

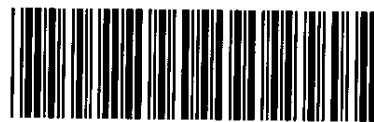
AM03

Notice of administrator's proposals



Companies House

SATURDAY



A17 *A7FHSEOH* 29/09/2018 #51
COMPANIES HOUSE

1 Company details

Company number 0 7 6 6 7 2 8 9

Company name in full Clarke Fussells Limited

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

2 Administrator's name

Full forename(s) Neil Frank

Surname Vinnicombe

3 Administrator's address

Building name/number 14 Queen Square

Street

Post town Bath

County/Region

Postcode B A 1 2 H N

Country

4 Administrator's name ①

Full forename(s) Simon Robert

Surname Haskew

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

5 Administrator's address ②

Building name/number 14 Queen Square

Street

Post town Bath

County/Region

Postcode B A 1 2 H N

Country

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

AM03

Notice of Administrator's Proposals

6 Statement of proposals



I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature

x



x

Signature date

d

2

d

8

m

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m

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y

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y

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y

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y

8

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	Kayleigh Bryant								
Company name	Begbies Traynor (Central) LLP								
Address	14 Queen Square								
	Bath								
Post town	BA1 2HN								
County/Region									
Postcode	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>								
Country									
DX									
Telephone	01225 316040								



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:

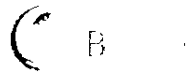
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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



The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Clarke Fussells Limited (In Administration)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (England and Wales) Rules 2016

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of administrators
- ☐ Circumstances giving rise to our appointment
- ☐ Statement of affairs
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- ☐ Pre-administration costs
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 - 1. Account of receipts and payments
 - 2. Director's statement of affairs
 - 3. Remuneration and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Clarke Fussells Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 3 August 2018
"the administrators", "we", "our", "us"	Neil Frank Vinnicombe and Simon Robert Haskew of Begbies Traynor (Central) LLP, 14 Queen Square, Bath, BA1 2HN
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	Clarke Fussells Limited	
Trading name(s):	Clarke Fussells	
Date of Incorporation:	13 June 2011	
Company registered number	07667289	
Company registered office:	14 Queen Square, Bath, BA1 2HN	
Former registered office:	Westway Garages, Bath Road, Marksbury, Bath, BA2 9HN	
Trading address(es):	Westway Garages, Bath Road, Marksbury, Bath, BA2 9HN	
Principal business activities:	Food Machinery Auctioneers	
Directors and details of shares held in the Company (if any):	Name	Shareholding
	Samantha Lynch	Nil
Share capital:	100 ordinary shares	
Shareholder	Sarah Holroyd	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	3 August 2018
Court:	High Court of Justice The Business & Property Courts of England & Wales
Court Case Number:	6104 of 2018
Person(s) making appointment / application:	Samantha Lynch, The Old Oak House, Burnett, Keynsham, Bristol, BS31 2TF
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows.

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving 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) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company was incorporated in June 2011 with John Holroyd as sole director and shareholder and remained as such until he passed away in November 2017. His daughter Samantha Lynch then was appointed sole director and Sarah Holroyd as sole shareholder. The Company had traded as a partnership prior to incorporation for a number of years.

The shareholder's financial advisor initially approached Begbies Traynor for advice in February 2018 and a meeting was held on 16th February 2018 where the Company's financial position was discussed. A further meeting was held on 6th March 2018 to discuss the position in more depth once the director had obtained additional financial information.

Following these meetings no further contact was made with Begbies Traynor.

In June 2018 we identified that a winding up petition had been issued on the Company. This information was brought to the attention of the shareholder's financial advisor who informed the director. On 25th June the director contacted Begbies Traynor to arrange a meeting to discuss the position.

A meeting was held on 27th June where it was concluded that administration would be the best option for the Company. This would allow the director to explore if there was the prospect of selling the business or its assets on a going concern basis. As the business had been established for some while, and developed a known brand in its sector, it was anticipated that a sale may be possible which would increase the prospects of a better outcome for creditors. At this point an insolvency solicitor was instructed to advise on a number of

matters including items purchased by customers prior to the administration which were still in the Company's possession. The director approached the petitioning creditor who agreed to withdraw their petition on the basis that their outstanding debt be settled. It was concluded that payment of the petitioning creditor would still provide a better outcome for the creditors as administration would allow the business to be marketed for sale in order to maximise realisations and attract less costs than in a compulsory liquidation.

