

AM23

Notice of move from administration to dissolution



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 7 3 2 0 4 4 2

Company name in full City District Limited

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

2 Court details

Court name High Court of Justice, Business And Property Courts
in Leeds, Insolvency And Companies List (ChD)

Court number C R - 2 0 2 1 - L D S - 0 0 8 0

3 Administrator's name

Full forename(s) Julian

Surname Pitts

4 Administrator's address

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street


County/Region Leeds

Postcode L S 1 2 H J

Country

AM23

Notice of move from administration to dissolution

5	Administrator's name ①	
Full forename(s)	Bob	① Other administrator Use this section to tell us about another administrator.
Surname	Maxwell	
6	Administrator's address ②	
Building name/number	Fourth Floor	② Other administrator Use this section to tell us about another administrator.
Street	Toronto Square	
Post town	Toronto Street	
County/Region	Leeds	
Postcode	L S 1 2 H J	
Country		
7	Final progress report	
<input checked="" type="checkbox"/> I have attached a copy of the final progress report		
8	Sign and date	
Administrator's signature	Signature 	
Signature date	d 1 3 m 0 2 y 2 0 y 2 3	

**Presenter information**

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

Contact name **Cameron Smith**

Company name **Begbies Traynor (Central) LLP**

Address **Fourth Floor**

Toronto Square

Post town **Toronto Street**

County/Region **Leeds**

Postcode **L S 1 2 H J**

Country

DX

Telephone **0113 244 0044**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

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

Julian Pitts and Bob Maxwell appointed Joint Administrators on 1 March 2021

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

City District Limited Trading as: Fazenda & Picanha (In Administration)

Final Progress Report of the Joint Administrators

Period: 1 September 2022 to 13 February 2023

Important Notice

This final progress report has been produced by the Administrators solely to comply with their statutory duty to report to creditors on the progress of the Administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- ❑ Interpretation
- ❑ Statutory information
- ❑ Details of appointment of Administrators
- ❑ Progress during the period
- ❑ Outcome for creditors
- ❑ Administrators' proposals
- ❑ Summary of steps taken during the Administration
- ❑ Remuneration and expenses
- ❑ Expenses
- ❑ Creditors' rights
- ❑ Assets that remain to be realised
- ❑ Other relevant information
- ❑ Conclusion
- ❑ Appendices
 - 1. Account of receipts and payments
 - 2. Summary of Administrators' proposals, including major amendments to, and deviations from them
 - 3. Time costs and expenses
 - 4. Statement of expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	City District Limited Trading as: Fazenda & Picanha (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 1 March 2021
"the Administrators", "we", "our", "us"	Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act.

2. STATUTORY INFORMATION

Name of Company:	City District Limited
Trading names:	Fazenda Pichana
Date of Incorporation:	20 July 2010
Company registered number:	07320442
Company registered office:	Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Administrators:	Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Date of appointment:	1 March 2021
Court:	High Court of Justice, Business And Property Courts in Leeds, Insolvency And Companies List (ChD)
Court Case Number:	CR-2021-LDS-000080
Persons making appointment:	The Directors of the Company
Acts of the Administrators:	The Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of Administrator from time to time.
Type of Proceedings:	The proceedings will be COMI proceedings, as defined by the Insolvency (England and Wales) Rules 2016 (as amended).
Extensions of the Administration period	The Administration was extended with the consent of creditors for a period of 12 months until 28 February 2023.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 1 September 2022 to 13 February 2023.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 3. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment.

The details below relate to the work undertaken in the period of the report only. Our previous reports contain details of the work undertaken since our appointment.

General case administration and planning

We have continued to review and update the case strategy as and when new decisions have been obtained. We are required to maintain records to demonstrate how the case is being administered, documenting the reasons for any decisions obtained that materially affect the case. Other matters include:

- Agree and declare the dividend to preferential and secondary preferential creditors; and
- Internal case reviews to ensure that matters are progressing efficiently and in a manner that benefits creditors.

Whilst this work is of no financial benefit to creditors, we are required to maintain records to demonstrate how the case was administered and to document the reasons or any decisions that materially affect the case.

Compliance with the Insolvency Act, Rules and best practice

The time incurred in preparing and delivering our progress report to creditors dated 29 September 2022 falls under the period of this report. This has been filed with the Registrar of Companies to meet statutory requirements and has been made available on the online portal to enable creditors and members to view it.

