



For further information, please  
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[www.gov.uk/companieshouse](http://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 Administrator's name

Full forename(s) Julian

Surname Pitts

### 3 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

### 4 Administrator's name ①

Full forename(s) Bob

Surname Maxwell

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Fourth Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

### 6 Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1
To date	<sup>d</sup> 3	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1

### 7 Progress report

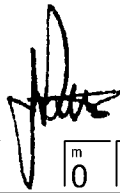
☒ I attach a copy of the progress report

### 8 Sign and date

Administrator's  
signature

Signature

X



X

Signature date

<sup>d</sup> 2	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 9	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 1
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**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 **Amelia Blythe**

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.**

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

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**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

Julian Pitts and Bob Maxwell were 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.

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## City District Limited (In Administration)

Trading as: Fazenda & Picanha

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Progress report of the joint administrators

Period: 1 March 2021 to 31 August 2021

## Important Notice

This 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.

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	City District LimitedFazenda & 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" and "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 Insolvency Act 1986

## 2. STATUTORY INFORMATION

Name of Company	City District Limited
Trading names:	Fazenda Picanha
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 the 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 administrators' appointment:	1 March 2021
Date of administrators' resignation:	N/A
Court:	High Court of Justice, Business And Property Courts in Leeds, Insolvency And Companies List (ChD)
Court Case Number:	CR-2021-LDS-0080
Persons making appointment / application:	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	There have been no extensions to the administration period.

## 4. PROGRESS DURING THE PERIOD

### Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 1 March 2021 to 31 August 2021. The principal matters to report in the period are as follows:

- Dealing with the Company's leasehold property interests, including arranging assignments and surrenders of various leases;
- Collating the information to assist with the submission of the corporation tax returns for the Administration period;
- Negotiations with the Company's debtors to reach acceptable settlements;
- Dealing with the employee's queries and claims from the Chester site which did not transfer as part of the pre-packaged sale to Southern Wind Group Limited ("SWG");
- Corresponding with the secured creditor; and
- Carrying out all statutory obligations and duties.

Further and more substantive details of the work done is given below.

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 2.

The details below relate to the work undertaken in the period of the report only. Some of this work was undertaken immediately following appointment and was therefore recorded in our statement of proposals.

#### General case administration and planning

Time recorded under this heading relates primarily to internal meetings held as the case has progressed. The case strategy has been amended as and when updates have been obtained. The case has been reviewed regularly to ensure that matters are progressed and that no matters have been overlooked.

Time has been spent in populating and maintaining the electronic case files. We have continued to ensure that we have a contemporaneous, accurate and complete record of how the case is being administered, including fully documenting the reasons for any decisions that have been made.

Regular internal meetings have been held between the case staff in order to carry out the following:

- Review of the strategy in relation to the ongoing asset realisations in the Administration; and
- Carrying out internal case reviews to ensure all matters are being dealt with in accordance with statutory obligations and best practice and that matters are progressing.



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

#### Compliance with the Insolvency Act, Rules and best practice

As in any administration, the administrators were required to prepare and circulate their Statement of Proposals. The sale of the Company's business and assets constituted a pre-packaged sale and, as such, the proposals along with a SIP 16 statement were produced and sent to creditors within seven days.

Initial notification of appointment was circulated to creditors, as well as filed with the Registrar of Companies and advertised in the London Gazette. Costs of £99 were incurred and paid to Courts Advertising Limited for their assistance with advertising.

A bond was put in place and has subsequently been reviewed to ensure that it remains sufficient to protect the interests of creditors. A premium of £195 has been incurred and paid to Marsh Limited.

Our cashier has spent time in reconciling the bank account and processing receipts and payments within the period.

This work may not be of direct financial benefit to creditors, but is necessary to remain compliant with the Act, Rules and good practice.

#### Investigations

We are required to submit a report on the conduct of the directors to the Department for Business, Energy & Industrial Strategy. As part of this, the Company's records were reviewed, as well as the Company's bank statements. The contents of this report is confidential, however we can confirm that we have discharged our duty in this respect.

Our investigations are ongoing and meetings have been held as part of this. We cannot at this time disclose any further information as to the nature of our investigations as to do so may prejudice the outcome.

Any resultant claims identified as a result of the administrators' investigations will be pursued for the benefit of creditors.