The Company formally instructed Begbies Traynor to proceed with the administration on 4th July 2018 and a notice of intention was lodged at court by the solicitor on 5th July 2018 and also sent to Lloyds Bank plc who holds a fixed and floating charge. This provided the Company with a protective moratorium for 10 business days.

A marketing campaign was commenced following the filing of the notice of intention with the assistance of Eddisons who created an e-flyer for distribution and circulated to over 18,000 contacts and posted the business for sale on their website. A number of parties expressed an interest and required further information. A formal offer was not received by the end of the 10 day moratorium but interest existed and so a second notice of intention was filed at court by the solicitor on 22nd July 2018.

Two parties expressed an intention to submit an offer and an initial offer was received from one of the parties. The offer was conditional on accessing the Company database which we were having difficulty doing. We asked the director to assist and we were not able to access the data before the second notice of intention expired. We instructed IT experts to assist but could not justify submitting a third notice of intention so the appointment was made.

On 3rd August 2018 a notice of appointment was filed in court by the solicitor and Neil Vinnicombe and Simon Haskew of Begbies Traynor were appointed Joint Administrators.

5. STATEMENT OF AFFAIRS

The director has prepared a statement of affairs of the Company as at 3 August 2018 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 3 August 2018 to 25 September 2018.

RECEIPTS

Plant & Machinery

Eddisons were instructed to attend the trading premises in order to prepare an inventory of the plant and machinery and provide a professional valuation. These were then marketed for sale via their website and an e-flyer was also distributed to over 18,000 contacts. Subsequently no parties came forward that were interested in making an offer for the plant and machinery and as a result were sold at auction. The total sum of £20,015.96 was realised from the auction.

Cash held in Client Account

Cash of £9,000 was held in our client account prior to our appointment. We deducted our pre-appointment fee from these funds and the net amount of £2,994.06 was transferred into the administration account.

Work undertaken by the Administrators and their staff

Since our appointment on 3 August 2018, we have carried out the following:

- Notifying all creditors, members and Companies House of our appointment as Administrators;
- Notified the floating charge holder of our appointment;
- Instructed solicitors to advise on a number of matters concerning customers and items purchased as well as dealing with the appointment documents,
- Advertised the appointment in the London Gazette,
- Opened a new administration bank account in the name of the Company;
- Banking all funds received,
- Arranged delivery of the Company's books and records to our offices;
- Writing to the bank requesting a transfer of the balance of the current account to the administration account;
- Liaised with various creditors regarding items purchased prior to the administration,
- Instructing IT expert to extract financial information from computer,
- Liaising with the interested party regarding their offer;
- Liaised with IT host regarding the company domains,
- Identified additional machinery in storage and instructed Eddisons to value and advise on;
- Liaised with the landlord regarding some residual assets still in situ
- Assisted employees with their claims against the Company,
- Liaised with the executors of John Holroyd's estate and lodged a claim against it

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the director's statement of affairs) are as follows

Secured creditor

The Company's bankers, Lloyds Bank Plc, hold a fixed and floating charge debenture registered on 15 December 2011. The bank is not owed any money as the Company's bank account is in credit. Whilst the account is in credit it is possible that some or all of the funds may belong to third parties and we are considering the position with our solicitor.

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated at £8,194.84

Unsecured creditors

Claims of unsecured creditors were estimated at £1,512,996 61.

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

Preferential creditors

We consider that there will be sufficient funds for a modest dividend to be paid to preferential creditors

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for

the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the *prescribed part of the Company's net property*. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ❑ 50% of the first £10,000 of *net property*;
- ❑ 20% of *net property* thereafter;
- ❑ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- ❑ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- ❑ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply and, therefore, no *prescribed part* of net property is available for distribution to the unsecured creditors.

Unsecured creditors

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

Effect of administration on limitation periods under the Limitation Act 1980

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

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

For the reasons set out in this report, we presently consider that:

it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

It is not reasonably practicable to sell the business as a going concern as the Company ceased to trade in June 2018 and all employees were dismissed.

