

AM03

Notice of administrator's proposals



Companies House

FRIDAY



A15 *A7DZTV1E* 07/09/2018 #229
COMPANIES HOUSE

1 Company details

Company number 07466246

Company name in full Party Showroom Limited

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

2 Administrator's name

Full forename(s) Situl Devji

Surname Raithatha

3 Administrator's address

Building name/number 38

Street De Montfort Street

Post town Leicester

County/Region Leicestershire

Postcode LE17GS

Country England, United Kingdom

4 Administrator's name ①

Full forename(s) Deviesh Ramesh

Surname Raikundalia

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 38

Street De Montfort Street

Post town Leicester

County/Region Leicestershire

Postcode LE17GS

Country England, United Kingdom

② Other administrator
Use this section to tell us about
another administrator

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6

Statement of proposals



I attach a copy of the statement of proposals

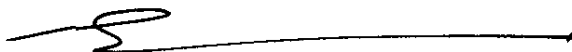
7

Sign and date

Administrator's
Signature

Signature

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Signature date

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AM03 Notice of Administrator's Proposals



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

Luke Littlejohn

Company name

Springfields Advisory LLP

Address

38 De Montfort Street

Post town

Leicester

County/Region

Leicestershire

Postcode

L E 1 7 G S

Country

United Kingdom

DX

Telephone

0116 299 4745



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 and dated 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

**Joint Administrators' Proposals relating to
Party Showroom Limited ("the Company") – In Administration**

Issued on: 5 September 2018

Delivered to creditors on: 5 September 2018

Deviesh Ramesh Raikundalia and I are the Joint Administrators of the Company and these are our statutory proposals relating to the Company.

1. STATUTORY INFORMATION

Company Information

Company name: Party Showroom Limited

Company number: 07466246

Date of incorporation: 10 December 2010

Trading address: Unit 3 Bt Buildings, Pant Industrial Estate, Dowlais, Merthyr Tydfil CF48 2SR

Current registered office: 38 De Montfort Street, Leicester, LE1 7GS

Former registered office: Unit 3 Bt Buildings, Pant Industrial Estate, Dowlais, Merthyr Tydfil CF48 2SR

Principal trading activity: Retail of party products

Administrators: Situl Devji Raithatha and Deviesh Ramesh Raikundalia

Administrators' address: Springfields Advisory LLP 38 De Montfort Street, Leicester, LE1 7GS

Date of appointment: 16 July 2018

Court name and reference: High Court of Justice, Business and Property Courts of England and Wales (CR-2018-005509)

Appointment made by: The directors of the Company in accordance with Schedule B1 to the Insolvency Act 1986

Actions of Administrators: Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Officers of the Company:

Name	Position	Appointed	Resigned
Paul Heritage	Director	10/12/2010	-
Jonathan Heritage	Director	01/01/2013	-
	Company Secretary	10/12/2010	-
Carolyn Heritage	Director	01/01/2013	-

Issued Share Capital:

Registered Shareholders	No and type of shares held
Paul Heritage	36 Ordinary £1 A Shares (36%) 1 Ordinary £1 Share (1%)
Carolyn Heritage	36 Ordinary £1 B Shares (36%) 1 Ordinary £1 Share (1%)
Jonathan Heritage	26 Ordinary £1 C Shares (26%)

Charges

A fixed and floating charge in favour of HSBC Bank Plc ("the Bank") created on 5 February 2016 and registered on 9 February 2016.

2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

The business was first established in 1994 and taken on by the Company following its incorporation on 10 December 2010. The Company initially specialised in balloon printing before expanding to include the online retail of party products, which were sold on popular consumer sites as well as on the Company's own website. The Company performed well for a number of years following its incorporation with trade peaking in the Halloween and Christmas periods. The Company operated from three commercial units on an industrial estate in Merthyr Tydfil.

In February 2016, the Company granted a fixed and floating charge to the Bank and was provided with an overdraft facility, which was subject to personal guarantees provided by the directors.

The Company's turnover decreased significantly in the subsequent period and the directors have highlighted the increased competition from overseas companies benefitting from subsidised shipping costs as a key factor. The Company had also accumulated a large quantity of obsolete stock, which it had struggled to dispose of. A large quantity of the stock is seasonal in nature and would therefore only appeal to the majority of customers during certain periods of the year. If a sale was not achieved in this period, the next real opportunity to dispose of it would not come until the following year. In the interim period, there was a requirement to store the stock, which incurred costs.

Due to a significant downturn in trade, liabilities had accrued and the Company had made redundancies and implemented cost-cutting measures in order to reduce overheads. The Company also faced a threat of enforcement action from creditors, such as HM Revenue & Customs and the landlords.

In view of the financial position of the Company, the directors approached the Company's accountant for guidance who then consulted Springfields Advisory LLP ("Springfields"). On 29 June 2018, I attended the Company's trading premises to meet the directors and undertake an assessment of the financial position of the Company. The directors subsequently made the decision to trade on for a short period and offered significant discounts on stock. It was hoped that this would reduce stock levels and generate much needed revenue, which would in turn enable the Company to trade out of its difficulties. However, although sales did increase over this period, it was clear that the ongoing business was no longer viable.

On 3 July 2018, the Company ceased trading and its remaining twenty employees were made redundant. Springfields were again consulted to outline the options available to the Company. In view of the threat of enforcement action against the assets of the Company, the advice given was to place the Company into Administration. On 3 July 2018, a Notice of Intention to Appoint Administrators was

filed in Court and also served on the Bank. This triggered a moratorium, which prevented creditors commencing or continuing with legal action against the Company without leave of the Court.

Agents were instructed to value the assets of the Company and advise on the appropriate strategy for marketing and disposal. On 15 July 2018, an offer of £120,000 plus VAT was received from a connected company, PSL Digital Limited ("PSL"), for the remaining assets. Further information regarding this transaction is provided below.

Situl Devji Raithatha and Deviesh Ramesh Raikundalia of Springfields were appointed Joint Administrators of the Company on 16 July 2018 and the sale of the assets to PSL was completed on this date.