#### Realisation of assets

##### Pre-packaged sale of the business and assets

Creditors will be aware from the Statement of Proposals that there was a sale of the Company's business and assets to SWG. Details of the sale, including the sums received, were included in the proposals and are in the receipts and payments account at Appendix 1 of this report. A summary of the sale is set out below.

Marketing was undertaken in order to reach potential trade buyers and firms known to invest in distressed opportunities as quickly as possible.

The marketing exercise resulted in a significant number of enquiries, of which 17 signed and returned a non-disclosure agreement ("NDA") and were issued with a management information pack, comprising the draft FY20 financials and FY21 and FY22 forecasts which were presented to board meetings.

Follow up discussions were held with 12 of the parties who signed an NDA to provide further information regarding the opportunity. This resulted in five offers for the Company, two of which were for the share capital of the Company. These two offers were rejected by the shareholders.

Meetings with management were arranged with the other three parties who submitted an offer for the business and assets of the Company on an insolvent basis. We eventually accepted the offer put forward from Southern Wind Group Limited ("SWG"), an entity controlled by certain directors and shareholders of the Company.

The sale consisted of the following business and assets of the Company:

Apportionment of Consideration	
Asset	Consideration (£)
Business Name	1.00
Business Rights	1.00
Goodwill	1,993,882.71
Intellectual Property	1.00
Customer Contracts	1.00
Plant	149,997.00
Stock	100,000.00
Records	1.00
Rights of Action	1.00
Total	2,243,885.71

The above assets were realised in full on completion of the sale on 1 March 2021.

The costs in relation to the pre-packaged sale have been discharged, other than our fees, as set out in Section 6 below.

In addition, the unpaid fees of BTG Advisory LLP, which is a member of the Begbies Traynor Group, in relation to the accelerated merger and acquisition process undertaken prior to our appointment in the sum of £6,460 have been discharged as a fixed charge costs of the Administration, as agreed with HSBC UK Bank plc ("HSBC"). The furlough grant monies which were in the Company's bank account and for the benefit of the employees transferred to SWG totalling £2,767 have also been paid out of the fixed charge realisations with the agreement of HSBC.

#### Leased Premises

The leased premises at Liverpool, Manchester and Edinburgh were surrendered to the landlords prior to administration, with new leases agreed with SWG. The latter site, in Edinburgh, was subject to a Hypothec claim which arises upon a tenant entering into an insolvency process in a Scottish leased premises. As such, settlement of £30,000 was paid to the landlord as an expense of the administration. Without this payment, the landlord will have a valid lien over the assets and stock located at the premises, which were included in the sale to SWG.

SWG had not managed to agree a deal with the Birmingham landlord prior to our appointment and therefore only the assets and stock from this site were included in the pre-packaged sale. A licence to occupy the site was granted to allow the removal of the assets and stock. With the assistance of our agents, Sanderson Weatherall LLP ("SW"), the premises was marketed to establish whether there would be any interest in a third party purchasing the lease. However, prior to marketing completing the landlord of the Birmingham site had agreed a

deal with SWG. The assets inside the premises were owned by SWG and furthermore, accepting this offer allowed further jobs of the Company's employees to be saved.

The sum of £16,583 was collected from SWG by way of licence to occupy fees and paid over to the Birmingham landlord.

The premises at Huddersfield was also surrendered to the landlord following our appointment, as it was deemed by our agents that there was no value in the lease. It was agreed with the landlord that there would be no rent or service charge payable under the lease prior to the surrender.

Matters surrounding the Chester leasehold are ongoing and a surrender of the lease has not been accepted. Following our appointment, several parties contacted us in relation to acquiring the fixed assets from the Chester premises. After taking the process to best and final offers, the sum of £10,000 plus VAT was accepted from a company controlled by former director/ shareholder of the Company.

A licence to occupy has also been granted to SWG for the Leeds premises, in order to allow the purchasers to negotiate lease terms with the landlord. This was initially granted for a period of six months, ending on 31 August 2021. However, this has now been extended for a period of four months to allow the negotiations to continue.

The Leeds premises is split over a number of separate leases and rent and service charges have been charged to SWG and paid to the landlord accordingly. To date, the sum of £38,819 has been collected from SWG and £28,058 paid across to the landlord.

Agents fees of £1,500 and disbursements of £1,131 have been incurred by Sanderson Weatherall and duly paid for their assistance with the ongoing lease matters and for overseeing the disposal of the Chester assets.