In order that the purpose of the administration may be fully achieved, we proposed to remain in office as administrators in order to conclude the realisations of the Company's assets.

The principle outstanding matters to deal with in this respect are

- Close the Company's bank account and review closing statements,
- Dealing with creditor enquires and discuss a strategy,
- Conclude a sale of the intellectual property/goodwill with the interested party;
- Statutory Duties, including reporting to creditors after each six months and on the closure of the administration,
- Liaising with any insolvency practitioner appointed over the insolvent estate of the former director John Holroyd;
- Investigations of the Company's affairs to establish any causes of action and statutory reporting on the conduct of the directors;
- Dealing with the taxation matters, including lodging VAT returns and Corporation Tax returns and considering if any refunds are due to the Company;
- Establish if the funds held by the Company's bankers belong to the Company or the third parties;
- Establish if the plant recently located is of value and disposing of it

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are:

- Director's Loan Account – this loan account relates to the former director John Holroyd who passed away in November 2017. His estate is insolvent and likely to enter into an insolvency arrangement. It is anticipated that a dividend will be available for the benefit of the administration, however the quantum of any dividend is unknown
- Cash at Bank – we have requested the balance of the bank account to be transferred into the administration on multiple occasions and will continue to pursue this.

Following these events we propose to finalise distributions to the preferential creditors

Exit from Administration

Dissolution

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

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

Extension

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the overdrawn director's loan account of the former director. As mentioned earlier in the proposals, the former director's estate is insolvent and it is likely to result in an insolvency procedure. Any possible dividend from the former

director's insolvent estate may occur after the 12 month appointment anniversary in which case it would be necessary to extend the administration. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

If (whether or not an extension to the period of administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we carried out work consisting of providing advice to the Company about the options available to it including advice about alternative insolvency options, lodging two Notices of Intention to Appoint Administrators, considering the competing claims of various categories of creditor and highlighting the duties of the directors, liaison with the Company's secured creditor and significant unsecured creditors and dealing with all procedural steps culminating with the appointment of administrators ("the Work"). The Work was carried out pursuant to an agreement made between us and the Company entered into on 4 July 2018 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration because it was necessary to review the Company's financial position and consider the insolvency options available to it before an insolvency process commenced. For these reasons we consider that the Work has furthered the achievement of the objective of administration being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors.

The pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	5,000	1,000	6,000
Our disbursements in relation to the Work	Begbies Traynor	4.95	0.99	5.94
TOTAL PRE-ADMINISTRATION COSTS		5,004.95	1,000.99	6,005.94

Of the pre-administration costs, the sum of £6,000 inclusive of VAT was paid to Begbies Traynor in relation to our fees for the Work and the sum of £5.94 inclusive of VAT was paid in expenses before the Company entered administration by the Company. There are therefore unpaid pre-administration costs ("the unpaid pre-administration costs"), broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Legal costs – A solicitor was instructed in order to provide advice on a number of matters including items purchased by customers prior to administration that are still in the Company's possession. They also dealt with the administration appointment paperwork and lodged all required notices in court.	Temple Bright	5,200	1,040	6,240
Agent's costs – Eddisons were instructed to attend site and spend a considerable amount of time listing and valuing the plant and machinery and advertising for them for sale. Eddisons also sold the assets pre-appointment via an online auction.	Eddisons (part of Begbies Traynor Group)	4,849	969.80	5,818.80
TOTAL UNPAID PRE-ADMINISTRATION COSTS		10,049	1,736.80	11,785.80

We are seeking that the unpaid pre-administration costs be paid as an expense of the administration. Approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by seeking decisions of preferential creditors. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate.

It is for the creditors' committee to approve the basis of our remuneration under Rule 18.18 of the Rules, but if no such committee is appointed it will be for the preferential creditors to determine. We intend to deal with this by seeking decisions of creditors via correspondence.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 3 August 2018.

Disbursements

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determining the basis of our remuneration.

Estimate of expenses

We are required by the Rules to provide creditors with details of the expenses that we consider will be, or are likely to be, incurred in the course of the administration. This information also appears at Appendix 3.

11. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the director and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Energy and Industrial Strategy

As administrators of the Company we are required by best practice guidance to make enquires of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Connected party transactions

We have not been made aware of any sales of the Company's assets to connected parties.