A summary of the Company's recent trading performance is shown below:

Period ending	31/12/2016 (statutory accounts)	31/12/2015 (statutory accounts)	31/12/2014 (statutory accounts)
Turnover	4,876,257	5,084,192	4,215,038
Cost of sales	3,558,994	3,818,230	3,212,973
Gross Profit	1,317,263	1,265,962	1,002,065
Administrative Expenses	1,243,453	1,148,233	931,479
Net profit/loss after tax	55,787	98,221	86,636

The primary reasons for the Company's failure appears to be:

- Increased competition from overseas creditors
- Inability to clear old stock

3. OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

As Administrators of the Company, Deviesh Ramesh Raikundalia and I are officers of the Court, and must perform our duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

- (a) rescue the Company as a going concern; or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate. As a result, we are seeking to achieve objective (b) for the Company, and will do this by achieving a pre-pack sale of the assets of the business.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If we are unable to complete the Administration of the Company within 12 months then we will either apply to the Court, or seek a decision from the creditors to extend the duration of the Administration.

4. ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

I have undertaken routine statutory and compliance work, such as filing notice of my appointment at Companies House and advertising my appointment in the London Gazette. These are tasks that are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

Since I was appointed Administrator, I have completed a pre-pack sale of the assets of the Company to PSL, been dealing with Retention of Title ("ROT") claims, and dealt with the Company's interest in leases held on its trading premises. I repeat below the disclosure I have previously made to creditors about the pre-pack sale. I was unable to issue my proposals at the time I made the Statement of Insolvency Practice 16 (SIP 16) disclosure as I was waiting for the directors to provide financial information regarding the affairs of the Company, which was relevant to the contents of the proposals.

SIP 16 Disclosure:

Role of the Insolvency Practitioner

I was introduced to the Board of the Company ("the Board") on 29 June 2018 by the Company's accountants, Accapita LLP, and met with them on this date to discuss the financial affairs of the Company. Prior to the commencement of the Administration, I advised the Board as a whole, acting on behalf of the Company, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take. No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, I was still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics.

My involvement with the Company prior to the Administration is summarised below:

1. Advising and assisting the Board in relation to the Company's affairs and business prior to the appointment of Administrators.
2. Contacting and discussing the Company's position with the Bank.
3. Advising and assisting the Board in relation to any discussions or negotiations with potential purchasers of the Company's assets.
4. Instructing agents to advise on the value of the Company's business and assets, and how best to market and realise the assets to further the purpose of Administration.
5. Assisting the Board in dealing with the formalities of compiling the relevant documentation to place the Company into Administration and liaising with any solicitors instructed to assist in completing such formalities.

I can confirm that, before 29 June 2018, there has been no prior involvement between the Company, Springfields, Situl Devji Raithatha or Deviesh Ramesh Raikundalia.

Ultimately the Company was placed into Administration and Deviesh Ramesh Raikundalia and I were appointed Joint Administrators. The Administrators are officers of the Court have taken over the management of the Company from the Board. The purpose of the Administration is to achieve one of the hierarchy of statutory objectives, namely to:-

- (a) rescue the Company as a going concern; or

(b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or

(c) realise property in order to make a distribution to one or more secured or preferential creditors.

More information about the objective I am seeking to achieve in respect of the Company is set out below.

In order to help me achieve the objective I have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable. I must also act in the interests of the creditors of the Company as a whole other than where objective (c) is being pursued where I need only ensure that I do not unnecessarily harm the interests of the creditors of the Company as a whole.

Pre-appointment considerations

The formal options of the Company were considered, which can be summarised below:

- Doing nothing – this was not considered to be an option as the Company was insolvent and there was a threat that enforcement action would be taken against the Company's assets. The business was no longer viable and therefore ongoing trade would make the Company's financial position worse.
- Company voluntary arrangement (CVA) – this was not considered to be an option as the Company was making losses and would not be able to generate profits to enable contributions into a CVA. There was also the risk of enforcement action against the Company's assets whilst the CVA was being implemented.
- Compulsory liquidation – there was the possibility of the members of the Company presenting a petition to the Court to wind up the Company. However, that was not considered to be an option due to the likely costs involved, the timescales and the need to act quickly due to potential enforcement action against the Company's assets.
- Creditors' voluntary liquidation – whilst this was an option, there was a real risk of enforcement action against the assets of the Company and therefore a need to act quickly. Unlike the Administration process, there is no automatic moratorium with a voluntary liquidation.

Having considered the above options and crucially the threat of enforcement action against the assets of the Company, Administration was considered to be the most appropriate option and result in a greater return to creditors.

Following my instruction, contact was made with the Bank, who were also served with a copy of the Notice of Intention to Appoint Administrators. No concerns were raised by the Bank regarding the proposed Administration and I am not aware of any attempt made by the Bank to appoint an alternative Administrator.

As detailed above, it was not appropriate to trade the business and offer it for sale as a going concern during the Administration as the business was not viable and was making losses. Prior to my firm's instruction, efforts had been made to increase revenue by selling stock at discounted rates, which had failed to produce the desired results. The seasonal nature of the stock also meant that high sales would be unlikely, particularly as the next peak sales period (Halloween) was several months away.

No requests were made to funders to fund working capital requirements as ongoing trade was not considered to be viable.

As Administrators of the Company, the pre-pack sale of the assets of the business enables the Administrators to achieve the objective set out above as it achieves a better result for the creditors as a whole than would be likely if the Company had been placed into Liquidation without first being in Administration, as I have indicated above. I can also confirm that the outcome achieved as a result of

the pre-pack sale was the best available outcome for creditors of the Company as a whole in all the circumstances of the case.

Valuation of the business and assets

David Kay of Robson Kay Associated Limited ("RK") was instructed to value the assets of the Company. Mr Kay is a Fellow of the National Association of Valuers and Auctioneers.

RK have confirmed their independence and carry Professional Indemnity Insurance (PII).

RK were asked to value the assets on the following bases:

- Restricted realisation basis ("RRB") – this basis assumes that the assets will take place at a future date, which does not allow a reasonable period for proper marketing.
- Value to the ongoing business ("VOB") – this basis assumes that the assets will continue in their existing use in the business of the Company.