Open cover insurance has been maintained and premium of £1,280 has been incurred to date.

#### Debtors

The largest debtor on appointment was the loan to the shareholder, LLB Investments Limited ("LLB"), in the region of £1.9m. However, during the period, LLB entered creditors' voluntary liquidation as it was unable to pay its debts. We are not anticipating a return from the liquidation of LLB.

Another substantial debtor, as detailed in the Estimated Financial Position in the Statement of Proposals, is True Italian Restaurants Limited in the sum of £108,042. This debt was incurred in respect of rent owed for a Leeds tenancy that was sublet to them. True Italian Restaurants Limited have also subsequently entered into liquidation with no return anticipated for unsecured creditors.

On appointment, Mr Maunier had an overdrawn director's loan account valued around £115,992. A settlement offer has been accepted in the sum of £5,800 which has been received in full. Whilst this settlement is significantly lower than the outstanding amount, it was accepted based on a review of the assets, liabilities, income and expenditure of Mr Maunier. We are of the opinion that this settlement offered the best result and that petitioning for the bankruptcy of Mr Maunier would likely provide a lower return.

Tast Group had an outstanding debt on appointment of circa £54,000. We have accepted a settlement of 10% which has been paid in full. Following a review of the financial records of Tast Group, it was evident that COVID-19 had severely impacted on the viability of the business and it was being supported by loans from its directors. We therefore agreed a full and final settlement in the sum of £5,494 and we are comfortable that this is the best result and that taking steps to wind the company up would not see any further benefit.

## Insurance Claim

The Company had two ongoing insurance claims prior to administration. One has now been settled and the sum of £6,220 has been paid into the administration account. The other claim is ongoing and expected to conclude shortly.

## Other Receipts

Prior to our appointment, the Company submitted a claim for CJRS grant in respect of the staff who were furloughed. The total sum of £354,407 was received in respect of this grant. We facilitated payment of £78,738 to those staff who had been made redundant upon appointment and then paid the balance of £275,670 to SWG in order to meet the wages of the staff transferred as part of the sale of the business and assets.

Pre appointment VAT returns were submitted up to the date of administration. The refund of £63,638 received accordingly.

A refund in respect of the service charges pertaining to the Manchester site have been received in the sum of £291. A miscellaneous refund £196 was received, in respect of monies held on account by solicitors, Brodies.

In addition, bank interest of £25 has accrued on the funds held in the Administration bank account since our appointment.

Any realisations directly increase the return to creditors and as such this work is of direct financial benefit to creditors.

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

We have produced reports for the secured creditor, HSBC, within agreed time scales. Furthermore, following the sale of the Company's goodwill, HSBC were paid a distribution of £1.5m under their fixed charge security.

As detailed above, the CJRS Grant received included wages of employees who had been made redundant. These monies were paid by us to the employees and SWG and we also assisted the employees in submitting claims for the remainder of their entitlements (holiday pay, notice pay and redundancy) to the Redundancy Payments Service.

The information for the P45s of these employees was obtained and provided to accountants, Garbutt & Elliott LLP ("G&E"), who produced the P45s incurring costs of £1,063 which have subsequently been paid.

Considerable correspondence has been received from unsecured creditors of the Company. Records have been updated with contact information and claims received.

A proportion of this work has had a direct financial impact to creditors, particularly the employees regarding their salary and other monies owed. Other work may not have a direct financial benefit but is necessary as part of the progression of the case.

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

The sale of the Goodwill on appointment gave rise to a substantial post appointment tax liability. We have therefore instructed accountants, G&E, to produce the relevant returns, as well as pre appointment Corporation Tax returns in order to offset the pre appointment losses. We understand that this work is nearing completion, however it remains unknown whether there will be a liability that remains to be paid. Nonetheless, this work will likely reduce the claim of HM Revenue & Customs ("HMRC").

We have agreed a fee with G&E of £6,800 to undertake the required corporation tax work in relation to the returns for the periods ended 28 February 2021 and 31 March 2021 and subsequent terminal tax loss relief claim.

The outcome of the decisions on the approval of our proposals, fees and disbursements sought from the secured and preferential creditors were monitored and recorded.

Whilst this work does not benefit creditors financially it is necessary to ensure the efficient and compliant progression of the Liquidation, which ensure we carry out to high professional standards.