This final report has also been prepared and circulated during the period. This report provides creditors with the matters undertaken in the Administration and the outcome for each class of creditor. This report has been filed with the Registrar of Companies, Court and made available to creditors.

We have continued to review the statutory bond level on a regular basis to ensure that the bond remains adequate to properly protect the interests of creditors.

Whilst this may not be of financial benefit to creditors, it is necessary practice to remain compliant with the Act, Rules and good practise.

Investigations

Creditors will recall from our previous reports that we were carrying out detailed investigations into the Company's affairs prior to our appointment. These matters have now been concluded and we do not consider that there are any claims to be pursued.

While this work has not resulted in a financial benefit to creditors it has been necessary to ensure that all potential assets of the Company have been realised.

Dealing with all creditors' claims (including employees), correspondence and distributions

We have continued to update the Company's secured creditor, HSBC UK Bank plc ("HSBC") throughout the period covered by this report.

We adjudicated on the preferential claims and declared a dividend of 100 pence in the £ to preferential creditors. The total amount distributed was £17,453.

In addition, a dividend was declared and paid to the secondary preferential creditor, HMRC. The amount paid was £135,459, which represents a dividend of 22.13 pence in the £.

We have also dealt with the queries of unsecured creditors as and when they are received and have updated our systems with details of claims when required. We have also dealt with employee queries logging and maintaining a database of their claims as required.

Most of this work has financially benefited creditors, in particular payment of dividends to the preferential and secondary preferential creditors.

Other matters which includes seeking decision of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

During the period of this report, we have continued to liaise with our instructed accountants, Azets, in relation to the Company's corporation tax returns. The final corporation tax return for the period 31 March 2022 has been submitted, which resulted in a tax liability of £12. This has now been discharged, together with Azets' final fee of £2,500.

Time was also spent finalising the pension contributions due to the People's Pension, on behalf of the Company's former employees.

Other Costs

We have paid our solicitors, Addleshaw Goddard, their final agreed costs for dealing with the leasehold transfers and other matters since our appointment. Their outstanding disbursements of £7 have also been discharged.

In addition, insurance premiums totalling £1,499 have been paid to our insurance broker, Eddisons Insurance Services Limited, which is part of the Begbies Traynor Group. The insurance cover related to the fixtures and fittings at the Chester site (which did not form part of the pre-packaged sale) as well as our interest in the leasehold sites that were subject to licence to occupy.

Whilst this work does not benefit creditors financially it is necessary to ensure the efficient and compliant progression of the Administration and we have a statutory duty to submit corporation tax returns in the Administration period.

5. OUTCOME FOR CREDITORS

Secured creditor

The Company granted a debenture to HSBC consisting of a fixed and floating charge over the entire assets and undertaking of the business. The security is in respect of the revolving credit facility, term loan and overdraft facilities provided by HSBC.

The sum of £7.2m was due to HSBC as at the date of our appointment and they have since received a distribution of £1.95m under its fixed charge security. HSBC will suffer a significant shortfall under its lending of approximately £5.25m.

Preferential creditors

A dividend of 100 pence in the £1 has been paid to the preferential creditors as follows:

Dividend	Amount (pence in £)
First and Final	100

Secondary preferential creditors

Further to a 100p/£ distribution to the preferential creditors, we were then able to make a distribution of 22.13 pence in the £1 to HM Revenue & Customs as secondary preferential creditor on 13 February 2023.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part is calculated have previously been provided in our statement of proposals and in previous progress reports.

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be nil and the prescribed part of the Company's net property to be nil.

Unsecured creditors

There have been insufficient realisations to pay a dividend to unsecured creditors.

Exit from Administration

Once the Notice of move from Administration to dissolution (Form AM23) has been registered (which we anticipate shortly), our appointment as Administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice.

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as deemed approved under Rule 3.38(4) of the Rules in the absence of an initial meeting of creditors on 22 March 2021.

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

The Pre-packaged Sale

A pre-packaged sale of the Company's business and assets completed following our appointment as Administrators on 1 March 2021.

We undertook an extensive marketing procedure before our appointment in order to reach potential buyers. This marketing exercise resulted in a significant number of enquiries, of which 17 signed and returned a non-disclosure agreement and were issued with a management information pack. This resulted in a total of five offers for the Company, two of which were for the share capital of the Company. These two offers were subsequently rejected by the Company's shareholders.