A summary of the valuation is provided below together with details of the consideration due from the purchaser:

Category of Asset	RRB (£)	VOB (£)	Consideration (£)
Office furniture & equipment	4,700	14,100	8,000
Plant, machinery and miscellaneous assets	46,200	92,400	51,000
Stock-In-Trade	50,000	450,000	60,000
Unencumbered Vehicles	890	1,250	1,000
TOTAL	101,790	557,750	120,000

Please note that these figures do not take into account any ROT claims, which would reduce the value of the assets. As detailed below, I have been notified of substantial ROT claims against the stock.

These figures are also exclusive of VAT.

Marketing of the business and assets

The offer received from PSL was accepted prior to any marketing on the basis of my agent's recommendation and as a result of the following matters:

1. Through their solicitors, the Company's largest supplier had made a ROT claim against stock held by the Company. The supplier has indicated that the amount due to them is in excess of £280,000. It would therefore have been impractical to market the stock to unconnected parties with a buyer being responsible for ROT as they would not have known what proportion of the stock they would lose to the claim.
2. Resolving any ROT issues would have most likely taken several weeks, during which time significant property overheads would be incurred, particularly as the stock is spread across three units. When an Administrator is in occupation of a trading premises for the beneficial purpose of the Administration, they are liable for rent, service charges, utilities and other property expenses. These costs would have significantly impacted upon, and potentially outweighed, the value of the stock.
3. The physical bulk of the stock combined with the tens of thousands of product lines, and the manner in which they are stored, are such that an unconnected party would most likely require

as a condition of purchase to sort and move the stock in an orderly fashion, which is a process that would take several weeks and incur property expenses.

4. Removing the stock to the agent's auction/storage centre would not have been practical due to the need to keep stock lines separate. This process would incur substantial labour and storage costs, which would be disproportionate to the value of the stock.
5. The removal of some items of plant & machinery would have required the removal and subsequent reinstatement of part of the wall/roof of the unit they were located in. This would involve significant costs and require the co-operation of the landlord. This is likely to deter interest from unconnected parties.

In summary, the exceptional nature of the stock, quantity and bulk of the assets, combined with the level of ROT claims received to date, made a conventional marketing strategy impractical and inappropriate in this case.

It is my view that a pre-pack sale represented the best outcome for creditors for the following reasons:

1. The offer was in excess of the RRB value of the assets.
2. Based on my agent's advice, it is extremely unlikely that a better offer would be received from an unconnected party.
3. Under the terms of the sale, ROT is at the purchaser's risk, responsibility and expense. This avoids the significant costs that would have been involved in dealing with any ROT issues.
4. It avoids the substantial costs that would be involved in marketing and disposing of the assets mentioned above thus maximising the funds available for creditors.
5. Under the terms of the sale, an immediate on account payment was received from the purchaser with the balance payable in instalments. The Administrators therefore had immediate access to funds.

Details of the pre-pack sale

Date of transaction: 16 July 2018

Identity of purchaser: PSL Digital Limited (Company No: 10394070)

Connection between Company & Purchaser.

Jonathan Heritage is a director and beneficial owner of both the Company and PSL. Melissa Seal is a director of PSL and a former employee of the Company.

Guarantees given by directors:

Two of the directors of the Company, namely Paul Heritage and Carolyn Heritage, are understood to have provided personal guarantees to the Bank in respect of the Company's liability. It is unclear at this stage whether the Bank will be providing funding to PSL.

Details of assets involved & nature of the transaction:

Please refer to the table above for details of the assets sold, the valuations and the consideration paid. The sale price was in excess of the RRB value of the assets. The sale price is significantly below the VOB, which assumes that a purchaser would continue with the business of the Company. In this case, only the assets were sold to the purchaser and not the business as a whole.

The sale was effected by way of a Sale Agreement. Title to the assets passes to the purchaser once the consideration has been paid in full.

Sale consideration received:

The assets were sold to PSL for £120,000 plus VAT.

Any condition of the contract that could materially affect the consideration:

None

Allocation between fixed and floating charge assets:

The Bank holds a fixed and floating charge over the assets of the Company, which was created on 5 February 2016 and registered on 9 February 2016. All assets sold are subject to the Bank's floating charge.

Terms of payment.

The terms of payment are as follows:

£35,000 plus VAT on completion
£25,000 plus VAT on 23 July 2018
£15,000 plus VAT on 13 August 2018
£15,000 plus VAT on 10 September 2018
£15,000 plus VAT on 8 October 2018
£15,000 plus VAT on 5 November 2018

Details of any security taken in respect of deferred consideration:

The directors, namely Jonathan Heritage, Paul Heritage and Carolyn Heritage, have provided personal guarantees to the Administrators in respect of PSL's obligations under the Sale Agreement.

Any options, buy-back arrangements, deferred consideration or other conditions attached to the contract of sale:

Deferred consideration as detailed above.

Consultations with key creditors:

Following receipt of PSL's offer, a letter was issued to the Bank together with my agent's recommendation. The Bank was asked whether they had any concerns regarding the acceptance of the offer. A response was received from the Bank but no concerns were raised.

Apart from PSL's offer, no other offers were received for the business and/or assets of the Company. As detailed above, it is my view that the sale price achieved was the best reasonably obtainable in all circumstances of the case.

Connected Party Transactions

As indicated above, the purchaser of the assets of the Company is a connected party. Connected party purchasers are encouraged to, but are not required to, approach what is known as the pre-pack pool, an independent group of suitably qualified and experienced individuals, in order to obtain their opinion on the pre-pack transaction. The connected party purchaser has to pay the pre-pack pool for them to provide this opinion.

In this instance, I understand that the connected purchaser has not approached the pre-pack pool for their opinion on the pre-pack sale.

Connected party purchasers are also encouraged to, but are not required to, prepare a viability statement indicating how their business will survive for at least 12 months from the date of the purchase, and detailing what they will do differently from the Company in Administration in order that the business will not fail. In this case, a viability statement has not been provided and the purchaser acquired only the assets of the Company and not the business as a whole.