## 5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

### Secured creditor

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

The total sum of £7.2m was due to HSBC as at the date of our appointment and have since received a distribution of £1.5m under its fixed charge security. We are anticipating there being sufficient funds to distribute further monies to HSBC under its fixed charge, but there will be insufficient realisations to enable a distribution to HSBC under its floating charge and, therefore, there will be a significant shortfall under its lending.

### Preferential creditors

Preferential claims are estimated at circa £4,000.

We consider that there are likely to be sufficient funds for a dividend to be paid to preferential creditors.

### Secondary preferential creditors

We consider that there are likely to be sufficient funds to enable a dividend to be paid to HMRC as secondary preferential creditor after payment in full of the preferential creditors. The preferential claim submitted by HMRC is £612,240.

We are anticipating that they will suffer a shortfall against their secondary preferential claim.

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

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals.

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.

We have not made a distribution of the prescribed part as the estimate of the Company's net property is less than the minimum prescribed by the Insolvency Act 1986 (Prescribed Part) Order 2003 and we consider, in accordance with Section 176A(3)(b) of the Act, that the costs of making a distribution of the prescribed part to unsecured creditors would be disproportionate to the benefits.

## Unsecured creditors

To date, unsecured claims in the sum of £979,959 have been received.

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

## Effect of administration on limitation periods under the Limitation Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

## 6. PRE-ADMINISTRATION COSTS

On 1 April 2021 the following amounts in respect of unpaid pre-administration costs were approved by the secured and preferential creditors:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor (Central) LLP	32,671.50	6,534.30	39,205.80
Legal costs	Addleshaw Goddard LLP	42,250.50	8,450.10	50,700.60
Agents costs	Sanderson Weatherall LLP	11,500.00	2,300.00	13,800.00
	Eddisons Commercial Limited	950.00	190.00	1,140.00
Agents disbursements	Sanderson Weatherall LLP	100.00	20.00	120.00
	Eddisons Commercial Limited	495.00	99.00	594.00
Marketing costs	BTG Advisory LLP	1,500.00	0.00	1,500.00
TOTAL PRE-ADMINISTRATION COSTS		89,467.00	17,593.40	107,060.40

The above costs have all been paid with the exception of our fees in relation to the Work which will be paid in due course.

## 7. 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 time costs for the period from 1 March 2021 to 31 August 2021 amount to £88,329 which represents 574 hours at an average rate of £152 per hour.

As set out in our proposals and detailed at Appendix 2, our firm is currently on the HSBC's panel of approved suppliers of insolvency services and, as such, all time incurred on this matter are at the rates dictated by the agreement between Begbies Traynor and HSBC, which are lower than our standard rates.

The following further information in relation to our time costs and expenses is set out at Appendix 2:

- ☐ Time Costs Analysis for the period 1 March 2021 to 31 August 2021
- ☐ Begbies Traynor (Central) LLP's charging policy

To 31 August 2021, we have drawn not drawn any amount on account of our remuneration, against total time costs of £88,329 incurred since the date of our appointment.

### 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.

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

As can be seen from the information above, we are fairly close to the limit of our approved remuneration. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reasons why the approved level of remuneration is likely to be exceeded are as follows:

- ☐ Protracted work in relation to the novation and surrender of the various premises leases. As detailed in Sections 4 and 8 of this report, this work is ongoing;
- ☐ As also detailed above, further investigations have been undertaken and it is anticipated that further work still will be carried out as part of our ongoing investigations; and
- ☐ Dealing with employee matters has been more complex and time intensive than initially envisaged.

In light of the above, we are obliged to provide the secured and preferential creditors with details of the additional work that we propose to undertake along with details of the cost of that additional work and to seek approval of our increased estimate from them.

### Category 1 Expenses

To 31 August 2021, we have not drawn expenses. However, we have incurred the sum of £290 in relation to the statutory bond, the costs of which have been met by our office and will be recharged to the case accordingly.

### Category 2 Expenses

Details of the Category 2 expenses that have been drawn during the period of this report in accordance with the approval obtained in the total sum of £7,740 are as follows:

<b>Other amounts paid or payable to the office holder's firm</b>	
Type and purpose	Amount £
Eddisons Insurance Services Limited ("EIS"), which is a member of the Begbies Traynor group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets.	1,280.00
BTG Advisory LLP, which is a member of the Begbies Traynor group, was engaged to carry out the accelerated merger and acquisition process by the Company.	6,460.00
<b>TOTAL</b>	<b>7,740.00</b>

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](http://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.

