

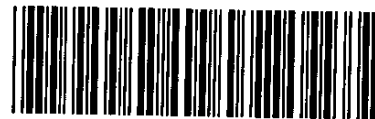
AM10

Notice of administrator's progress report



Companies House

TUESDAY



A20

A90JK7E0

10/03/2020

#337

COMPANIES HOUSE

1 Company details

Company number 07437742

Company name in full CAMBRIDGE NANOTHERM LTD

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) COLIN

Surname HARDMAN

3 Administrator's address

Building name/number 25

Street MOORGATE

Post town

County/Region LONDON

Postcode EC2R 6AY

Country

4 Administrator's name ①

Full forename(s) HENRY ANTHONY

Surname SHINNERS

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 25

Street MOORGATE

Post town

County/Region LONDON

Postcode EC2R 6AY

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

d	1
d	2

m	0
m	8

y	2
y	0

y	1
y	9

To date

d	1
d	1

m	0
m	2

y	2
y	0

y	2
y	0

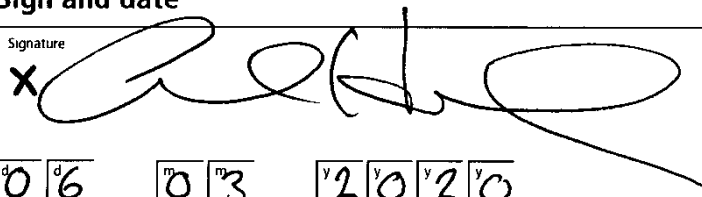
7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X  X

Signature date

d	0
d	6

m	0
m	3

y	2
y	0

y	2
y	0

AM10

Notice of administrator's progress report



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 **SAM JACKSON**

Company name **SMITH & WILLIAMSON**

LLP

Address **25 MOORGATE**

Post town

County/Region **LONDON**

Postcode **E C 2 R 6 A Y**

Country

DX

Telephone



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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



Cambridge Nanotherm Limited (in administration)

Joint administrators' progress report for the period from 12 August
2019 to 11 February 2020

5 March 2020



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1. Glossary

Abbreviation	Description
the Company	Cambridge Nanotherm Limited
the administrators/joint administrators	Colin Hardman and Henry Anthony Shinnars
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
HMRC	HM Revenue & Customs
the Landlord	P Phillips & Sons (Reading) Ltd
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
Hilco	Hilco Streambank

2. Introduction & Summary

This report provides an update on the progress in the administration of the Company for the six month period ended 11 February 2020. It should be read in conjunction with any previous reports. By way of reminder, we, Colin Hardman and Henry Anthony Shinnars, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 12 August 2019.

- Objective 3 (1)(c) has been achieved, namely realising property in order to make a distribution to one or more secured or preferential creditors.
- Our Proposals were deemed to have been approved on 18 October 2019.
- Inabata & Co. Limited relinquished their status as a secured creditor on 9 September 2019 and now have an unsecured claim of £627,786.31 in the administration.
- The only remaining secured creditor, Enso Ventures 1 Limited ("Enso"), hold a charge which is restricted to intellectual property to the value of £100,000. As there has been no realisation made in respect of intellectual property, there will be no dividend payable to secured creditors. Enso also have an unsecured claim in the administration of £2,016,032.89.
- Preferential creditors are likely to receive a dividend in due course, however, we have yet to receive a claim from the RPS in respect of wages and accrued holiday, which were estimated in the directors' SOA to be in the region of £19,000.
- The joint administrators' fees were approved by the creditors on a time costs basis on 18 October 2019, following a decision process via correspondence.
- Subject to the finalisation of the landlord's claim and submission by the RPS of their preferential claim and assuming that no sale of the remaining intellectual property assets is forthcoming, the administrators will be in a position to close the administration.
- As it is not anticipated that there will be funds available for unsecured creditors, once the joint administrators have filed their notice of ceasing to act with the Registrar of Companies, steps will be taken to dissolve the Company.

3. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 12 August 2019 to 11 February 2020.

The receipts and payments account also includes a comparison with the directors' SOA values.

3.1 Cash at Bank

The joint administrators realised cash at bank upon appointment of £122,086.90. There has since been an additional balance of £433.55 plus interest earned of £148.51.

3.2 Plant & Machinery

Plant and machinery were sold for a total of £18,700.