5. FINANCIAL POSITION OF THE COMPANY

Following my appointment, I asked the directors to prepare a summary of the Company's estimated financial position as at 16 July 2018, which is known as a Statement of Affairs, and a deadline of 2 August 2018 was set. The directors instructed the Company's accountants, Accapita LLP, to assist in preparing the Statement of Affairs and they indicated that they required additional time. I therefore agreed to extend the deadline by 21 days to 23 August 2018. I can confirm that the Statement of Affairs has been prepared and issued to a director for signature; however, to date a signed copy has not been returned.

Accapita LLP have been paid the sum of £2,500 plus VAT in respect of their costs for assisting the directors in the preparation of the Statement of Affairs in accordance with Rule 3.34 of the Insolvency (England and Wales) Rules 2016.

In the absence of a signed Statement of Affairs, I have prepared an Estimate of the Financial Position ("EFP") of the Company as at 16 July 2018 from the records of the Company. I attach a copy of the estimate at Appendix A, together with a list of names and addresses of all known creditors and the amounts of their debts other than in respect of employees since I am not permitted by the insolvency legislation to disclose such information.

5.1 Assets

Leasehold Improvements

The accounting records of the Company show leasehold improvements with a book value of £12,248. These relate to improvements made by the Company to the trading premises it operated from. These assets are in-built to the extent that they now form part of the landlord's fixtures and fittings and cannot be realised.

The three units the Company operated from were occupied on the basis of leases. Professional advice was sought from RK on the value of the leases in order to determine whether any recoveries could be made for the benefit of creditors. The advice I received was that the leases had no value and I therefore surrendered the Company's interest to the landlords.

Tangible Assets

As detailed above, the Company's remaining tangible assets, comprising of plant & machinery and miscellaneous items, office furniture & fittings, a motor vehicle, and stock, were sold to PSL on 16 July 2018 as part of a pre-pack sale. I have to date received £60,000 plus VAT from PSL representing the first two staged payments. The third payment of £15,000 plus VAT due on 13 August 2018 has not yet been received and the matter has been referred to solicitors to take further action. There is a remaining balance of £60,000 plus VAT due to the Company.

Merchant Services Account

The Company operated a merchant services account that had a credit balance of £1,969. The credit balance on the account is now in debit as a result of refunds and chargebacks from customers.

Book Debts

It is understood that there is £19,367.33 owed to the Company by way of outstanding book debts. A general provision of 25% has been made for possible bad debts, such that book debts are expected to realise approximately £14,525.50. Please note that any provision is for illustrative purposes only and attempts will be made to recover the debts in full.

Letters have been issued to the debtors requesting payment.

5.2 Liabilities

Preferential Creditors

It is anticipated that there will be preferential claims in respect of the former employees of the Company for unpaid wages and holiday pay. These claims are subject to statutory limits set by the Redundancy Payments Service.

Furthermore, it is understood that there are outstanding contributions in respect of a pension scheme operated by the Company, which is expected to rank as a preferential claim.

Should realisations be in line with those estimated on the EFP, the preferential creditors are expected to be paid in full.

Secured Creditors

As detailed above, the Company gave a fixed and floating charge to the Bank on 5 February 2016. Correspondence received from the Bank indicates that they are owed the sum of £103,995.20 by the Company.

No fixed charge realisations are anticipated on the EFP. However, it is expected that a distribution will be made to the Bank under its floating charge.

Immediately upon my appointment, I instructed solicitors to advise on the validity of the Bank's security and they have confirmed that the security is valid.

Prescribed Part

There are provisions of the insolvency legislation that require an Administrator to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a "floating charge" over its assets to a lender on or after 15 September 2003. This is known as the "prescribed part of the net property." A Company's net property is that left after paying the preferential creditors, but before paying the lender who holds a floating charge. An Administrator has to set aside:

- 50% of the first £10,000 of the net property; and
- 20% of the remaining net property;

up to a maximum of £600,000.

As the Bank's floating charge was created after 15 September 2003, the prescribed part provisions will apply in this case. The Administrators' estimate of the financial position of the Company shows that the net property of the Company is £118,755.76 and I estimate that the prescribed part of the net property for unsecured creditors is £26,751.15. However, these estimates do not take into account the costs of the Administration which will reduce the amount of the Company's net property. Even after taking into account the costs of the Administration I still envisage being able to make a distribution of the prescribed part of the net property to the unsecured creditors, but I am unable to estimate the amount of that distribution at present.

Unsecured, non-preferential creditors

The amount due to HM Revenue & Customs ("HMRC") is based on a claim that they have registered in the Administration. A breakdown of the claim is provided below:

	£
VAT (Quarters ending 31/12/2017 and 31/03/2018)	159,062.04
PAYE/NIC (December 2017 to July 2018)	18,830.38
	<div style="border: 1px solid black; padding: 2px;">177,892.42</div>

Prior to the Administration, the Company had instructed its accountant to assist in a VAT reclaim of European Union sales from the UK authorities, which would be due to several overseas tax authorities. The quantum of the liability is not known at this stage and it is shown as uncertain on the EFP.

The total level of unsecured, non-preferential creditors (excluding HMRC) is estimated to be £845,129.29. This includes estimated employee claims of £77,696.93, which are subject to mitigation. Claims totalling £295,215.73 have been received to date.

Other than through the prescribed part provisions detailed above, no distribution is expected to be made to the unsecured, non-preferential creditors.

6. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration, 16 July 2018, to the date of these proposals, at Appendix B.

The sum of £60,000 plus VAT has been received from PSL in respect of amounts due under the pre-pack sale.

7. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company I propose to:

- Collect the remaining stage payments due from PSL in relation to the sale of the assets of the Company
- Collect the outstanding book debts due to the Company

The Company's financial position means there are insufficient assets to enable me to pay a dividend to non-preferential, unsecured creditors, although it is likely that I will be able to make a distribution of the prescribed part of the net property.

8. ADMINISTRATORS' REMUNERATION AND EXPENSES

I attach at Appendix C a copy of my practice fee recovery policy.

I am not seeking a decision from the creditors on whether or not to approve these proposals as the Company's financial position means there are insufficient assets to pay a dividend to non-preferential, unsecured creditors other than by way of the prescribed part of the net property. As a result, it will be for the chargeholder and preferential creditors to approve my remuneration and category 2 expenses.