## 8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the administration would total £32,590. Unfortunately, the expenses that we have incurred so far have exceeded that estimate and there will be further expenses to pay before the case concludes. The reasons why the estimate has been exceeded are as follows:

- ☐ The Hypothec claim settlement was not included in the original estimate. This is a requirement under Scottish law and is unavoidable.
- ☐ Rent and service charge costs have been incurred on the premises where the lease has not yet been surrendered. Where SWG are in occupation, this amount has been recovered.
- ☐ The initial wages payment was not included on the estimate of expenses. As detailed above, these costs were met by the CJRS Grant.



## 9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

As detailed in the Statement of Proposals, the majority of the assets of the Company were sold as part of the sale to SWG on appointment. At this stage in the administration, we have the following assets left to realise:

- ❑ Insurance claims

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

### General case administration and planning

We will continue to review the case on a regular basis to ensure that all assets are realised, and the case is being managed efficiently. Internal meetings will be held as a part of this. We will continue to comply with our requirement to maintain files and record case decisions.

Whilst this work will not benefit creditors financially, it is necessary to ensure the compliant progression of the case.

### Compliance with the Insolvency Act, Rules and best practice

It is a statutory requirement that progress reports are produced on a six monthly basis in order to inform creditors of progress made during the period. We will continue to produce these reports and file them with the necessary bodies to meet statutory requirements.

Furthermore, a final report will be produced and made available to creditors once the purpose of the administration has been achieved and the matter can progress to closure.

We will also continue to monitor realisations and compare to the statutory bond level to ensure that sufficient cover is in place in order to protect the interests of the Company's creditors.

Should an extension of the administration be required, the administrators will take steps to seek the approval of such from the secured and preferential creditors in the first instance.

Time will be spent in monitoring and updating the estate cash book and bank accounts, including regular bank reconciliations. Our cashiering team will also spend time in processing any receipts or payments.

This work does not benefit creditors financially but is necessary in accordance with the Insolvency Act, Rules and best practice.

### Investigations

As detailed in Section 4 of this report, our investigations into the affairs of the Company are ongoing. Any claims identified as a result of our investigations will be pursued. We will provide further information to creditors on this matter as and when we are able to.

If we identify any claims, then the recovery of these will have a direct financial benefit to creditors.

### Realisation of assets

Continued work will be undertaken in respect of the leases for the Leeds and Chester sites. Whilst the lease remains to be novated in Leeds, we will continue to account to the landlord for rent and service charges paid to us by SWG.

We will pursue the return from the ongoing insurance claims and refunds.

As this will result in additional realisations for the Administration estate, this work will have a financial benefit to creditors.

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

We will continue to meet agreed reporting requirements with the secured creditor.

We will continue to deal with unsecured creditors correspondence received and claims submitted throughout the remainder of the administration.

If there is likely to be a distribution to the preferential creditors, we will notify all eligible creditors at the earliest possibility. We will then be required to adjudicate on claims received and calculate and pay a dividend distribution accordingly.

The claim agreement will result in the dividend being declared and paid to creditors, so this work will have a financial benefit.

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

We are seeking approval from the secured and preferential creditors of an additional fees estimate. Therefore, votes received will be monitored and our records updated accordingly.

We will continue to deal with the Company's tax matters, including submitting the tax return currently being prepared by G&E and referred to in Section 4 of this report.

Whilst the above work does not benefit creditors financially it is necessary in accordance with statutory requirements and best practice.

How much will this further work cost?

As can be seen above, there are additional elements of work which were not envisaged at the onset of my appointment, and which need to be carried out in order to complete my duties. The cost of the additional work is estimated to be £15,311.50 which is in addition to the original remuneration approval we have received. As previously advised, we will need to seek creditor approval for the fair and reasonable increase in our remuneration. We do not anticipate that we will need to approach creditors for a further increase following this request, unless circumstances greatly change again.

### Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the revised estimate of anticipated expenses attached at Appendix 2.

What is the anticipated payment for administering the case in full?

We estimated that the cost of administering the case would be in the region of £110,432, providing that approval for us to draw our remuneration up to that level is obtained. However, as you are aware, the remuneration that

we can draw is limited to the amount that is realised for the assets, (less any costs incurred in realising those assets). At this stage in the administration, we can estimate that total remuneration drawn will be in the region of £110,432. Should costs be incurred over and above our approval these may be written off, or the administrators will take steps to seek further approval.