Of the three remaining offers we deemed that the offer from Southern Wind Group Limited ("SWG"), a connected party by way of common directors and shareholders, would result in the best outcome for creditors. The business and assets of the Company were sold for total consideration of £2.61m.

Chester Premises

The Company's Chester premises and assets within were not included in the pre-packaged sale to SWG. The Administrators were approached by several parties regarding the purchase of the fixtures and fittings at the Chester premises and after a period of negotiation received an offer of £10,000.

Initially the landlord of the Chester site was unwilling to formally accept our surrender of the lease despite the Company no longer having beneficial occupation of the property. This issue was eventually resolved once the landlord had obtained a new tenant for the property.

Debtors and Loans

As mentioned in our previous reports the primary debtor of the Company was one of its shareholders, LLB Investments Limited ("LLB"), in the region of £1.9m. However, shortly following Administration, LLB was placed into Liquidation as it was unable to pay its debts. LLB was dissolved in September 2022 and no dividend was paid to its creditors.

Another substantial debtor, True Italian Restaurants Limited ("True Italian"), owed the Company £108,042 in respect of unpaid rent for a sublet tenancy at the Leeds premises. Similarly, this company also entered into Liquidation and subsequently dissolved in September 2022 with no dividend having been paid to unsecured creditors.

One of the Company's former directors had an overdrawn loan account in the sum of £115,992. We undertook an assessment of the director's assets and liabilities and eventually accepted a settlement offer of £5,800. While this is considerably lower than the outstanding debt it was deemed to be the best possible realisation for creditors. It was also considered that petitioning to bankrupt the director would have resulted in even lower (if any) realisations at significant cost to the Administration estate.

Finally, an outstanding debt was owed to the Company by Tast Group in the sum of £54,000. Following a review of the company's assets and liabilities, it was evident that the Covid-19 pandemic had severely impacted its business and that it was being supported by regular loans from its directors. A full and final settlement was agreed in the sum of £5,494, which was considered to be the best result in the circumstances.

Distributions to Creditors

Two dividend distributions have been declared and paid to the Company's secured creditor, HSBC, in respect of its fixed charge security over the Company's assets. These totalled 1.95m.

A 100 pence in the £1 dividend totalling £17,453 was paid to the preferential creditors of the Company, representing certain monies due to the staff not included in the pre-packaged sale and outstanding pension contributions.

HMRC has also received a secondary preferential dividend of £135,459.

8. REMUNERATION & EXPENSES

Our remuneration has been fixed by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate.

We are also authorised to draw expenses for services provided by our firm and/or entities within the Begbies Traynor Group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our original remuneration basis has been increased by £30,394. Approval was obtained from the secured creditors and preferential creditors by correspondence. This makes the total amount of our approved remuneration £125,515.

Our time costs for the period from 1 September 2022 to 13 February 2023 amount to £7,339 which represents 60 hours at an average rate of £122 per hour.

The following further information in relation to our time costs and expenses is set out at Appendix 3:

- ❑ Time Costs Analysis for the period 1 September 2022 to 13 February 2023; and
- ❑ Begbies Traynor (Central) LLP's charging policy

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case and gives the total costs and average hourly rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period for which we have administered the Administration.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

To 13 February 2023, we have drawn the total sum of £125,515 on account of our remuneration, against total time costs of £128,779 incurred since the date of our appointment. In addition to the time costs information disclosed at Appendix 2 for the period since our last progress report, our previous progress reports contained details of the time costs we had incurred as at the date of each report.

What was the anticipated payment for administering the case in full and did the Joint Administrators receive that payment?

We estimated that the cost of administering the case would be in the region of £125,515, and subsequently you provided approval for us to draw our remuneration up to that level.

Details of what remuneration has been drawn is detailed above. All additional costs incurred over and above what has been approved are to be written off.

Category 1 Expenses

To 13 February 2023, we have also drawn expenses in the sum of £290.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

9. EXPENSES

A statement of the expenses incurred and discharged by us during the period of this progress report is attached at Appendix 4. A cumulative statement of expenses also appears at Appendix 4 which details the expenses incurred since the date of our appointment.

Creditors will recall that we originally estimated that the expenses of the Administration would total £32,590. Unfortunately, the expenses that we have incurred so far have exceeded that estimate. The reasons for exceeding the original estimate were set out in our progress report dated 28 September 2021, together with an estimate of the future expenses to be incurred.

At this stage we do not anticipate to further exceed the expense estimate, as set out in our previous progress report.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

11. ASSETS THAT REMAIN TO BE REALISED

There are no assets of the Company that remain to be realised.