3.3 Office Equipment

Office equipment realised £26,080.

The chattel assets did not generate the anticipated level of realisations, despite a concerted marketing effort, due to the bespoke nature of the assets and the level of associated costs with the removal and transportation of the larger items of machinery.

Despite a concerted marketing campaign, an offer for the intellectual property has yet to materialise.

3.4 Assets still to be realised

Other than any revised interest in the intellectual property, there are no further guaranteed asset realisations. We are in dialogue with the landlord's solicitors to ascertain whether there may be a surplus in respect of the rental deposit, once the landlord's claim has been finalised.

3.5 Administration strategy

There have been no changes to the administrators' strategy, as documented in their Proposals dated 30 September 2019, which is namely realising property in order to make a distribution to one or more secured or preferential creditors. The administrators are continuing to pursue this objective and outstanding matters to be concluded in the administration are set out in section 9 of this report.

4. Investigations

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

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

Additionally, we have a duty to investigate transactions to establish whether there may be any worth pursuing for the creditors' benefit from, for example, legal proceedings. Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to our request to complete an investigation questionnaire. Our investigations have not revealed any issues requiring further work.

5. Pre-administration costs

On 18 October 2019, the following amounts in respect of pre-administration costs were approved:

Charged by/service(s) provided	Total amount charged £	Amount paid £	Who made payment	Amount unpaid £
Smith & Williamson LLP	50,782.00	25,000.00	The Company	25,782.00
Taylor Wessing LLP - legal advice plus expenses	13,767.50	13,767.50	The Company and Administrators	-
Hilco Streambank - valuation fees plus expenses	10,197.50	10,197.50	The Administrators	-
Total	74,747.00	34,364.50	-	40,382.50

6. Administrators' remuneration

The creditors approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration on 18 October 2019. This was granted following the joint administrators providing a fees' and expenses' estimate (along with subsequent increases, if applicable) and the requisite majority of creditors by means of a resolution by correspondence.

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
12 August 2019 to 11 February 2020	219.70	70,491.75	320.85	-
Total	219.70	70,491.75	320.85	-

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

The joint administrators' costs to date are £70,491.75, as above, compared to our original estimate of £60,007.50 and only the incurred time costs within the approved estimate will be drawn. Any sum in excess of the approved estimated time costs will not recovered by the joint administrators.

A detailed narrative explanation of these costs can be found in the 'Outstanding matters' section of this report.

Creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and providing information relating to the company and its former officers as required by the Company Directors' Disqualification Act 1986.

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

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

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

On a general note, please be aware that the charge out rates are subject to an annual review.

7. Administration expenses

7.1 Subcontractors

We have not utilised the services of any subcontractors in this case.

7.2 Professional advisers

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

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Taylor Wessing LLP (legal fees)	Hourly rate and disbursements	1,638.00	1,638.00	Nil
Hilco Streambank (valuation and disposal advice)	25% commission plus expenses	14,317.00	14,317.00	Nil
Grunberg & Co Limited (payroll providers)	Fixed fee plus disbursements	461.25	461.25	Nil
Total		16,416.25	16,416.25	Nil

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

Taylor Wessing LLP have assisted the administrators in several areas since appointment. Their work to date has involved a review of the asset sale agreements and providing opinions on the status of secured creditor loans.

Hilco assisted the administrators with the disposal of the Company's assets. They have entered into sale negotiations and liaised with prospective purchasers and have provided advice to the administrators.

7.3 Administrators' disbursements

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

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Statutory advertising	169.00	169.00	-
Administrators' bond	140.00	-	140.00
Re-direction of mail	313.00	313.00	-
Couriers	90.00	-	90.00
Total	712.00	482.00	230.00

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

7.4 Category 2 disbursements

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

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Business mileage @ HMRC Rate	152.00	-	152.00

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

Approval to recover the Category 2 disbursements shown above was given by the creditors.

7.5 Policies regarding use of third parties and disbursement recovery

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

8. Estimated outcome for creditors

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

Please note that, where creditors have submitted claims in foreign currency, they have been converted to £Sterling at the applicable rate on the 12 August 2019. If any creditor considers the rate to be unreasonable, they may apply to court for determination.

8.1 Secured creditors

Inabata & Co. Ltd (“Inabata”) holds a chattel mortgage containing a fixed charge over certain of the Company’s plant and machinery. At the date of the administration, the debt was estimated at £600,000, with a claim subsequently submitted in the administration of £627,786.31.