However, please note that should there be additional or unexpected asset realisations, we will look to draw our remuneration from those too, capped at the level that the creditors approve.

## 10. OTHER RELEVANT INFORMATION

### Connected party transactions

A sale of the business and certain assets concluded on 1 March 2021 to a connected party by way of associated directors and shareholders. Full details of the transaction were provided in the Statement of Proposals.

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were also sold:

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
9 March 2021	Fixtures and fittings at the Picanha Chester restaurant	£10,000 plus VAT Paid on 12 March 2021	Argento Meats Limited	Common director and shareholder to the Company

As detailed in Section 4 of this report, several parties contacted us who were interested in acquiring the fixtures and fittings from the Picanha Chester restaurant, which was not included in the pre-package sale to SWG. After taking the process to best and final offers, the sum of £10,000 plus VAT was accepted from a company controlled by former director/ shareholder of the Company and was perceived to be best value for creditors.

### Proposed exit route from Administration

#### Dissolution

On present information we remain of the opinion that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

#### Extending the Administration

It may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the realisation of the Company's property. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the

period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

#### Use of personal information

Please note that in the course of discharging our statutory 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.

## 11. 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 during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

## 12. CONCLUSION

As detailed in Section 6 of this report, we are seeking the approval of the secured and preferential creditors of an additional fees estimate. Notice of this has been sent to the relevant creditors.

We will report again in approximately six months' time or at the conclusion of the Administration, whichever is the sooner.



J N R Pitts  
Joint Administrator

Dated: 28 September 2021

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 1 March 2021 to 31 August 2021

S of A £		£	£
	SECURED ASSETS		
	Business Rights	1.00	
1,994,000.00	Goodwill	1,993,883.71	
	Intellectual Property	1.00	
			1,993,885.71
	COSTS OF REALISATION		
	AMA Fees	6,460.00	
	CJRS Monies due to Sourthern Wind	2,767.20	
			(9,227.20)
	SECURED CREDITORS		
(7,205,000.00)	HSBC UK Bank plc	1,500,000.00	
			(1,500,000.00)
	ASSET REALISATIONS		
	Licence to Occupcy Fees		
	Leeds Premises	38,819.39	
	Birmingham Premises	16,583.04	
250,000.00	Fixtures & Fittings	159,997.00	
	Customer Contracts	1.00	
	Rights of Action	1.00	
	Stock	100,000.00	
	Transferred Records	1.00	
Uncertain	Book Debts	5,494.00	
Uncertain	Tast Group Loan	NIL	
Uncertain	Director Loan Account	5,800.00	
Uncertain	Debtors - Livin Italy	NIL	
NIL	S.455 Tax Refund	NIL	
	VAT Refund	63,638.21	
Uncertain	Debtors - Shareholder Loan	NIL	
	CJRS Grant	354,407.42	
	Bank Interest Gross	25.35	
	Miscellaneous Refund	196.00	
	Insurance Claim	6,220.00	
	Service Charge Refund	291.01	
			751,474.42
	COST OF REALISATIONS		
	Pre Appointment Agents Fees		
	Sanderson Weatherall	11,500.00	
	Eddisons Commercial	950.00	
	Pre Appointment Agents Disbursement		
	Sanderson Weatherall	100.00	
	Eddisons Commercial	495.00	
	Pre Appointment Legal Fees	42,250.00	
	Accountants Fees	1,062.50	

S of A £		£	£
	Agents Fees	1,500.00	
	Agents Disbursements	1,130.97	
	Corporate Finance Fees	1,500.00	
	Statutory Advertising		
	Advertising	99.45	
	Rent and Service Charge		
	Birmingham Premises	16,583.04	
	Leeds Premises	28,057.74	
	Wages & Salaries	78,737.51	
	CJRS Monies due to Southern Wind Group	275,669.91	
	Hypothec Claim Settlement	30,000.00	
			(489,636.12)
	PREFERENTIAL CREDITORS		
(3,000.00)	Employees re Arrears/Hol Pay	NIL	NIL
	SECONDARY PREFERENTIAL CREDITORS		
(731,000.00)	HMRC	NIL	NIL
	UNSECURED CREDITORS		
(1,701,000.00)	Trade Creditors	NIL	NIL
	DISTRIBUTIONS		
(30,600.00)	Ordinary Shareholders	NIL	NIL
(7,426,600.00)			746,496.81
	REPRESENTED BY		
	Vat Receivable	21,045.74	
	Bank 1 Current	737,239.54	
	Fixed Charge VAT Receivable	1,292.00	
	Vat Payable	(13,080.47)	
			746,496.81

## COSTS AND EXPENSES

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 1 March 2021 to 31 August 2021; and
- c. Estimated increase to our approved remuneration.