12. OTHER RELEVANT INFORMATION

Use of personal information

Please note that although the Administration is being concluded, in discharging our remaining duties as Joint Administrators, we may need to access and use personal data, being information from which a

living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

13. CONCLUSION

As mentioned previously, once the Notice of move from Administration to dissolution (Form AM23) has been registered with the Registrar of Companies, our appointment as Administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice.



J N R Pitts
Joint Administrator

Date: 13 February 2023

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 1 September 2022 to 13 February 2023 and cumulatively 1 March 2021 to 13 February 2023

Statement of Affairs £		From 01/09/2022 To 13/02/2023 £	From 01/03/2021 To 13/02/2023 £
	SECURED ASSETS		
	Business Rights	NIL	1.00
1,994,000.00	Goodwill	NIL	1,993,883.71
	Intellectual Property	NIL	1.00
		NIL	1,993,885.71
	COSTS OF REALISATION		
	AMA Fees	NIL	6,460.00
	Pre Appointment Legal Fees	NIL	10,000.00
	CJRS Monies due to Southern Wind	NIL	2,767.20
	Pre Appointment Fees	NIL	20,000.00
		NIL	(39,227.20)
	SECURED CREDITORS		
(7,205,000.00)	HSBC UK Bank plc	NIL	1,954,658.51
		NIL	(1,954,658.51)
	ASSET REALISATIONS		
	Bank Interest Gross	3.56	73.35
Uncertain	Book Debts	NIL	5,494.00
	CJRS Grant	NIL	354,407.42
	Customer Contracts	NIL	1.00
Uncertain	Debtors - Livin Italy	NIL	NIL
Uncertain	Debtors - Shareholder Loan	NIL	NIL
Uncertain	Director Loan Account	NIL	5,800.00
250,000.00	Fixtures & Fittings	NIL	159,997.00
	Insurance Claim	NIL	11,772.00
	Insurance Premium Refund	NIL	3,045.50
	Licence to Occupy Fees		
	Leeds Premises	NIL	91,534.99
	Birmingham Premises	NIL	16,583.04
	Miscellaneous Receipts	NIL	44,401.16
	Miscellaneous Refunds	NIL	196.00
	Rights of Action	NIL	1.00
NIL	S.455 Tax Refund	NIL	NIL
	Service Charge Refund	NIL	291.01
	Stock	NIL	100,000.00
Uncertain	Tast Group Loan	NIL	NIL
	Transferred Records	NIL	1.00
	VAT Refund	NIL	63,638.21
		3.56	857,236.68

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 1 September 2022 to 13 February 2023 and cumulatively 1 March 2021 to 13 February 2023

	COST OF REALISATIONS		
	Accountants Fees	2,500.00	10,362.50
	Administrators' Expenses		
	Specific Bond	NIL	290.00
	Administrators' Fees	25,514.70	125,514.70
	Agents Disbursements	NIL	1,130.97
	Agents Fees	NIL	1,500.00
	CJRS Monies due to Southern Wind G	NIL	275,669.91
	Corporate Finance Fees	NIL	1,500.00
	Hypothec Claim Settlement	NIL	30,000.00
	Legal Disbursements		
	Telegraphic Transfer Fee	NIL	69.00
	Land Registry Searches	NIL	11.00
	Other	6.55	6.55
	Legal Fees	1,723.00	11,849.00
	Pre Appointment Agents Disbursement		
	Sanderson Weatherall	NIL	100.00
	Eddisons Commercial	NIL	495.00
	Pre Appointment Agents Fees		
	Sanderson Weatherall	NIL	11,500.00
	Eddisons Commercial	NIL	950.00
	Pre Appointment Fees	NIL	12,671.50
	Pre Appointment Legal Fees	NIL	32,250.00
	Rent and Service Charge		
	Birmingham Premises	NIL	16,583.04
	Leeds Premises	NIL	91,523.70
	Statutory Advertising	NIL	99.45
	Wages & Salaries	NIL	78,737.51
	Insurance	1,498.85	1,498.85
	Corporation Tax	11.97	11.97
		(31,255.07)	(704,324.65)
	PREFERENTIAL CREDITORS		
(3,000.00)	Employees re Arrears/Hol Pay	1,554.11	1,554.11
	HMRC	748.38	748.38
	Pension Contributions	13,905.68	13,905.68
	RPO re Arrears/Holiday Pay	1,244.42	1,244.42
		(17,452.59)	(17,452.59)
	SECONDARY PREFERENTIAL CREDITORS		
(731,000.00)	HMRC	135,459.44	135,459.44
		(135,459.44)	(135,459.44)
	UNSECURED CREDITORS		
(1,701,000.00)	Trade Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(30,600.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(7,426,600.00)		(184,163.54)	0.00

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 (as amended).

