



For further information, please  
refer to our guidance at  
[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

<b>6</b>	<b>Period of progress report</b>																
From date	d	0	d	1	m	0	m	9	y	2	y	0	y	2	y	1	
To date	d	2	d	8	m	0	m	2	y	2	y	0	y	2	y	2	

<b>7</b>	<b>Progress report</b>															
<input checked="" type="checkbox"/> I attach a copy of the progress report																

<b>8</b>	<b>Sign and date</b>																
Administrator's signature	<div>Signature</div> <div>  </div>																
Signature date	d	3	d	1	m	0	m	3	y	2	y	0	y	2	y	2	

**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**

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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 September 2021 to 28 February 2022

## 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-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 period was extended with the consent of creditors for a period of 12 months.

## 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 2021 to 28 February 2022. The principal matters to report in the period are as follows:

- Dealing with investigation matters into the Company's property interests and books and records;
- Collating information to assist with the submission of the corporation tax returns for the Administration period and liaising with HMRC in relation to these returns;
- Manage employees pension claims from all sites;
- Corresponding with the secured creditor; and
- Continuing to complete all statutory requirements 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. Our previous report contains details of the work undertaken since our appointment.

### General case administration and planning

We have continued to monitor the progression of the Administration by holding internal meetings with case staff. The case strategy has been reviewed and updated 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.

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

- Reviewing the case strategy to document decisions that may materially affect the Administration; and
- Internal case reviews to ensure that matters are progressing efficiently and in harmony with statutory obligations and best practice.

Whilst this work does not financially benefit creditors it is necessary to demonstrate how the case is being administered and warrant efficient and compliant progression of the Administration.



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

We have reviewed the statutory bond on a regular basis to ensure that the bond remains adequately insured to protect the interest of creditors. We have paid £290 to Marsh Limited in respect of the statutory bond in place.

During the period we produced a progress report to update creditors of the progress made during the first six months of the Administration. This was filed with the Registrar of Companies and made available to the creditors of the Company.

As all matters in the Administration could not be completed within the first 12 months, an extension had to be sought from creditors. The extension to the Administration was granted for a further period of 12 months to 28 February 2023. Notification of a Notice of Extension was circulated to creditors, as well as filed with the Registrar of Companies.

Cashiers have reconciled the bank account and processed all receipts and payments within the period.

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

### Investigations

As highlighted in the previous report, we had a number of investigations that had commenced but were ongoing at the date of our last report.

We have undertaken an analysis of the Company's books and records and conducted a Sage analysis into the Company's transactions for all sites.

We also investigated the landlord debt position for each of the leasehold premises, including invoices provided by landlords to the Company. We have not identified any actions which may lead to further recoveries into the estate in this regard.

However, our investigations into some matters remain outstanding and will continue to be progressed to a satisfactory conclusion. It is not presently clear whether this work will lead to any claims which we can pursue as Administrators of the Company.

We will provide creditors with a more comprehensive update in our next progress report or the final report, whichever comes sooner.

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

### Realisation of assets

#### Insurance Claim

The Company's final insurance claim in the sum of £5,552 has now been settled and paid into the Administration account.

We are not anticipating any further insurance claims or refunds to arise during the Administration.

#### Leased Premises

As previously reported, the Company had no beneficial occupation of the Chester Picanha site after the fixed assets had been removed and sold, but the landlord would not initially agree to an informal surrender.

Once the landlord was in a position to surrender (having obtained an agreement in principle from a new tenant for the premises) the informal surrender was prepared and agreed with the landlord.

The licence to occupy, which was granted to the purchaser of the Company's business and certain assets as part of the pre-packaged sale, Southern Wind Group Limited ("SWG") has been extended twice, with the final extension running until 31 December 2021. This was granted to allow SWG sufficient time to novate or enter a new lease with the landlord of the Leeds premises.

SWG has paid the Company £52,716 during the period, to cover all liabilities until 31 December 2021. However, as the novation of the lease was agreed and entered into on 23 December 2021, there will be some monies which the Company will have to refund to SWG.

We are working with the landlord to establish the quantum of the final payment which needs to be made for the period 1 December 2021 to 23 December 2021. The additional rent and other lease obligations incurred to 30 November 2021 in the sum of £50,071 have been paid during the period. We expect this matter to be fully concluded shortly.

Open cover insurance has been maintained and a premium of £293 has been incurred during the period.

#### Miscellaneous Receipts

Shortly after our appointment as Administrators, a number of payments were made to the Company's former trading account with HSBC totalling £44,866.

Of this sum, £1,204 was due to SWG as a deposit for a booking paid into the incorrect account. The balance, in the total sum of £43,662, relates to receipts and other grant monies due to the Company prior to it ceasing to trade.

#### Bank Interest

Bank interest of £33 has accrued on the funds held in the Administration bank account during the period.

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 continued to send bank reports to the secured creditor, HSBC UK Bank plc ("HSBC"), within the agreed reporting timescales. The final fixed charge distribution in the sum of £454,659 has now been paid to HSBC.

We have dealt with all unsecured queries when they are received and updated our systems when required. We have also dealt with all employee queries as and when they have been received. We have maintained a database in regard to employees contact details and claims and logged these accordingly.