The charge was granted on 10 January 2017. Inbata relinquished their security on 9 September 2019 and now rank as an unsecured creditor for the balance of their claim.

8.2 Prescribed Part

The Company did not grant any floating charges and the Prescribed Part requirements do not therefore apply.

8.3 Preferential creditors

The joint administrators have yet to receive a claim from the RPS in respect of unpaid wages and accrued holiday. The directors’ SOA estimated a total preferential claim of c.£19,000. It is anticipated that a dividend will be available to preferential creditors, however, the timing and quantum of a preferential dividend cannot be confirmed at this juncture.

8.4 Unsecured creditors

We have received claims totalling £2,842,686.73 from 21 creditors. Total claims as per the directors’ SOA were £2.67m.

Due to insufficient realisations from the Company’s assets we confirm that no dividend to unsecured creditors will be available in this case. We have not therefore taken steps to agree unsecured creditor claims in the administration.

9. Outstanding matters

The joint administrators’ costs to date are £70,491.75, as detailed in section six, compared to our original estimate of £60,007.50 and only the incurred time costs within the approved estimate will be drawn. Any sum in excess of the approved estimated time costs will not recovered by the joint administrators.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees’ claims through the Redundancy Payments Service and investigating the former officers of the company as required by the Company Directors’ Disqualification Act 1986.

The remaining actions to be concluded in the administration are as follows:

- Finalising the landlord’s claim (to ascertain whether a surplus in respect of the rent deposit should become available)
- Agree the RPS preferential claim and payment of a preferential dividend, should funds permit
- Closure of the administration, including preparing and issuing the final report

10. Privacy and data protection

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

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

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

11. Ending the administration

It is envisaged that the Company will exit administration under P84 of Sch B1 of the IA86, which is to move to dissolution.

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

Authorisation for discharge from liability was granted by the creditors on 18 October 2019, following a decision by correspondence.

12. Creditors' rights

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

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

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

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

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

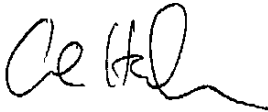
i) Email: insolvency.enquiryline@insolvency.gsi.gov.uk

ii) Telephone number: +44 300 678 0015

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

13. Next report

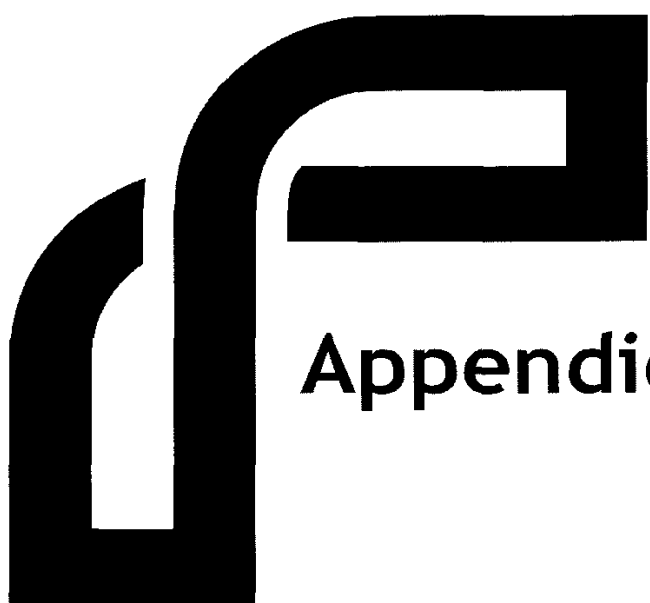
We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report.