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in our statement of proposals and in this report we considered that it was not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely achieving 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).

We believed that objective 3(1)(a) was not achievable as a solvent solution was reviewed prior to administration either by way of equity injection from existing shareholders or by way of a funding solution in the AMA process. The Company was unable to fund continued trading whilst lockdown remained in place. The Company had also incurred significant liabilities relating to the level of borrowings from the secured creditors and arrears with the landlords and HMRC.

The Company, its directors and professional advisors pursued various alternative routes that were ultimately deemed not viable taking into consideration the lockdown period and accruing liabilities.

We considered in our proposals, that the objective had already been largely achieved following the pre-packaged sale of the Company taking place on 1 March 2021. This enabled us to achieve significant realisations for goodwill and has saved the jobs of 243 employees who would otherwise have had both preferential and unsecured claims in the Administration. However, we proposed that we would stay in place until the following matters had been dealt with and the objective fully achieved.

- Realisations of the Company's fixtures and fittings and equipment at the Chester property;
- Deal with the Company's interest in the Leases at Leeds, Birmingham and Chester;
- Deal with the Company's outstanding debtors;
- Continue to assist the redundant employees' with their online claims and queries;
- Agree the secured creditor claim and distribute funds;
- Liaising with our insurance brokers regarding potential insurance claims for business interruption;
- Carry out statutory investigations into the Company and the conduct of the directors; and
- Distribution to the relevant classes of creditors.

I can now confirm that all of the above matters have been concluded and thus we are prepared to formally conclude the Administration.

Exit From Administration

Dissolution

As mentioned in the body of the report above we can now confirm that there will be insufficient funds to make a distribution to unsecured creditors. Consequently, now that we are satisfied we have fully discharged our duties as Administrators and that the purpose of the Administration has been fully achieved, we are delivering our notice of move from administration to dissolution to the Registrar of Companies. Upon registration of our notice our appointment as Administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

COSTS AND EXPENSES

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 1 September 2022 to 13 February 2023; and
- c. Cumulative Time Costs Analysis for the period from 1 March 2021 to 13 February 2023.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This policy applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance* indicates that such charges should be disclosed to those who are responsible for approving the basis of the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of their staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder, and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded in 6-minute units at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 expenses (approval not required) - Specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ Category 2 expenses (approval required) - Items of expenditure that are directly related to the case and either:
 - (i) include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party; or
 - (ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- ❑ Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- ❑ Car mileage which is charged at the rate of 45 pence per mile;

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

The following expenses which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3-month period immediately following appointment is £2,500 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

General Office Overheads.

The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a Category 1 expense:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leeds office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 until further notice
Partner	545
Director	490
Senior Manager	435
Manager	380
Assistant Manager	275
Senior Administrator	240
Administrator	195
Junior Administrator	155
Cashier	155
Secretarial	155

Prior to 31 December 2021, the following rates applied:

Grade of staff	Charge-out rate (£ per hour)
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140

Cashier	140
Secretarial	140

As set out in our previous progress report, Begbies Traynor has a specific agreement with HSBC UK Bank plc ("HSBC") in relation to work done where it is the secured creditor. In those cases (such as this), we apply the following charge out rates until HSBC is repaid in full. However, if HSBC is repaid in full, we will then revert all the time costs incurred to the rates above.

Grade of staff	Charge-out rate (£ per hour)
Partner	229
Director	229
Senior Manager	167
Manager	167
Assistant Manager	167
Senior Administrator	114
Administrator	75
Junior Administrator	75
Support	75

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

As detailed above, time is recorded in 6 minute units.