Details of the work to be undertaken in the Administration is provided at Appendix D.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>. There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet.

I have used the following agents or professional advisors since my appointment as Administrator:

Professional Advisor	Nature of Work	Fee Arrangement
Robson Kay Associates Ltd	Valuer/Auctioneer	Time costs plus disbursements
Ashteds Limited	Solicitors	Time costs plus disbursements

The choice of professionals was based on my perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. I also considered that the basis on which they will charge their fees represented value for money. Details of the work undertaken by my professional advisors is provided below:

Robson Kay Associates Limited

Robson Kay Associates Ltd have assisted in dealing with ROT claims from creditors in relation to stock sold to PSL as part of the pre-pack sale and also assisting in dealing with any queries arising from the sale. Furthermore, they have also provided advice on the Company's interest in leases on the three units it operated from.

Ashteds Limited

Ashteds Limited have provided legal assistance in relation to the ROT claims and have also advised on the validity of the Bank's charge. The ROT claims have involved protracted correspondence with the claimants' solicitors.

I enclose at Appendix E schedule of the expenses incurred and paid by me to date, which includes both category 1 and category 2 disbursements.

I also propose that I am permitted to charge and recover what are known as category 2 expenses. Details of my category 2 disbursement recovery policy are included within our practice fee recovery sheet enclosed as Appendix C.

The enclosed schedule also includes an estimate of my future expenses and you will note that I anticipate that expenses totalling £15,040.64 (excluding VAT) will arise in these proceedings. Expenses do not have to be approved, but when reporting to any committee and the creditors during the Administration, the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences (for example, where legal costs rise due to escalated recovery action).

9. PRE-ADMINISTRATION COSTS

The Board of Directors instructed me to assist them in placing the Company in Administration on 3 July 2018 and the Company was formally placed into Administration on 16 July 2018. They agreed that I should be paid for my pre-appointment fees and expenses. I enclose at Appendix F a summary of my pre-appointment time costs, subject to the posting of timesheets.

The Administrators are required to provide a statement of pre-administration costs within these proposals and these are summarised in the table below (all figures are shown exclusive of VAT):

	<i>Springfields</i>	<i>Ashteds Limited</i>	<i>Robson Kay Associates Limited</i>
Fees	10,333.50	4,125.00	6,000.00
Disbursements	63.10	50.00	Nil
TOTAL	10,396.60	4,175.00	6,000.00

The following work was undertaken:

Springfields

As detailed above, the Board of Directors of the Company instructed the Administrators to assist them in placing the Company into Administration on 3 July 2018. These costs were incurred in attending the Company's trading premises, carrying out an assessment of the financial position of the Company, advising the directors of the most appropriate way forward, determining whether the purpose of an Administration could be achieved and assisting in preparing the appointment documents. Costs were also incurred in considering the offer received from PSL, corresponding with solicitors regarding the Sale Agreement and liaising with the secured creditor in order to achieve a pre-pack sale of the assets on my appointment.

Ashteds Limited ("AL")

AS were instructed to assist in drafting the legal documents to assist in placing the Company into Administration.

AS were also instructed to prepare the Sale Agreement in relation to the sale of the Company's assets to PSL.

Robson Kay Associates Limited

RK were instructed to attend the Company's trading premises, value the remaining assets of the Company and advise on the options for marketing and disposing of the assets. They have also corresponded with creditors regarding ROT claims and arranged inspections of the assets where necessary. RK also provided advice on the offer received from PSL.

Please note that none of the pre-appointment costs have been paid to date.

As I have already indicated, I am not seeking a decision from the creditors approving my proposals. As a result, it will be for the chargeholder and preferential creditors to approve the pre-administration costs.

10. ADMINISTRATORS' INVESTIGATIONS

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

11. EC REGULATION ON INSOLVENCY PROCEEDINGS

I consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office and its trading premises are located in the United Kingdom.

12. ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, Deviesh Ramesh Raikundalia and I formally propose to creditors that:

- (a) We continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:
 - (i) recover the remaining stage payments due from PSL in relation to the Sale Agreement entered into on 16 July 2018;
 - (ii) recover the remaining book debts due to the Company;
 - (iii) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
 - (iv) do all such things and generally exercise all their powers as Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) the Administration of the Company will end by filing notice of dissolution with the Registrar of Companies. The Company will then automatically be dissolved by the registrar of companies three months after the notice is registered.
- (c) In the event that option (b) above is no longer considered appropriate, then the Administration will end by placing the Company into Creditors' Voluntary Liquidation, and propose that Situl Devji Raithatha and Deviesh Ramesh Raikundalia are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidators. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 13.
- (d) Where the Administrators have instructed other professional agents and solicitors to assist in the Administration, those agents', solicitors' and other professional costs be discharged during the course of the Administration as a cost of the Administration.

13. APPROVAL OF PROPOSALS

The financial position of the Company means that it has insufficient assets to enable a dividend to be paid to non-preferential, unsecured creditors other than by way of the prescribed part. As a result, I am prohibited by the insolvency legislation from seeking a decision from the creditors to consider these proposals.

However, a creditor, or creditors, whose debts amount to at least 10% of the total debts of the Company can require me to hold a decision procedure to enable creditors to consider whether or not to approve these proposals and/or to consider such other decision as they see fit. Such a request must be received by me within 8 business days from the date these proposals are delivered to the creditors. If creditors

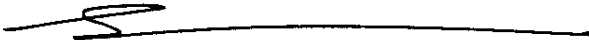
do not require me hold a decision procedure within that time period, then these proposals will be deemed to have been approved.

Creditors should note that I need not initiate the decision procedure unless the creditor, or creditors, requisitioning the decision procedure provides me with such amount that I request from them to meet the expenses of the requisitioned decision procedure.

14. FURTHER INFORMATION

As Insolvency Practitioners, when carrying out all professional work relating to an insolvency appointment, S D Raithatha and D R Raikundalia are bound by the Insolvency Code of Ethics, as well as by the regulations of our professional body. More details about these matters and general information about Springfields Advisory LLP that is of relevance can be found at <https://www.springfields-uk.com/regulatory>.