Colin Hardman and Henry Anthony Shinnars

Joint Administrators

Date: 5 March 2020



Appendices

I Receipts and payments account

Statement of Affairs £		From 12/08/2019 To 11/02/2020 £
	PLANT & MACHINERY	
(100,000.00)	Enso Ventures 1 Limited	NIL
(600,000.00)	Inabata & Co	NIL
75,000.00	Intellectual Property	NIL
30,300.00	Plant & Machinery	NIL
		NIL
	ASSET REALISATIONS	
	Bank Interest Gross	148.51
11,021.00	Book Debts	NIL
121,653.00	Cash at Bank	122,086.90
	Office Equipment	26,080.00
149,365.00	Plant & Machinery	18,700.00
		<u>167,015.41</u>
	COST OF REALISATIONS	
	Agents/Valuers Expenses	297.50
	Agents/Valuers Fees	24,217.00
	Bank Charges	2.25
	Insurance	562.24
	Internet & telephone costs	2,044.90
	Legal Fees	1,638.00
	Other Property Expenses	735.90
	PAYE & NI	2,677.69
	Pre-appointment legal expenses	50.00
	Pre-appointment legal fees	4,353.00
	Re-Direction of Mail	313.00
	Rents Payable	8,328.77
	Stationery & Postage	461.25
	Statutory Advertising	169.00
	Storage Costs	992.90
	Wages & Salaries	12,127.99
		<u>(58,971.39)</u>
	PREFERENTIAL CREDITORS	
(19,327.00)	Employees	NIL
		NIL
	UNSECURED CREDITORS	
(10,465.00)	Employees	NIL
(1,974,891.00)	Enso Ventures 1 Limited	NIL
(627,943.00)	Secured creditor shortfall	NIL
(132,651.00)	Trade & Expense Creditors	NIL
		NIL
	DISTRIBUTIONS	
(2,090,891.00)	Shareholders	NIL
		NIL
<u>(5,168,829.00)</u>		<u>108,044.02</u>
	REPRESENTED BY	
	Clients Deposit (Int Bearing)	108,355.39
	VAT Payable Flt Chg	(8,956.00)
	VAT Receivable Flt Chg	8,644.63
		<u>108,044.02</u>

Notes and further information required by SIP 7

- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report.
- Details of payments made to sub-contractors are shown in the body of our report.
- *Information concerning our remuneration and disbursements incurred is provided in the body of the report.*
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- *All bank accounts are interest bearing.*
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

II Time analysis for the period

Cambridge Nanotherm Limited (in administration)
Breakdown of time spent by Smith & Williamson LLP employees
for the period 12 August 2019 to 11 February 2020

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	3.55	0.00	17.65	23.35	0.00	44.55	13,279.00	298.07
Initial post-appointment notification letters, including creditors	0.00	0.00	2.00	10.20	0.00	12.20	2,902.00	237.87
Cashiering general, including bonding	0.05	0.00	0.00	6.95	0.00	7.00	1,434.00	204.86
Job planning / reviews and progression (incl 6 month reviews and planning meetings, checklist & diary)	7.85	0.00	8.05	12.85	0.00	28.75	9,482.00	329.81
Post-appointment taxation (VAT), PAYE/NIC, Corp. Tax that stem of trading related	0.00	0.00	0.00	0.40	0.00	0.40	81.00	210.00
Protection of company records (incl electronic)	0.00	0.00	0.00	0.55	0.00	0.55	115.50	210.00
Insurance & general asset protection	0.00	0.00	0.05	0.00	0.00	0.05	14.00	380.00
Travelling	0.00	0.00	1.85	6.50	0.00	8.35	2,066.00	247.56
Agents and advisors, general	0.00	0.00	0.20	0.00	0.00	0.20	76.00	380.00
Director/manager review, approval and signing	1.90	0.00	1.05	0.45	0.00	3.40	1,561.00	459.12
Investigations								
Director / correspondence & conduct questionnaires	0.00	0.00	0.30	2.70	0.00	3.00	537.00	210.00
Statutory books and accounting records review	0.00	0.00	0.00	1.85	0.00	1.85	368.50	210.00
SIP2 and SIP4 calculations (incl CDD/BA forms)	0.25	0.00	0.00	2.10	0.00	2.35	558.50	237.59
Realisation of assets								
Other / chattel assets	8.20	0.00	0.00	4.50	0.00	12.70	4,984.50	392.48
Sale of business as a whole, including liaison with legal advisors agents etc	8.75	0.00	14.55	1.90	0.00	25.20	10,040.50	396.43
Dealing with agents / general	0.00	0.00	0.20	0.00	0.00	0.20	76.00	380.00
Director/manager review, approval and signing	0.15	0.00	0.30	0.00	0.00	0.45	81.00	540.00
Other	0.75	0.00	0.00	0.00	0.00	0.75	352.50	470.00
Trading								
Trading on decision and day 1-3 operations	8.40	0.00	16.10	1.55	0.00	26.05	10,979.50	421.48
Sales and customers	0.00	0.00	1.70	0.00	0.00	1.70	454.00	380.00
Purchasing/suppliers (incl land etc)	0.10	0.00	0.00	0.00	0.00	0.10	54.00	540.00
Insurances	0.00	0.00	0.75	0.00	0.00	0.75	285.00	380.00
Staff and payroll (incl PAYE/NIC for trading period)	0.00	0.00	2.40	0.00	0.00	2.40	912.00	380.00
Practical issues (incl landlord and site clearance)	0.20	0.00	1.50	2.00	0.00	3.70	1,098.00	296.76
Director/manager review, approval and signing	0.10	0.00	0.00	0.00	0.00	0.10	54.00	540.00
Other	0.00	0.00	1.65	0.00	0.00	1.65	627.00	380.00
Creditors								
Fixed charge creditors	0.25	0.00	3.05	0.00	0.00	3.30	1,276.50	386.87
Floating charge creditors	0.25	0.00	0.00	0.00	0.00	0.25	117.50	470.00
RPO and ERA claims & tribunals	0.25	0.00	0.00	0.65	0.00	0.90	254.00	282.22
Employees & pension (other than Jobcentre, CSA etc)	0.00	0.00	0.00	15.00	0.00	15.00	3,150.00	210.00
Crown (not RPO etc)	0.15	0.00	0.00	0.00	0.00	0.15	81.00	540.00
Unsecured creditors	0.90	0.00	1.40	7.90	0.00	10.20	2,652.50	260.05
Corporate Tax								
Corporate Tax	0.00	0.00	0.00	0.00	0.25	0.25	14.00	56.00
Forensics								
Forensics	0.00	0.00	0.00	2.25	0.00	2.25	373.75	166.11
Total	42.05	0.00	73.75	103.65	0.25	219.70	£70,491.75	£320.85