This work has financially benefitted creditors, in particular employees regarding their salary and monies owed.

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

During the reporting period, we have sought information from The People's Pension in relation to the final employee claims. We have analysed the pension position of the employees and continued to bring this information up-to-date in anticipation of declaring a preferential dividend.

We have also continued to liaise with our instructed accountants, Azets (formerly Garbutt & Elliott LLP), in relation to the Company's corporation tax matters. We have discharged the agreed fee of £6,800 for the returns for the periods ended 28 February 2021 and 31 March 2021, as well as the terminal tax loss relief claim.

The terminal tax loss relief claim isn't expected to result in a refund to the Administration estate, but it will reduce HMRC's claim in the Administration.

#### Legal Fees

We have incurred legal fees of £1,795 and disbursements of £7 with Addleshaw Goddard LLP ("AG") during the period in respect of general legal advice, including in respect of all lease matters.

#### Pre-appointment Fees

We have also discharged our pre-appointment fees of £32,672, £20,000 of which has been paid from fixed charge monies (due to HSBC) and £12,672 from floating charge monies, as agreed by creditors.

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 specified in the previous progress report, 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 have since received a distribution of £1.95m under its fixed charge security.

However, we still anticipate that there will be insufficient funds to distribute monies to HSBC under their floating charge, and therefore, there will be a significant shortfall under its lending.

#### Preferential creditors

We estimate that preferential claims are in the sum of £8,000.

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 for a dividend to be paid to HM Revenue & Customs 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 in respect of 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

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. 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 fees estimate was increased by £15,312 on 26 October 2021. This makes the total amount of our approved estimate £110,432.

Our time costs for the period from 1 September 2021 to 28 February 2022 amount to £24,232 which represents 179 hours at an average rate of £135 per hour.

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 September 2021 to 28 February 2022
- ❑ Begbies Traynor (Central) LLP's charging policy

To 28 February 2022, we have drawn the total sum of £50,000 on account of our remuneration, against total time costs of £112,561 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. 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.

As can be seen from the information above, we have exceeded the limit of our increased, 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 has been exceeded are as follows:

- ❑ Detailed investigations into certain matters which had been identified during our appointment. This included meetings with certain parties who provided us with additional information, as well as additional analysis and correspondence; and
- ❑ Further protracted dealings in respect of the novation of the Leeds lease and surrender of the Chester lease; and
- ❑ Reviewing and agreeing the claims of the preferential and secondary preferential creditors in anticipation of declaring a first and final dividend to each of these classes of creditor.

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 and that has already been undertaken along with details of the cost of that additional work and to seek approval of our increased estimate from them.

#### Category 1 Expenses

To 28 February 2022, we have also drawn expenses in the sum of £290.

#### Category 2 Expenses

Details of the Category 2 expenses that have been incurred during the period of this report in the total sum of £293 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.	293.40
<b>TOTAL</b>	<b>293.40</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.

## 7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement of expenses also appears at Appendix 3 which details the expenses incurred since the date of our appointment together with a table of future expenses to be incurred.

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 for exceeding the original estimate were set out in the previous progress report, together with an estimate of the future expenses to be incurred.

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

## 8. 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 do not anticipate that there will be any further realisations, depending on the outcome of our ongoing investigations.

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 carry out regular internal strategy meetings to ensure we are progressing the case in the most effective and efficient manner.

We are required to maintain records to demonstrate how the case is being administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. This will include compliance reviews, internal checklist updates, periodic case reviews and maintaining case files.

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

In order to remain compliant there are numerous statutory and regulatory requirements to meet. Whilst many of the tasks we will carry out do not relate to the realisation of assets they are necessary to assist us with the compliant progression of the administration.

We will draft and issue interim progress reports on a six-monthly basis to provide an update to the creditors of the progress made during the administration. These documents will be filed to meet statutory requirements.

In addition, a final progress report will have to be produced once the administration has reached its conclusion. This will provide creditors with an overview of the administration, including all realisations, costs and the final outcome for creditors.

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

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 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.

#### Realisation of assets

We do not anticipate any further realisations of assets.

#### Investigations

Our investigations will remain ongoing and should be finalised during the next period. As set out earlier in the report, any claims identified will be pursued for the benefit of the Company's creditors.

This may be of financial benefit to creditors as any claims discovered will provide realisations for the Administration estate.

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

We will continue to produce update reports to the secured creditor, HSBC, and will deal with unsecured creditor matters and future claims submitted throughout 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 agreement of the claims will warrant a dividend being declared and a distribution paid. As such this work will directly financially benefit the preferential classes of creditors.

#### 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 further fees estimate. Therefore, votes received will be monitored and our records updated accordingly.

As a result of the licence to occupy being in place with SWG, the income generated by the Company will need to be reported to HMRC by way of a further corporation tax return. We will shortly be instructing Azets to complete this on our behalf, once the final obligations under the Leeds lease have been agreed and discharged.

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 £15,083 which is in addition to the original remuneration approval we have received to date of £110,432. 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 estimate of anticipated expenses sent to creditors on 28 September 2021 (as part of the previous progress report) which included all of the expenses that we anticipate that we will incur throughout the administration.

