

The Insolvency Act 1986

Administrator's progress report

Name of Company

Allanfield Group Plc

Company number

07652397

In the
The High Court of Justice

(full name of court)

Court case number
9587 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)We (a)
Jason Daniel Baker
FRP Advisory LLP
2nd Floor
110 Cannon Street
London
EC4N 6EUPhilip Lewis Armstrong
FRP Advisory LLP
2nd Floor
110 Cannon Street
London
EC4N 6EU

administrators of the above company attach a progress report for the period

From

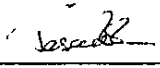
To

(b) Insert date

(b) 26 April 2016

(b) 25 October 2016

Signed


Joint / Administrator(s)

Dated

28/10/2016

TUESDAY



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13/12/2016

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COMPANIES HOUSE



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To All Creditors

Your ref:

Our ref A1277LON

Please Contact. Charlie Dagworthy

Telephone Number 0203 005 4000

Email Address: Charlie.Dagworthy@frpadvisory.com

Date: 28 October 2016

Dear Sirs

**ALLANFIELD GROUP PLC (IN ADMINISTRATION) ("THE COMPANY")
IN THE HIGH COURT OF JUSTICE No. 9587 of 2012**

Further to my appointment as Administrator of the Company on 27 December 2012 and in connection with the Joint Administrators' proposed application to extend the Company's administration, I provide my progress report on this administration for the period 26 April 2016 to 25 October 2016 ("the Period") in accordance with the Insolvency Rules 1986

I attach

- Appendix A - Statutory Information regarding the Company and the appointment of the Joint Administrators
- Appendix B - Joint Administrators' receipts and payments account
- Appendix C - Details of my Firms' time costs and disbursements
- Appendix D - Statement of expenses
- Form 2 24B - Formal Notice of the progress report

1. The Joint Administrators' Proposals

1.1 The objectives of administration are

- A. To rescue the Company as a going concern, failing which
- B. To 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), failing which
- C. To realise property in order to make a distribution to one or more secured or preferential creditors

1.2 Objective A cannot be achieved as the Company is a holding company and trading of its subsidiaries ceased on 19 December 2012. Due to the prospect that there may be a low level of realisations it is expected that objective B will also not be achieved. As such, objective C is being pursued, whereby property will be realised in order to make a distribution the Company's sole secured creditor, Coutts & Co ("the Bank")

1.3 The proposals included a statement in accordance with Paragraph 52 of Schedule B1 to the Insolvency Act 1986 ("IA'86") and therefore the Joint Administrators were not required to convene a meeting of creditors.

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1 4 A summary of the Joint Administrators proposals, which were deemed to have been approved on 5 March 2013, is as follows:

- a) The Joint Administrators will continue to realise the assets of the Company.
- b) The Company may be placed into liquidation if appropriate. The proposed Liquidators are to be Jason Daniel Baker and Philip Lewis Armstrong.
- c) If the Company has no property which might permit a distribution to its unsecured creditors, or if they also consider that an exit from the administration into liquidation is not appropriate, the Joint Administrators will send a notice to the Registrar of Companies and three months after the filing of the notice the Company will be dissolved
- d) As the Joint Administrators consider that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, the following sections of the Joint Administrators' proposals, will require the consent of the Bank as the sole secured creditor:
 - (i) The Joint Administrators' fees plus VAT should be approved on a time cost basis charged at the charge out rates prevailing at the time the work is undertaken; to be drawn when the Joint Administrators' see fit. A schedule of current charge out rates is set out in Appendix C
 - (ii) Mileage can be recharged and drawn at the HMRC approved mileage rate prevailing at the time the mileage was incurred.
 - (iii) The Joint Administrators' discharge from liability shall take effect in accordance with Paragraph 98 of Schedule B1 to IA'86 30 days following either the Company entering into liquidation or filing the notice of moving from administration to dissolution

1 5 The Bank has confirmed its acceptance of sections d) (i) to (iii) above of the proposals on 2 October 2013

2. Progress of the Administration

Receipts & Payments Account

- 2.1 I attach at Appendix B a receipts and payments account detailing transactions for the reporting Period and for the entire administration.
- 2 2 The Company is not VAT registered and cannot recover VAT. Irrecoverable VAT is shown separately in the receipts and payment account

Investigations

- 2.3 Part of my duties include carrying out proportionate investigations into what assets the Company has, including any potential claims against directors or other parties, and what recoveries could be made. I am continuing my investigations in this regard, which have been materially hampered by the Company's incomplete records.
- 2 4 As previously reported, the Bank provided funding for a preliminary investigation into the group's affairs and the identification of any possible avenues for recovery that could be pursued further. Accordingly, I instructed forensic accountants, Crowe Clark Whitehill LLP ("CCW"), on 4 September 2013, to begin an investigation into (amongst other things) the reasons for the failure of the Group and what claims may have arisen against third parties as a result.