## BEGBIES TRAYNOR CHARGING POLICY

### INTRODUCTION

This note 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 passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this note 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<sup>2</sup> indicates that such charges should be disclosed to those who are responsible for approving 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 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 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

Best practice guidance classifies expenses into two broad categories:

- ❑ Category 1 disbursements (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 disbursements (approval required) - items of expenditure that are directly related to the case which 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.

(A) The following items of expenditure 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 is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a Category 1 disbursement) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

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<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>2</sup> Ibid 1



Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

#### Services provided by other entities within the Begbies Traynor Group

The following items of expenditure 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):

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.

- (B) 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 disbursement:

- Telephone and facsimile
- Printing and photocopying
- Stationery

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.

#### 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 December 2018 until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

As set out, Begbies Traynor has a specific agreement with HSBC UK Bank plc ("HSBC") in relation to work done where it is the secure creditor. In those case (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 time costs incurred to the rates above.

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 until further notice
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.

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 01/03/2021 To 31/08/2021

[illegible]

# THE ADMINISTRATORS' ESTIMATE OF THE INCREASED FEES THAT THEY WILL INCUR

Further to the information set out in the report, the Administrators anticipate that in addition to their fees estimate dated 8 March 2021 in the sum of £95,120.70 the following further fees will be incurred to conclusion of the administration. Please note that blended hourly rates have been used (as they were for the original estimate) which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column. Details of the hourly rates that will be charged for each level of staff working on the case form part of this appendix.

As set out in our proposals and at Appendix 1 of this report, we are currently working on HSBC UK Bank plc ("HSBC") panel rates. The summary below is therefore based on the agreed rate with HSBC and not our standard charge our rates.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	5.00	835.00	167.00
Compliance with the Insolvency Act, Rules and best practice	3.50	646.50	184.71
Investigations	61.00	8,941.00	146.57
Realisation of assets	20.00	3,075.00	153.75
Trading	-	-	-
Dealing with all creditors' claims (including employees), correspondence and distributions	11.00	1,572.00	142.91
Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decisions procedures, tax, litigation, pensions and travel	2.00	242.00	121.00
Total hours	102.50		
Total time costs		15,311.50	
Overall average hourly rate £			149.38

We have arrived at this increase by considering the nature and complexity of the work that is necessary to conclude the case, and we also believe that this increase is a fair and reasonable reflection of the same.

Dated: 28 September 2021

## 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	Garbutt & Elliott	7,862.50	1,062.50	6,800.00
Bond	Marsh Limited	290.00	-	290.00
Agents fees	Sanderson Weatherall	1,500.00	1,500.00	-
Agents disbursements	Sanderson Weatherall	1,130.97	1,130.97	-
CJRS monies	Southern Wind Group Limited	275,669.91	275,669.91	-
Hypothec settlement	Shepherd & Wedderburn	30,000.00	30,000.00	-
Legal fees	Addleshaw Goddard LLP	10,126.00	-	10,126.00
Legal disbursements	Addleshaw Goddard LLP	80.00	-	80.00
Rent and service charges	Lambert Smith Hampton	38,819.39	28,057.74	10,761.65
	Knight Frank	16,583.04	16,583.04	-
Statutory advertising	Courts Advertising Limited	99.45	99.45	-
Wages & Salaries	Employees	78,737.51	78,737.51	-
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	1,280.00	-	1,280.00

## ADDITIONAL EXPENSES ANTICIPATED FOR FUTURE WORK

Expenses anticipated to be incurred prior to closure of the case	Name of party with whom expense anticipated to be incurred	Amount estimated to cost £
Rent and service charges	Lambert Smith Hampton	60,000.00
Legal fees	Addleshaw Goddard LLP	5,000.00
Insurance premium paid to Eddisons	Eddisons Insurance Services Limited	2,000.00