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, and subsequently you have provided approval for us to draw our remuneration up to that level. However, as you are aware, we now require an increase to this agreed level of remuneration.

We now estimate that the total cost of administering the case will be £125,515.

## 9. OTHER RELEVANT INFORMATION

### Extension of Administration

The Administration has been extended for a period of 12 month with the consent of creditors until 28 February 2023.

### 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.

### 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.

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

## 11. CONCLUSION

Should any creditor require further explanation of matters contained in this report, they should contact our office and speak in the first instance to the case manager who will be pleased to assist.

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

A handwritten signature in black ink, appearing to read 'J N R Pitts', with a stylized, cursive flourish at the end.

J N R Pitts  
Joint Administrator

Dated: 31 March 2022

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 1 September 2021 to 28 February 2022

Statement of Affairs £		From 01/09/2021 To 28/02/2022 £	From 01/03/2021 To 28/02/2022 £
	SECURED ASSETS		
	Business Rights	NIL	1.00
1,994,000.00	Goodwill	NIL	1,993,883.71
	Intellectual Property	NIL	1.00
		<u>NIL</u>	<u>1,993,885.71</u>
	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	20,000.00	20,000.00
		<u>(20,000.00)</u>	<u>(39,227.20)</u>
	SECURED CREDITORS		
(7,205,000.00)	HSBC UK Bank plc	454,658.51	1,954,658.51
		<u>(454,658.51)</u>	<u>(1,954,658.51)</u>
	ASSET REALISATIONS		
	Bank Interest Gross	33.12	58.47
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	5,552.00	11,772.00
	Insurance Premium Refund	NIL	3,045.50
	Licence to Occupy Fees		
	Leeds Premises	52,715.60	91,534.99
	Birmingham Premises	NIL	16,583.04
	Miscellaneous Receipts	43,661.82	43,661.82
	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
		<u>101,962.54</u>	<u>856,482.46</u>

Statement of Affairs		From 01/09/2021 To 28/02/2022	From 01/03/2021 To 28/02/2022
£		£	£
	COST OF REALISATIONS		
	Accountants Fees	6,800.00	7,862.50
	Administrators' Expenses		
	Specific Bond	290.00	290.00
	Administrators' Fees	50,000.00	50,000.00
	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	69.00	69.00
	Land Registry Searches	11.00	11.00
	Legal Fees	10,126.00	10,126.00
	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	12,671.50	12,671.50
	Pre Appointment Legal Fees	NIL	32,250.00
	Rent and Service Charge		
	Birmingham Premises	NIL	16,583.04
	Leeds Premises	50,071.01	78,128.75
	Statutory Advertising	NIL	99.45
	Wages & Salaries	NIL	78,737.51
		(130,038.51)	(609,674.63)
	PREFERENTIAL CREDITORS		
(3,000.00)	Employees re Arrears/Hol Pay	NIL	NIL
		NIL	NIL
	SECONDARY PREFERENTIAL CREDITORS		
(731,000.00)	HMRC	NIL	NIL
		NIL	NIL
	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)		(502,734.48)	246,807.83

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 1 September 2021 to 28 February 2022

Statement of Affairs £	From 01/09/2021 To 28/02/2022 £	From 01/03/2021 To 28/02/2022 £
REPRESENTED BY		
Bank 1 Current		218,080.14
Bank 2 Current		5.84
Fixed Charge VAT Receivable		1,292.00
Vat Payable		(23,623.59)
Vat Receivable		51,053.44
		<u>246,807.83</u>

## COSTS AND EXPENSES

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 1 September 2021 to 28 February 2022; and
- c. Cumulative Time Costs Analysis for the period from 1 March 2021 to 28 February 2022.

## 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 secure 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 01/09/2021 To 28/02/2022

[illegible]

SIP9 City District Limited - Administration - 80CI103.ADM : Time Costs Analysis From 01/03/2021 To 28/02/2022

[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 and the increase to the fee estimate dated 28 September 2021 in the sum of £15,311.50, 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 detailed in the proposal 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 out 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	37.5	7,347.50	195.93
Compliance with the Insolvency Act, Rules and best practice	-	-	-
Investigations	-	-	-
Realisation of assets	-	-	-
Trading	-	-	-
Dealing with all creditors' claims (including employees), correspondence and distributions	54.0	7,735.00	143.24
Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decisions procedures, tax, litigation, pensions and travel	-	-	-
Total hours	91.5		
Total time costs		15,082.50	
Overall average hourly rate £			164.84

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: 31 March 2022

## 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				
Legal Disbursements	Addleshaw Goddard	6.55	-	6.55
Legal Fees	Addleshaw Goddard	1,794.50	-	1,794.50
Rent and service charges	Lambert Smith Hampton	50,000.00	40,000.00	10,000.00
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	293.40	-	293.40

## 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	7,862.50
Legal Disbursements	Addleshaw Goddard	86.55
Legal Fees	Addleshaw Goddard	11,920.50
Rent and service charges	Lambert Smith Hampton	88,128.75
	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
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	1,573.40