- 2 5 I received CCW's initial draft report in February 2014, which is confidential. I can confirm however that the report and my own investigations have identified certain potential avenues of recovery action. Since then I have also instructed Honeycomb PSG (forensic accountants) in connection with other possible avenues of recovery, the nature of which is also confidential. I have reviewed all information received from these third parties and made further enquiries where necessary. With the assistance of my solicitors I am considering whether there are any grounds to bring any claims in connection with my investigations.
- 2 6 As my investigations are on-going I have not disclosed in detail the results of them at this stage. However, once my investigations are complete and should any actions be instigated, creditors will be provided with further details in future reports in due course.

Statutory Client Accounts

- 2 7 As a group of insurance broking companies the Company's subsidiaries Allanfield Property Insurance Services Limited ("APIS") and Industrial & Commercial Property Insurance Consultants Limited ("ICP"), handled client monies on a trust basis via a statutory client account ("the Client Account"), which is governed by strict rules and regulations.
- 2.8 In previous progress reports I explained that the Joint Administrators had made an application to Court for directions as to how they should deal with client account monies held in APIS and ICP. The last progress report, dated 24 May 2016, reported that a hearing took place as scheduled between 10 and 12 November 2015; that judgment was handed down on 17 December 2015; that a further hearing took place on 18 March 2016 to resolve the form of order that the Court ought to make consequential on that judgment; and that the Court then made an order on 21 March 2016 (the "March 2016 Order"). The last progress report reported that the Joint Administrators were in the process of undertaking the steps that they are required by the March 2016 Order to take (being, in general terms, those steps necessary to ascertain who was entitled to claim against the client monies and in what amount, and in which order of priority those claims should be met, to then enable the Joint Administrators to distribute the funds in the client accounts).
- 2.9 A further hearing took place on 14 October 2016 at which the Court was updated as to the steps that the Joint Administrators had taken to implement the March 2016 Order. Following that hearing the Court made a further order (the "October 2016 Order") pursuant to which (amongst other things) the Court approved a settlement of claims between the client money 'pools' administered by (respectively) ICP and APIS and further approved a scheme by which the Joint Administrators could pay into Court any distributions of the client money which it is not possible for them to pay to the intended recipients. The Joint Administrators' remuneration and costs attributable to the distribution of the client monies are, in accordance with the March 2016 Order, payable from the client monies in priority to other claims. A further hearing is listed to take place on 24 and 25 November 2016, at which the Joint Administrators' remuneration and costs will be assessed by the Chief Registrar of the Companies Court.
- 2.10 Copies of the March 2016 Order, October 2016 Order and selected other documents relating to the application are available on the FRP Advisory LLP creditors' portal which can be accessed using the case codes I0319LON (for ICP) and A1276LON (for APIS) at <https://creditors.frpadvisory.com/default.aspx>. Further documents are likely to be uploaded from time to time.

3. Extension of the Administration

- 3.1 It was necessary to ensure sufficient time to allow for the above work to continue and for the ongoing matters in APIS and ICP, on which funding to pursue any actions in the Company's administration is contingent, to be completed.
- 3.2 Accordingly, a six month extension to the administration period, being to 26 June 2014, was previously agreed by the Bank as sole secured creditor, pursuant to Paragraph 76(2) of Schedule B1 of the IA'86.

- 3 3 The Administrators sought a further extension by submitting an application to Court for an extension of the Company's administration by approximately 18 months to 31 December 2015. The Court made an order granting the extension on 17 June 2014
- 3 4 Given that the hearing of the directions application was listed to take place during the week commencing 9 November 2015 and in order that there be sufficient time to fulfil the requirements of the Court's directions on dealing with the client account monies it was appropriate for the Administrators to request the Court grant a further extension to the period of the Administration. On 10 December 2015 the Court made an order granting the extension of the Administration until 31 December 2016.
- 3.5 The Joint Administrators now intend to apply to Court for a further extension of the Company's administration, from 5pm on 31 December 2016 to 5pm on 30 September 2017 (i.e. an extension of 9 months), rather than taking steps to wind up the Company. The Joint Administrators intend (in their capacity as joint administrators of APIS and ICP) to simultaneously make applications to extend the administrations of APIS and ICP, also to 30 September 2017. All three applications are due to be issued shortly. The rationale for seeking a further extension of the Company's administration is primarily to avoid the cost of winding up the Company on its own, independently from APIS and ICP, and to allow time to complete the investigations referred to further above. It would be more cost effective to wind up the Company at the same time as winding up APIS and ICP. The Joint Administrators anticipate that extensions of 9 months will, in the case of APIS and ICP, allow sufficient time to take all required steps distribute the client money, including (in accordance with the October 2016 Order) paying into Court sums which it is not possible for the Joint Administrators to pay to claimants. The applications are to be made on an urgent basis so that, should the Court decline to make an order to extend the administrations of the Company, APIS and ICP, the Joint Administrators will still have time to cause those companies to be wound up on or before 31 December 2016.