Notes/reconciliation differences

Task	Estimated fees to be incurred	Actual Fees Incurred £
Administration and Planning	29,105.00	31,020.50
Investigations	4,717.50	1,514.00
Realisation of Assets	12,110.00	15,534.50
Trading	2,240.00	14,503.50
Creditors	10,995.00	7,531.50

Task	Estimated fees to be incurred	Actual Fees Incurred £
Corporate Tax	-	14.00
Forensics	840.00	373.75
Total	60,007.50	70,491.75

The material differences between our original estimates and what has actually been incurred as at 11 February 2020 can be explained as follows:

Administration and planning (£1,915.50 underestimated)

Administration and planning has been underestimated due to the following reasons:

- A further amount of time was spent on initial notifications; and
- A further amount of time was spent in job planning due to the limited interest in the Company's assets.

Investigations (£3,203.50 overestimated)

Investigations have been underestimated due to the following reasons:

- The administrators made their statutory submissions on the conduct of the Company's directors and no further issues were raised from the submissions.
- A review of the Company's bank statements did not show any transactions requiring further enquiry.

Realisation of Assets (£3,424.50 underestimated)

Realisation of Assets has been underestimated due to the following:

- The administrators incurred further time liaising with Hilco in regard to the sale of the Company's assets as they were sold to multiple parties. The administrators had to negotiate with each of these parties which meant more time was spent in this section.

Trading (£12,163.50 underestimated)

Trading has been underestimated due to the following:

- The administrators spent 3 days on site managing a reduced number of staff with the intention of selling the business and assets.

Creditors (£3,463.50 overestimated)

Creditors has been underestimated due to the following:

- We have had less correspondence from the Company's creditors than anticipated.

Explanation of major work activities undertaken

Administration and planning

The joint administrators have been required to spend a significant amount of time in planning and administration tasks in respect of the administration strategy. The joint administrators and their staff have been obliged to undertake certain areas of work in order to comply with their statutory obligations. The following work has been undertaken in respect of administration and planning:

- statutory advertising of the administration;
- initial post appointment notifications to trade & expense creditors;
- initial post appointment notifications to the Registrar of Companies;
- initial post appointment notifications to HMRC;