If creditors have any queries regarding the conduct of the Liquidation, or if they want hard copies of any of the documents made available on-line, they should contact Luke Littlejohn on 0116 249 2018, or by email at luke.l@springfields-uk.com.



Situl Devji Raithatha
JOINT ADMINISTRATOR

The Joint Administrators are agents of the Company and act without personal liability.

Party Showroom Limited - In Administration
Estimate of the Financial Position as at 16 July 2018 .

	Book Value	Estimated to Realise
Assets subject to fixed charge		
Surplus available to floating charge assets / (deficit) c/d		-
Assets subject to floating charge		
Leasehold Improvements	12,248	Nil
Office furniture & fittings	27,352	8,000
Plant, machinery & miscellaneous equipment	124,439	51,000
Motor vehicle	3,297	1,000
Stock	975,000	60,000
Merchant Services Account	1,969	Nil
Book debts	19,367	14,526
		134,526
Preferential creditors claims:		
Employee claims (Count: 20)		(14,780)
Pension contributions		(990)
Estimated surplus as regards preferential creditors		118,756
Estimated prescribed part of net property c/d		(26,751)
Estimated funds available to floating charge creditors		92,005
Floating charge creditors		
HSBC Bank Plc		(103,995)
Estimated surplus / (shortfall) as regards floating charge creditors		(11,991)
Estimated prescribed part of net property b/d		26,751
Unsecured non-preferential creditors		
Trade & Expense Creditors	570,801	
Directors' Loan Accounts	52,765	
H M Revenue & Customs VAT	159,062	
PAYE/NIC	18,830	
Intercompany Loan Account	26,426	
Business Loans	117,441	
Overseas Tax Authorities	Uncertain	
Employee Claims (Count: 20)	77,697	
		(1,023,022)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)		(996,271)
Shortfall in respect of F.C's post 14 September 2003 (brought down)		11,991
Estimated deficiency/surplus as regards creditors		(1,008,261)
Issued and called up share capital		
100 Ordinary shares of £1		(100)
Estimated total deficiency/surplus as regards members		(1,008,361)

Springfields Advisory LLP
Party Showroom Limited
B - Company Creditors

Key	Name	Address	£
CA00	Amscan International Ltd	Brudenell Drive, Brinklow, Milton Keynes, Bucks, MK10 0DA	281,540.27
CA01	Accapita LLP	Christopher House, 94 B London Road, Leicester, LE2 0QS	7,584.00
CA02	Amari Plastics Plc	Parc Tyglas Ind Estate, Lanishen Cardiff, CF4 5DU	6,994.84
CA03	Auto Repairs Merthyr	Cyfarthfa Yard, Georgetown, Merthyr Tydfil, CF48 1BS	570.00
CA04	Apex Surveyors Ltd	6 Gelliwastad Road, Pontypridd, Rhodda Cynon Taf, CF37 2BP	240.00
CA05	ADT Fire and Security Plc	Security House, The Summit, Hanworth Road, Sunbury on Thames, Middlesex, TW16 5DB	2,651.66
CA06	Advansys	Building 4 Millars Brook, Molly Millars Lane, Workingham, Berkshire, RG41 2AD	2,129.40
CA07	Aldermore Bank Plc	1st Floor, Block B, Western House, Lynch Wood, Peterborough, PE2 6FZ	3,319.35
CA08	Arrow Polybags Ltd	Units 5-8 Phoenix Estate, Goat Mill Road, Merthyr Tydfil, CF48 3TD	416.88
CA09	American Express		21,028.33
CA0A	Amazon Lending	60 Holborn Viaduct, London, EC1A 2FD	65,000.00
CB00	Belbal UK	Broadgate House, 72 Church Street, Deeping St James, Peterborough, PE6 8HD	9,648.72
CB01	BODO Everts Tradition In UK	Zur Pannhutt 49, 45731 Waltrop	482.00
CB02	Balancebest Ltd	118 Wheldon Road, Castleford, West Yorkshire, WF10 2RT	328.28
CB04	BOC	Customer Service Centre, PO Box 12, Piestly Road, Worsley, M28 2UT	4,348.10
CB05	Brookwood Powys	Lion Works, Pool Road, Newtown, SY16 3AG	95.52
CB06	Barclaycard Commercial	PO Box 4000, Saffron Road, Wigston, Leicester, LE18 4EN	6,817.07
CC00	Crownford Consulting Limited	Crownford Buildings, Cardiff Street, Aberdare, CF44 7DP	1,440.00
CC01	Carte Blanche Greetings Ltd	PO Box 500, Chichester, West Sussex, PO20 2XZ	2,024.33
CC02	Complete Business Solutions Group Ltd (SET)	Asset House, 63 Penarth Road, Cardiff, CF10 5RA	154.80
CC03	Club Green Limited	Thr Tyrrell Building, Long Reach, Ockham, GU23 6PG	91.17
CC05	Channel Advisor UK Ltd	Cedar House, 78 Portsmouth Road, Cobham, Surrey, KT11 1AN	4,600.00
CD00	Dependable Packaging Ltd	Unit 33 Pant Ind Estate, Dowlais, Merthyr Tydfil, CF48 2SR	6,593.11
CD01	DSV Air & Sea Limited	Scandinavia House, Parkeston, Harwich, Essex, CO12 4QG	3,541.50
CD02	Deep In Balloons Ltd	Unit E, Bentley Business Park, Blenheim Way, Market Deeping, Lincs, PE6 8LD	1,465.37
CG00	Gwent Mechanical Handling Ltd	Pontymister Industrial Estate, Pontymister, Risca, Gwent, NP11 6NP	332.88
CG01	Globos Festival	C/. La Civilia, 74, E-30165 Rincon De Seca, Murcia	297.19
CG03	GPUK LLP	De Montfort House, 51 De Montfort Street, Leicester, LE1 7BB	384.47
CH00	HM Customs & Excise - VAT	5th Floor, Regian House, James Street, Liverpool, L75 1AD	159,062.04
CH01	Heathrow Airport	The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW	161.99