4 Outcome for the Secured Creditor

- 4 1 The Bank has the benefit of cross-collateralised debentures containing fixed and floating charge security over each of the companies within the Group
- 4.2 At the date of appointment the Bank was owed approximately £2.6m in accordance with a credit facility granted to the Company. Distributions to the Bank are dependent on the success of any claims pursued as a result of my investigations, so are uncertain at this stage. In any event it is expected that the Bank will suffer a shortfall on its lending once the Group's administrations are complete.

5. Outcome for Preferential Creditors

- 5 1 The Company had no employees and as such there are no preferential creditors of the Company.

6. Outcome for Unsecured Creditors & Prescribed Part

- 6.1 The Joint Administrators have considered the possibility of a prescribed part for unsecured creditors under S176A of the IA'86. Whilst the prescribed part will apply in this case as the Bank's debenture was registered after 15 September 2003 there are currently insufficient funds available to enable a prescribed part dividend to unsecured creditors. Any future distribution is dependent on the level of future realisations and the nature of any claims which are issued and which produce realisations (both of which remain uncertain), as well as the total costs of the administration.

7. Joint Administrators' Pre-Appointment Costs

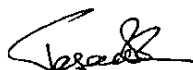
- 7.1 As the Joint Administrators considered that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, the Joint Administrators' pre appointment costs of £15,773.42 required the consent of the Bank as secured creditor. Approval to these costs has been received from the Bank in accordance with Rule 2.67A (3) of the IR'86 but these costs remain unpaid due to insufficient realisations having been made to do so to date.

8. Administrators' Remuneration, Disbursements and Expenses

- 8.1 Turning to our own costs in this matter, our remuneration as Administrators is based on computerised records of all time spent on the administration of this case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in maximum of 6 minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually; details of FRP Advisory LLP charge out rates are included at Appendix D. A breakdown of our time costs incurred during the period of this report, (and also since appointment), in accordance with Statement of Insolvency Practice 9 is set out at Appendix D.
- 8.2 In accordance with Rule 2.106(5A) of IR'86 it falls to the Bank as secured creditor to agree the basis of the Joint Administrators remuneration. The Bank has confirmed its agreement to the Joint Administrators remuneration being charged on a time cost basis. To date the Joint Administrators have incurred £57,334.74, of time costs and have not drawn any remuneration in this regard.
- 8.3 The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP Advisory at the HMRC approved mileage rate prevailing at the time the mileage was incurred. Details of disbursement incurred during the period of this report are set out in Appendix D.
- 8.4 I attach at Appendix E a statement of expenses that have been incurred during the period covered by this report.
- 8.5 Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses, which are first disclosed in this report, under the Insolvency Rules 1986 (For ease of reference these are the expenses incurred in the reporting period as set out in Appendix E only). Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link <http://creditors.frpadvisory.com/feesguide.htm> and select the guide for administrations. Alternatively, a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information being 21 days following the receipt of this progress report. There is a time limit of 8 weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

If you have any queries about this report or the progress of the administration, please do not hesitate to contact my office.

Yours faithfully
For and on behalf of
Allanfield Group Plc



Jason Baker
Joint Administrator

Licensed in the United Kingdom by the Institute of Chartered Accountants in England & Wales and bound by the Insolvency Code of Ethics

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

The affairs, business and property of the Company are being managed by Jason Daniel Baker and Philip Lewis Armstrong who were appointed Joint Administrators on 27 December 2012.

STATUTORY INFORMATION

ALLANFIELD GROUP PLC (IN ADMINISTRATION)

Court in which administration proceedings were brought	The High Court of Justice, Chancery Division, Companies Court, London
Court reference number.	9587 of 2012
Other trading names	n/a
Company number.	07652397
Registered office	2nd Floor 110 Cannon Street London EC4N 6EU
Previous registered office & trading address.	62 Margret Street London W1W 8TF 99 Heath Street London NW3 6ST
Administrators' names and addresses.	Jason Daniel Baker and Philip Lewis Armstrong FRP Advisory LLP 110 Cannon Street London EC4N 6EU
Date of appointment	27 December 2012
Appointor details	Mr Darryl Noik, Director
Previous office holders, if any	n/a
Extensions to the initial period of appointment	Initial 6 months to 26/06/2014, approved by the secured creditor Extension to 31/12/2015, following an application to Court Further extension to 31/12/2016, following an application to Court

