,000.09</u></u>	<u><u>8,000.09</u></u>
<b>MADE UP AS FOLLOWS</b>			
Bank 1 Current		8,000 09	8,000 09
		<u>8,000 09</u>	<u>8,000 09</u>

**Note**

All sums shown are net of any VAT Any VAT payable, recoverable or suffered is disclosed separately



Ninos Koumettou  
Administrator

## **APPENDIX VI**

### **Statement of Insolvency Practice 9 Time summary for Pre-appointment costs**



# Time Entry - SIP9 Time & Cost Summary

EA31518 - East London Properties Limited  
Project Code PREAPPT  
From 28/04/2015 To 11/05/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	6.20	11.70	8.60	1.80	28.30	8,314.00	293.78
Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.90	3.20	2.70	0.00	6.80	1,995.00	293.38
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>7.10</b>	<b>14.90</b>	<b>11.30</b>	<b>1.80</b>	<b>35.10</b>	<b>10,309.00</b>	<b>293.70</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

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## **APPENDIX VII**

### **Analysis of Time Costs & Disbursements For the period 11 May 2015 to 23 June 2015**

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# Time Entry - SIP9 Time & Cost Summary

EA31518 - East London Properties Limited  
Project Code POSTAPPT  
From 11/05/2015 To 23/06/2015

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	0.70	4.00	17.30	0.40	22.40	5 847.00	261.03
Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.40	0.50	3.80	0.00	4.70	1 260.00	268.09
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	0.80	0.70	1.20	0.00	2.70	830.00	307.41
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Hours</b>	<b>1.90</b>	<b>5.20</b>	<b>22.30</b>	<b>0.40</b>	<b>29.80</b>	<b>7 937.00</b>	<b>266.34</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	
<b>Total Disbursements Claimed</b>						<b>0.00</b>	

## **APPENDIX VIII**

### **A Creditors' Guide to Administrator's Fees & Practice Fee Recovery Policy**

## **A CREDITORS' GUIDE TO ADMINISTRATORS' FEES**

### **ENGLAND AND WALES**

#### **1 Introduction**

- 1 1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explain the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

#### **2 The nature of administration**

- 2 1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective
- rescuing the company as a going concern, or
  - achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,
- or, if the administrator thinks neither of these objectives is reasonably practicable
- realising property in order to make a distribution to secured or preferential creditors

#### **3 The creditors' committee**

- 3 1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

#### **4 Fixing the administrator's remuneration**

- 4 1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed
- as a percentage of the value of the property which the administrator has to deal with,
  - by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
  - as a set amount

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters:

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with.

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets.

In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of –

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors –
  - each secured creditor of the company, and
  - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would.

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence.

## **5. Review of remuneration**

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request

that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

## **6 Approval of pre-administration costs**

- 6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.
- 6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.
- 6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

## **7 What information should be provided by the administrator?**

### **7.1 When fixing bases of remuneration**

- 7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.
- 7.1.2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case.
- 7.1.3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.
- 7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

## **7 2 After the bases of remuneration have been fixed**

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8 1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8 1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

## **7 3 Disbursements and other expenses**

7 3 1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff.
- Category 2 disbursements. These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

7 3 2 The following are not permissible:

- a charge calculated as a percentage of remuneration,
- an administration fee or charge additional to the administrator's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

## **8 Progress reports and requests for further information**

8 1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include:

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),



- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period,
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses

8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court

8 3 The administrator must provide the requested information within 14 days, unless he considers that

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information

## 9 Provision of information – additional requirements

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company

The information which must be provided is –

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office

**10 What if a creditor is dissatisfied?**

- 101 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court
- 102 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8.1 above). If the court does not dismiss the application (which it may if it considers that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing.
- 103 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration.

**11 What if the administrator is dissatisfied?**

- 111 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

**12 Other matters relating to remuneration**

- 121 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.
- 122 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court.
- 123 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made.
- 124 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

## **Appendix**

### **Suggested format for the provision of information**

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

#### **Narrative overview of the case**

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the administrator,
- the administrator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known),
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers,
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy,
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration,
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration.

#### **Time cost basis**

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
  - details of work undertaken during the period, related to the table of time spent for the period,
  - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
  - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

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It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case

The following areas of activity are suggested as a basis for the analysis of time spent

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
  - where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
  - where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted
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## **PRACTICE FEE RECOVERY POLICY FOR ALEXANDER LAWSON JACOBS**

**EFFECTIVE 1<sup>ST</sup> FEBRUARY 2015**

### **Introduction**

The insolvency legislation was changed in April 2010 for insolvency appointments commenced from that time in order to allow more flexibility on how an office holder's fees are charged to a case. This sheet explains how we may apply the alternative fee bases. The new legislation allows different fee bases to be used for different tasks within the same appointment. The basis or combination of bases set for a particular appointment are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the court. Further detail about how an office holder's fees are approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at [www.aljuk.com](http://www.aljuk.com) by clicking on the downloads link. Alternatively a hard copy may be requested by contacting Alexander Lawson Jacobs, 1 Kings Avenue, London N21 3NA.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn and time costs incurred and will also enable the recipients to see the average rates of such costs. Under the new legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Under the old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

### **Time cost basis**

This is the basis that we use in the majority of cases and we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

### **Chargeout Rates**

<b>Grade of staff</b>	<b>Current charge-out rate per hour, effective from 1<sup>st</sup> February 2015</b> <b>£</b>
Partner – appointment taker	£350 – £400
Manager	£250 – £300
Senior Administrator	£190 – £250
Administrator	£100 – £175
Support staff	£ 75 – £125

These charge-out rates are reviewed annually and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Each unit of time is 6 minutes. The work is recorded under the following categories:

Administration and Planning  
Investigations  
Realisation of assets  
Debtors  
Creditors  
Employee matters  
Trading

### **Percentage basis**

The new legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal. Different percentages can be used for different assets or types of assets. Where we would like to realise any asset or type of assets on a percentage basis we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

### **Fixed fee**

The new legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. Where we would like to charge a set amount for a task or different set amounts for different tasks we will provide further information explaining why we think that this basis is appropriate and ask creditors to approve the basis.

### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

### **Disbursements**

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

**Category 1 expenses** are directly referable to an invoice from a third party, which is either in the name of the estate or Alexander Lawson Jacobs, in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance, company search fees and postage.

**Category 2 expenses** are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

It is proposed that the following Category 2 disbursements are recovered:

Room Hire	£75.00
Mileage	in accordance with HMRC approved mileage rates at the date incurred
Photocopying	8p per sheet

## CREDITOR QUESTIONNAIRE

INVESTIGATION INTO THE AFFAIRS OF **East London Properties Limited (In Administration)**

Creditor's Name and Address

Estimated Claim

If the estimated claim exceeds the credit limit, on what basis or terms was the additional credit allowed?

Please provide details of any comfort, security or assurance given to you to allow continuance of credit

When were you first aware that there were difficulties in getting payment and what was the evidence of this? e.g. extended credit, lump sum payments, dishonoured cheques

Please provide details, including dates, of any writ, summons, decrees or other legal action you took to recover your debt

Please provide details of any cheques which were dishonoured, including dates and amounts

Are there any particular matters you feel should be reviewed? If so, please provide brief details

Date \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_ (Block Capitals Please)

Position \_\_\_\_\_



## Proxy (Administration)

## East London Properties Limited - In Administration

Name of Creditor \_\_\_\_\_

Address \_\_\_\_\_

Name of Proxy Holder

1 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on Wednesday 15 July 2015, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion)

## Voting Instructions for resolutions

1 For the acceptance/rejection\* of the Administrator's proposals/revised proposals\* as circulated

2 For the acceptance/rejection\* of the balance of the Administrator's pre-appointment fee, in the sum of £2,309 00, being paid as an expense of the Administration

3 For the acceptance/rejection\* of the Administrators Remuneration to be drawn on a time cost basis

4 For the acceptance/rejection\* of the Administrator's Disbursements being drawn as set out in the creditors guide to fees that has been circulated

5 For the acceptance/rejection\* of solicitors fees in the sum of £675 00 plus VAT being paid from the sale proceeds as an expense of the Administration

6 For the acceptance/rejection\* of agents fees in the sum of £4,000 00 plus VAT being paid from the sale proceeds as an expense of the Administration

6 For the appointment of \_\_\_\_\_

of \_\_\_\_\_

representing \_\_\_\_\_

as a member of the creditors' committee

This form must be signed

Signature \_\_\_\_\_ Date \_\_\_\_\_

Name in CAPITAL LETTERS \_\_\_\_\_

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

\_\_\_\_\_

\_\_\_\_\_

Remember there may be resolutions on the other side of this form

**THE INSOLVENCY RULES**  
**RULE 2.38**

**ENTITLEMENT TO VOTE FOR VOTING PURPOSES AT THE CREDITORS MEETING**

**2.38(1) [Conditions for voting]** Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if -

- (a) he has given to the administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which-
  - (i) he claims to be due to him from the company, or
  - (ii) in relation to a member State liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office,
- (b) the claim has been duly admitted under the following provisions of this Rule, and
- (c) there has been lodged with the administrator any proxy which he intends to be used on his behalf, and details of the debt must include any calculation for the purposes of Rules 2.40 to 2.42

**2.38(2) [Voting despite failure to comply with r.2.38(1)(a)]** The chairman if the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control

**2.38(3) [Call for documents to substantiate claim]** The chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim

**2.38(4) [Calculation of votes]** Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2.85 as if that Rule were applied on the date that the votes are counted

**2.38(5) [Unliquidated debts]** A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose

**2.38(6) [Votes cast only once]** No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting

**2.38(7) [Creditor's vote priority over member State liquidator]** Where –

- (a) a creditor is entitled to vote under this Rule,

- (b) has lodged his claim in one or more sets of other proceedings, and
- (c) votes (either in person or by proxy) on a resolution put to the meeting, and
- (d) the member State liquidator casts a vote in respect of the same claim, only the creditor's vote shall be counted

**2.38(8) [Voting in more than one set of proceedings] Where-**

- (a) a creditor has lodged his claim in more than one set of other proceedings, and
- (b) more than one member State liquidator seeks to vote by virtue of that claim,

the entitlement to vote by virtue of that claim is exercisable by the member State liquidator in main proceedings, whether or not the creditor has lodged his claim in the main proceedings

**2.38(9) [Creditor and member State liquidator or single claim]** For the purposes of paragraph (6), the claim of a creditor and of any member State liquidator in relation to the same debt are a single claim

**2.38(10) ["Other proceedings"]** For the purposes of paragraphs (7) and (8), "other proceedings" means main proceedings, secondary proceedings or territorial proceedings in another member State