Springfields Advisory LLP
Party Showroom Limited
B - Company Creditors

Key	Name	Address	£
CH02	Jonathan Heritage	15 Royal Crescent, Penydarren, Merthyr Tydfil, CF47 9LA Account Type: Associate	17,388.10
CH03	Paul & Carolyn Heritage	15 Royal Crescent, Penydarren, Merthyr Tydfil, CF47 9LA Account Type: Associate	35,376.68
CH04	HSBC Bank Plc	Business Banking - South East Wales, First Floor, 1 Callaghan Square, Cardiff, CF10 5BT Security Given: Fixed and floating charge; Date Given: 05/02/2016; Amount: 0	103,995.20
CI00	H M Revenue & Customs	Debt Management , Enforcement & Insolvency Service, Ty Glas, Llanishen, Cardiff, CF14 5ZP	18,830.38
CI01	Ink Jets & Toners	1 Polham Lane, Somerton, TA11 6SP	1,150.12
CI02	Investec Asset Finance Plc	Reading International Business Park, Reading, Berkshire, RG2 6AA	1,831.20
CJ00	John Pearce Glynneath Ltd	Willowfield, Chain Walk, Glynneath, SA11 5ER	336.00
CJ01	Joe Davies (Manchester) Ltd	149 Broadstone Road, Reddish, Stockport, Cheshire, SK5 7GA	225.51
CK00	Key Integrated Systems Ltd	435-437 Wells Road, Knowle, Bristol, BS4 2QW	174.00
CM00	Merthyr Tydfil County Borough Council	Civic Centre, Castle Street, Merthyr Tydfil, CF47 8AN	31,086.70
CM01	Mattioli Woods Plc	M W House, 1 Penman Way, Grove Park, Enderby, Leicester, LE19 1SY	18,943.08
CM02	Micrograde.com Ltd	80a Highgate High Street, London, N6 5HX	696.00
CO00	Oaktree UK Ltd	Unit 6, 65 James Carter Road, Industrial Estate, Midnhall, Suffolk, IP23 7DE	385.21
CO01	OppoSuits BV	Zuideinde 3c, 2371 BP Roelofarendsveen, Netherlands	5,788.11
CP00	Pioneer Europe Limited	Pioneer House, 9 Stortford Hall Ind Est, Dunmow Road, Bishops Stortford, CM23 5GZ	13,607.46
CP01	Protective Solutions (UK) Ltd	Unit 11, Stonedale Road, Oldends Lane, Stonehouse, Glouce, GL10 3RQ	1,292.35
CP02	Parcel Force	Royal Mail Group, 100 Victoria Embankment, London, EC4Y 0HQ	724.19
CP03	Pro UK Sign Solutions Ltd	21 St Michael Road, Lichfield, Staffordshire, WS13 6SN	840.00
CP04	PSW	16 Alcester Road, Studley, Warks, B80 7NL	3,009.44
CP05	PSL Digital Limited	Unit 6 BT Buildings, Pant Industrial Estate, Dowlais, Merthyr Tydfil, CF48 2SR Account Type: Associate	26,426.28
CP06	Pension Contributions		989.86
CR00	Royal Mail Group	100 Victoria Embankment, London, EC4Y 0HQ	12,026.53
CR01	Rentokil Pest Control	Rentakil Initial Limited, Credit Control, PO Box 4973, Dudley, DY1 9EY	182.04
CR02	Rubies's Masquerade (UK) Ltd	Rubies House, 3-4 Moses Winter Way, Wallingford, Oxfordshire, OX10 9FE	3,626.78
CS00	Smiffys R H & Sons Wig Makers Ltd	Peckett Plaza, Caldicott Drive, Gainsborough, Lincolnshire, DN21 1FJ	37,169.81
CS01	Space 48 Limited	c/o MLP Law, Acresfield (5th Floor), Exchange Street, St Ann's Square, Manchester, M2 7HA	25,492.00

Springfields Advisory LLP
Party Showroom Limited
B - Company Creditors

Key	Name	Address	£
CS02	Scottish Power Energy Retail Ltd	1 Atlantic Quay, Glasgow, G2 8SP	1,179.66
CS03	Sage (UK) Limited	North Park, Newcastle, Upon Tyne, NE13 9AA	754.66
CS04	South Wales Fork Trucks Hire Ltd	Oaktree Workshops, Main Road, Cynant, Neath, SA10 8PF	562.20
CS05	Societe Generale Equipment Finance	Parkshot House, 5 Kew Road, Richmond, Surrey, TW9 2PR	11,968.96
CS06	Spotcap UK Ltd	3-4 Devonshire Street, London, W1W 5DT	52,440.52
CT00	Three Sixty Degrees Ltd	13 Somerfield Buisness Park, Wilverley Road Ind Estate, Christchurch, Dorset, BH23 3RU	1,170.51
CT01	Thomas Waste Management Ltd	Hafod Garage, Old Abergavenny Road, Brynmawr, Gwent, NP23 4GU	100.80
CT02	Total Gas & Power	Bridge Gate, 55-57 High Street, Redhill, Surrey, RH1 1RX	98.18
CU00	Unique UK Inc (t/a Unique Party)	Medford House, East Common Lane, Scunthorpe, North Lincolnshire, DN16 1DE	9,492.94
CW00	Welsh Water	Dwr Cymru, Customer Service, PO Box 690, Cardiff, CF3 5WL	237.84
CW01	Wise Software (UK) Ltd	Newton Court, Saxilby Enterprise Park, Skellingthorpe Road, Saxilby, LN1 2LR	12,651.00
CY00	Yodel Delivery Network Ltd	2nd Floor, Atlantic Pavilion, Albert Dock, Liverpool, L3 4AE	4,716.27
68 Entries Totalling			1,050,309.84

APPENDIX B

RECEIPTS & PAYMENTS ACCOUNT FOR THE PERIOD FROM 16
JULY 2018 TO DATE

Party Showroom Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 05/09/2018

S of A £		£	£
	SECURED CREDITORS		
(103,995.20)	HSBC Bank Plc	NIL	NIL
	ASSET REALISATIONS		
NIL	Leasehold Improvements	NIL	
51,000.00	Plant & Machinery & miscellaneous items	25,500.00	
8,000.00	Office furniture & fittings	4,000.00	
1,000.00	Motor Vehicle	500.00	
60,000.00	Stock	30,000.00	
NIL	Merchant Services Account	NIL	
14,525.50	Book Debts	NIL	60,000.00
	COST OF REALISATIONS		
	Preparation of S. of A.	2,500.00	
	Postage	118.28	
	Courier Costs	129.00	(2,747.28)
30,530.30			57,252.72
	REPRESENTED BY		
	Vat Receivable		523.16
	Current A/c - Bank 1		68,729.56
	Vat Payable		(12,000.00)
			57,252.72

Note:

The figures in the S of A column are taken from the Administrators' Estimate of the Financial Position.