The office holder may use the services of BTG Forensic during the course of the case. BTG Forensic is a specialist department of the office holder's firm which provides forensic accounting services. The current charge-out rates applying to work carried out by BTG Forensic are as follows:

Grade of staff	Charge-out rate (£ per hour)
Partner	495
Senior Manager	395
Analyst	175

SIP9 City District Limited - Administration - 80CI103.ADM : Time Costs Analysis From 01/09/2022 To 13/02/2023

[illegible]

Cumulative Time Costs Analysis for the Period from 1 March 2021 to 13 February 2023

SIP9 City District Limited - Administration - 80CI103.ADM : Time Costs Analysis From 01/03/2021 To 13/02/2023

Staff Grade		Consultant/Partner	Director	Snr Mgr	Mngr	Asst Mgr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	11.5	5.8	13	22.5		15	10			42.7	7970.00	186.65
	Administration	2.5	17.5	15	26.1		11.1	6.8	11.8	5.3	94.6	13,420.10	141.86
	Total for General Case Administration and Planning:	13.0	23.3	2.8	48.7		19.6	7.8	16.8	5.3	117.3	21,390.10	155.79
Compliance with the Insolvency Act, Rules and best practice	Appointment	4.5	8.3		3.3			17.4	12.1		45.6	5,694.80	124.89
	Banking and Bonding	0.2			0.7			0.3	10	11.0	20.2	1,600.20	79.71
	Case Closure		0.2	5.8				8.1			14.1	1,621.90	115.03
	Statutory reporting and statement of affairs	9.5	7.2		411		17.1	15.2	12.0		122.1	14,677.40	143.76
	Total for Compliance with the Insolvency Act, Rules and best practice:	14.2	15.7	5.8	45.1		17.1	41.0	25.1	11.0	182.0	23,604.30	129.69
Investigations	CDDA and investigations	9.8	15.7	7.4	35.4		12.1	10	11.5		99.9	15,829.00	158.45
	Total for Investigations:	9.8	15.7	7.4	35.4		12.1	1.0	11.5		99.9	15,829.00	158.45
Realisation of assets	Debt collection		0.1		14.9		0.2	0.6	0.4		16.2	2,609.00	161.05
	Property, business and asset sales	29.3	9.2		80.5		1.3		14		211.8	22,529.90	114.97
	Retention of Title/Third party assets				0.6				0.4	11	2.1	212.70	111.29
	Total for Realisation of assets:	29.3	9.3		96.1		1.5	1.0	2.9		140.1	25,351.60	180.95
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured	11.5	4.5	5.3	31.8		3.2				63.3	11,627.50	186.85
	Others	6.5	4.5	7.9	47.2		25.8		97.7	11.0	204.5	23,422.40	111.48
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	27.0	9.0	13.2	79.0		29.0		97.7	11.0	267.9	35,249.90	131.58
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors				0.9				2.3		3.2	322.80	110.88
	Meetings		7.5								7.5	1,171.50	229.00
	Other			0.5	2.6		4.4		3.1		10.6	1,251.80	118.09
	Tax	3.0		3.9	15.1				10	0.8	23.8	3,995.00	177.86
	Litigation				0.4						0.4	66.80	177.00
	Total for Other matters:	3.0	7.5	4.4	19.0		4.4		6.4	0.8	45.5	7,353.90	161.62
	Total hours by staff grade:	96.3	80.6	33.6	323.3		63.7	148.6	82.7	24.1	872.7		
	Total time cost by staff grade £:	22,052.70	11,434.50	5,611.20	53,991.10		9,541.80	11,117.50	6,202.50	1,607.50		128,778.80	
	Average hourly rate £:	229.00	229.00	167.00	167.00	0.00	144.00	75.00	75.00	75.00			147.56
	Total fees drawn to date £:											125,515.00	

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Accountants Fees	Azets	2,500.00	2,500.00	0.00
Corporation Tax	HMRC	11.97	11.97	0.00
TOTAL		2,511.97	2,511.97	0.00

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £
Statutory Bond	Marsh Limited	290.00
Accountants Fees	Azets	10,362.50
Legal Disbursements	Addleshaw Goddard	86.55
Legal Fees	Addleshaw Goddard	11,849.00
Rent and service charges	Lambert Smith Hampton	91,523.70
	Knight Frank	16,583.04
Agents Fees	Sanderson Weatherall	1,500.00
Agents Disbursements	Sanderson Weatherall	1,130.97
CJRS monies	Southern Wind Group Limited	275,669.91
Hypothec Settlement	Shepherd & Wedderburn	30,000.00
Statutory Advertising	Courts Advertising Limited	99.45
Wages & Salaries	Employees	78,737.51
Corporation tax	HMRC	11.97
TOTAL		517,844.60
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)		
Insurance premium paid to Eddisons	Eddisons Insurance Services Limited	1,498.85
TOTAL		1,498.85