The Joint Administrators act jointly and concurrently

**ALLANFIELD GROUP PLC
(IN ADMINISTRATION)**

**Joint Administrators' Abstract of Receipts and Payments
To 25 October 2016**

Statement of Affairs	Notes	Period Account		Duration of Administration		Grand Total £
		From 26 April 2016 to 25 October 2016		From 27 December 2012 to 25 April 2016		
		Fixed Charge £	Floating Charge £	Fixed Charge £	Floating Charge £	

Notes

1. The Secured Creditor has provided funding to the Administration in order for, amongst other things, an investigation to be carried out into any possible recoveries and reasons for the Company's failure
2. As the Group traded as an insurance broker VAT is not recoverable



Allanfield Group Plc (In Administration)

Time charged for the period 26 October 2015 to 25 April 2016

	Managers / Directors	Other Professional	Total Hours	Total Cost £	Average Hrly Rate £
Administration and Planning	0.40	7.05	7.45	1,898.50	254.83
Case Control and Review	0.40	5.30	5.70	1,461.00	256.32
Case Accounting - General		1.00	1.00	250.00	250.00
General Administration		0.55	0.55	137.50	250.00
Fee and WIP		0.20	0.20	50.00	250.00
Creditors		1.05	1.05	262.50	250.00
Unsecured Creditors		0.60	0.60	150.00	250.00
Secured Creditors		0.15	0.15	37.50	250.00
Legal-Creditors		0.30	0.30	75.00	250.00
Investigation	0.70		0.70	238.00	340.00
Investigatory Work	0.70		0.70	238.00	340.00
Statutory Compliance		6.30	6.30	1,575.00	250.00
Statutory Reporting/ Meetings		6.30	6.30	1,575.00	250.00
Total Hours	1.10	14.40	15.50	3,974.00	256.39
Total Cost £	374.00	3,600.00			
Average Hrly Rate £	340.00	250.00			

Disbursements for the period

26 October 2015 to 25 April 2016

	Value £
Category 1	
Company Search	14.05
Postage	13.26
Property	14.05
Grand Total	41.36

Mileage is charged at the HMRC rate prevailing at the time the cost was incurred

FRP Charge out rates	From	1st July 2012	1st July 2013
Grade			
Appointment taker / Partner		275-495	275-495
Managers / Directors		225-455	225-455
Other Professional		85-275	85-275
Junior Professional & Support		70-320	70-320

APPENDIX C

FRP ADVISORY LLP ("FRP")

HOURLY CHARGE OUT RATES WITH EFFECT FROM 1 MAY 2016

<u>Grade</u>	<u>£/hour</u>
Appointment taker/Partner	495
Managers/Directors	340-465
Other Professional	200-295
Junior Professional/Support	125-175

Time costs are maintained on computerised records of all time spend on the administration of each case. Matters dealt with during the assignment are dealt with by different members of staff depending on the level of complexity and experience required. Time is charged to the case in maximum of six minute units. Charge-out rates are based on individual expertise, qualification and grade. The costs of the firm's support staff are not directly charged to the estate unless dealing with directly identifiable case specific matters. Charge out rates are reviewed at least annually, details of FRP charge out rates applicable to this assignment are set out above.

Further information can be found in the Creditors' Guide to Fees which you can access using the following link <http://www.frp.advisory.com/fees-guide.html>. Alternatively, a hard copy of the relevant guide will be sent to you on request.

On occasions it may be necessary to change the rates applicable to the work undertaken and if this occurs during the period of the assignment this will be notified to creditors as part of the normal reporting procedures.

DISBURSEMENT POLICY

Disbursements are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

There are two types of disbursements, direct disbursements (known as Category 1) and indirect disbursements (known as Category 2).

Category 1 disbursements:

These are payments to independent third parties where there is specific expenditure directly referable to the appointment in question, these include but are not limited to such items as case advertising, storage, bonding, searches, insurance.

Category 1 disbursements can be drawn without prior approval.

Category 2 disbursements

These are expenses that are directly referable to the appointment in question but not to a payment to an independent third party. With the exception of mileage FRP do not charge category 2 disbursements.

Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP at the HMRC approved mileage rate prevailing at the time the mileage was incurred, at the time of this report this is 45p per mile.

Category 2 disbursements require prior approval in the same manner as an office holder's remuneration.

APPENDIX D

ALLANFIELD GROUP PLC (IN ADMINISTRATION)

STATEMENT OF EXPENSES FOR THE PERIOD 26 APRIL 2016 TO 25 OCTOBER 2016

Expenses	Notes	Expenses for the period 26 October 2015 to 25 April 2016 £
Joint Administrators' Time Costs		2,929
Joint Administrators' Disbursements		115
Legal Fees		14,498
Forensic Accountants		0
Corporation Tax		0
Irrecoverable VAT	(1)	3,508
Total		21,050

Notes

- The costs shown above exclude VAT and are shown separately
As the Company traded as an insurance broker, VAT is not recoverable