SPRINGFIELDS ADVISORY LLP
PRACTICE FEE RECOVERY POLICY FOR INSOLVENCY APPOINTMENTS

Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.insolvency-practitioners.org.uk/regulation-and-guidance/guides-to-fees>. Alternatively a hard copy can be provided on request. Please note that we have provided further details in this policy document

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

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

Time cost basis

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

Charge-out Rates

Grade of staff	Current charge-out rate per hour, effective from 1 August 2018 £	Previous charge-out rate per hour, effective from 1 August 2017 £
Partner	451	440
Manager	267-338	260-330
Administrator	154-226	150-220

Time is recorded in units of 6 minutes (prior to 08/01/2007 this was 15 minute units)

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

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

- Administration and Planning
- Investigations
- Realisation of Assets
- Creditors
- Trading
- Case specific matters

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now typically seek time costs for the following categories:

- Investigations
- Creditors (other than distributions to creditors)
- Trading

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

In some instances where there is undue risk to the firm in recovering its standard hourly rates in full, typically as a consequence of the pursuit of causes of action where the outcomes are far from certain, or where there are considered to be undue risks associated with the conduct of an assignment, then approval for a percentage uplift on standard hourly rates may be sought. The percentage uplift sought will vary depending upon the circumstances of each case.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has

not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Members' voluntary liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations ("MVL"), Company Voluntary Arrangements ("CVA") or Individual Voluntary Arrangements ("IVA"). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

All bases

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

Agent's Costs

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

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

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the office holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

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

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

It is proposed that the following Category 2 disbursements are recovered

Photocopying / printing:	10p per sheet
Internal storage of books and records:	Initial charge for intake: £6.10 per box Storage: £0.40 per month per box in storage at month end
Internal storage of PC/IT equipment:	Storage: £3.60 per month per item in storage at month end
Internal room hire:	£100 per statutory meeting
Mileage (own car usage):	45p per mile

Work to be undertaken in the Administration

Administration:

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up electronic case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).
- Preparing, reviewing and issuing proposals to the creditors and members.
- Filing the proposals at Companies House.
- Reporting on the approval of the proposals to the creditors, Companies House and the Court.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a regular basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing 6 month progress reports to creditors and members.
- Filing progress reports at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Seeking closure clearance from HMRC and other relevant parties.
- Preparing, reviewing and issuing final reports to creditors and members.
- Filing final reports at Companies House.

Realisation of assets:

- Effecting a pre-pack sale of the Company's assets.
- Corresponding with debtors and attempting to collect outstanding book debts.
- Liaising with the bank regarding the closure of the account.
- Instructing agents to value known assets.
- Liaising with agents to realise known assets.
- Instructing solicitors to assist in the realisation of assets.

Creditors:

- Obtaining information from the case records about employee claims.
- Completing documentation for submission to the Redundancy Payments Service.
- Dealing with retention of title claims.
- Corresponding with employees regarding their claims.
- Liaising with the Redundancy Payments Service regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.
- Issuing a notice of intended dividend and placing an appropriate gazette notice.
- Reviewing proofs of debt received from creditors, adjudicating on them and formally admitting them for the payment of a dividend.
- Requesting additional information from creditors in support of their proofs of debt in order to adjudicate on their claims.
- Calculating and paying a dividend to creditors, and issuing the notice of declaration of dividend.
- Paying tax deducted from the dividends paid to employees.

Investigations:

- Recovering the books and records for the case.
- Listing the books and records recovered.
- Submitting an online on the conduct of the directors as required by the Company Directors Disqualification Act.
- Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.
- Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors

APPENDIX E

**SCHEDULE OF EXPENSES INCURRED AND
ESTIMATED FUTURE EXPENSES**

Party Showrooms Limited - In Administration**Details of post appointment expenses incurred to date and estimated future expenses****Expenses****Category 1**

Type	Incurred in Period (£)	Paid in Period (£)	Outstanding c/f (£)	Future Estimate (£)	Total Estimate (£)
Specific Penalty Bond	184.00	-	184.00	-	184.00
Statutory Advertising	84.18	-	84.18	84.18	168.36
Courier Costs	129.00	129.00	-	-	129.00
Agents/Valuers Fees	6,000.00	-	6,000.00	-	6,000.00
Postage Costs	118.28	118.28	-	120.00	238.28
Preparation of Statement of Affairs	2,500.00	2,500.00	-	-	2,500.00
Legal Fees & Disbursements	3,231.00	-	3,231.00	2,000.00	5,231.00
Storage Costs	-	-	-	400.00	400.00
TOTAL	12,246.46	2,747.28	9,499.18	2,604.18	14,850.64

Category 2

Type	Incurred in Period (£)	Paid in Period (£)	Outstanding c/f (£)	Future Estimate (£)	Total Estimate (£)
Printing & Photocopying	40.00	-	-	150.00	190.00
TOTAL	40.00	-	-	150.00	190.00

GRAND TOTAL**15,040.64**

Time Entry - SIP9 Time & Cost Summary

PA1730 - Party Showroom Limited
All Pre Appointment Project Codes
To: 16/07/2018

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	8.10	8.70	3.10	0.00	19.90	6,719.50	337.66
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Creditors	0.00	0.80	1.00	0.00	1.80	426.00	236.67
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	5.10	3.20	0.00	0.00	8.30	3,188.00	384.10
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	13.20	12.70	4.10	0.00	30.00	10,333.50	344.45
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	