- preparing the administrators' proposals;
- preparing and issuing requests for a formal Statement of Affairs from the Company's managing director;
- maintenance of compliance checklists in relation to the case;
- maintenance of the IPS compliance diary in respect of the case;
- internal case staff strategy meetings;
- dealing with case progression matters;
- general case planning and administration including case strategy decisions;
- arranging for adequate insurance cover to be obtained in respect of the Company's assets;
- arranging for a mail redirection to be put in place at the Company's former trading premises;
- dealing with routine correspondence;
- securing the Company's physical books and records including instructing and assisting our agents. The Company had an extremely large quantity of books and records and the joint administrators are obliged by statute to collect and take in all records belonging to the Company;
- securing the Company's electronic records, including the time that has been incurred by our forensic team in relation to preserving, downloading and imaging from the Company's server;
- setting up and maintaining physical case files;
- setting up and maintaining IPS (case management schedule);
- dealing and instructing agents and other professional advisers to assist with the case;
- attending at the Company's former trading premises;

Cashiering time:

- maintaining and managing the administrators' cash book and bank accounts;
- reconciliation of bank account;
- correspondence with banks; and
- raising cheques/preparing telegraphic transfers.

Investigations

This section related to the work that the joint administrators have conducted in relation to their investigations into the failure of the Company. The joint administrators have a duty to consider any potential claims that the Company may have against third parties that may give rise to potential claims for the benefit of the Company's creditors. Whilst it is usually likely that the majority of this work will provide a direct financial benefit for the Company's creditors, some streams of work carried out is required by statute. The following work has been undertaken in respect of investigations:

- Reviewing the directors' actions and explanations for the Company's failure;
- Reviewing the Company's bank statements with the intention of identifying claims pursuable under the insolvency act; and
- Drafting, reviewing and making the administrators' statutory submissions regarding the directors' conduct.

Realisations of assets

The administrators have a duty to realise assets belonging to the Company for the benefit of its creditors. This work is in relation to the realisation of the Company's assets and will detail the time incurred by the joint administrators and their staff in taking the necessary steps to make asset recoveries. This work provides a direct financial benefit to the Company's creditors and includes the following:

- correspondence with the Company's former bank in respect of realisation of the cash at bank balances;
- Liaising with interested parties and our agents in respect of the sale of the Company's assets together with marketing; and
- Sales negotiations, including sales contract negotiations and drafting; and
- Sourcing information necessary of the sale of specific assets.

Trading

This section is in relation to the attendance at the Company's former premises and the attempt at selling the business and assets of the Company. With this stream of work, it was anticipated that it would have a financial benefit for the Company's creditors, as the sale of the business and assets would have led to greater realisations for the Company's creditors. This work included the following:

- Attending the Company's former premises at the date of administration to assist with making the necessary redundancies and retaining staff to enable a business and asset sale;
- Taking possession of the Company's books and records;
- Liaising with our agents in respect of clearance of the Company's books and records;
- Dealing with the surrender of the Company's lease.

Creditors

This section relates to the time spent in dealing with correspondence from creditors. Whilst this work does not provide a direct financial benefit to the Company's creditors, the administrators are obliged to respond to the Company's creditors requests:

- Email, telephone and postal communications with creditors, including the Company's former employees, Inabata & Co Limited and Enso.

III Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Disbursement recovery

Staff allocation and the use of subcontractors

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

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

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

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

Use of professional advisers

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

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

Disbursements

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

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

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

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

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved. The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report.

Smith & Williamson LLP	London office	Regional offices
Restructuring & Recovery Services	£/hr	£/hr
Charge out rates as at 1 July 2018		
Partner / Director	450-520	360-380
Associate Director	420	290-320
Managers	250-365	225-310
Other professional staff	170-320	140-185
Support & secretarial staff	90	60-140

Smith & Williamson LLP	London office	Regional offices
Restructuring & Recovery Services	£/hr	£/hr
Charge out rates as at 1 July 2019		
Partner / Director	470-540	376-432
Associate Director	440	352
Managers	270-380	216-304
Other professional staff	180-380	144-192
Support & secretarial staff	100	80

Notes

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

Smith & Williamson LLP	London office
Corporate Tax	£/hr
Charge out rates as at 1 July 2019	
Partner / Director	575-690
Associate Director	460
Managers	245-400
Other professional staff	115-210
Support & secretarial staff	60

Smith & Williamson LLP	London office
Forensics	£/hr
Charge out rates as at 1 July 2019	
Partner / Director	470
Associate Director	-
Managers	320-410
Other professional staff	240
Support & secretarial staff	-

www.smithandwilliamson.com

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

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