Deemed delivery

These proposals will be deemed to have been delivered on 28 September 2018

Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

12. CONCLUSION

We presently consider that neither of the objectives specified in paragraph 3(1)(a) and (b) of Schedule B1 to the Act can be achieved.

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 28 September 2018. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

Subject to the approval of our proposals we will report on progress again approximately six months after the commencement of the administration, or ~~at~~ the conclusion of the administration, whichever is the sooner.



Neil Vinnicombe
Joint Administrator

Date: 26 September 2018

Clarke Fussells Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 25/09/2018

APPENDIX 1

S of A £		£	£
	ASSET REALISATIONS		
19,500.00	Plant & Machinery	20,015.96	
18,418.69	Cash at Bank	NIL	
9,000.00	Cash held in Client Account	2,994.06	
Uncertain	Director's Loan Account	NIL	
			23,010.02
	PREFERENTIAL CREDITORS		
(7,280.23)	RPO re Arrears/Holiday Pay	NIL	
(914.61)	Employees re Arrears/Hol Pay	NIL	
			NIL
	UNSECURED CREDITORS		
(848,605.80)	Consumer Creditors	NIL	
(229,132.29)	Trade Creditors	NIL	
(3,137.51)	Employees re Redundancy/Lieu of Not	NIL	
(41,911.89)	RPO re Redundancy/Lieu of Notice	NIL	
(248.57)	Director re Redundancy/Lieu of Notice	NIL	
(125,493.72)	Banks/Financial Institutions	NIL	
(144,966.83)	HMRC (non VAT)	NIL	
(119,500.00)	Connected Party Loan	NIL	
			NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	
			NIL
(1,474,372.76)			23,010.02
	REPRESENTED BY		
	Bank 1 Current		27,013.21
	Vat Payable		(4,003.19)
			23,010.02

Clarke Fussells Limited
Estimated Statement Of Affairs as at 3 August 2018

	Book Value £	Estimated to Realise £
ASSETS		
Plant & Machinery	Uncertain	19,500.00
Cash at Bank	18,418.69	18,418.69
Cash held in Client Account	9,000.00	9,000.00
Director's Loan Account	265,692.00	Uncertain
		46,918.69
LIABILITIES		
PREFERENTIAL CREDITORS:-		
RPO re Arrears/Holiday Pay		7,280.23
Employees re Arrears/Hol Pay		914.61
		8,194.84
		38,723.85
DEBTS SECURED BY FLOATING CHARGES PRE 15 SEPTEMBER 2003		
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS		
		NIL
		38,723.85
Estimated prescribed part of net property where applicable (to carry forward)		
		NIL
		38,723.85
DEBTS SECURED BY FLOATING CHARGES POST 14 SEPTEMBER 2003		
		NIL
		38,723.85
Estimated prescribed part of net property where applicable (brought down)		
		NIL
		38,723.85
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Consumer Creditors	848,605.80	
Trade Creditors	229,132.29	
Employees re Redundancy/Lieu of Notice	3,137.51	
RPO re Redundancy/Lieu of Notice	41,911.89	
Director re Redundancy/Lieu of Notice	248.57	
Banks/Financial Institutions	125,493.72	
HMRC (non VAT)	144,966.83	
Connected Party Loan	119,500.00	
		1,512,996.61
Estimated deficiency/surplus as regards non-preferential creditors		
(excluding any shortfall in respect of F.C's post 14 September 2003)		
		(1,474,272.76)
		(1,474,272.76)
Issued and called up capital		
Ordinary Shareholders	100.00	
		100.00
TOTAL SURPLUS/(DEFICIENCY)		(1,474,372.76)

DIRECTOR'S STATEMENT OF AFFAIRS

Notes to the Director's Statement of Affairs

1. The plant and machinery has been professionally valued by Messrs Eddisons on 16 July 2018 on an Open Market Valuation basis and was sold via an online auction on 25 July 2018. Eddisons are seeking to establish if the additional plant has value.
2. Cash at bank is expected to be realised in full. We continue to chase the bank for the sum.
3. Cash held in the client account has been transferred to the administration bank account.
4. Director's loan account – this relates to the former director's loan account. John Holroyd passed away in November 2017 and his estate is insolvent. It is likely that his estate will result in a formal insolvency process of which there is likely to be a dividend. The administrators will remain in office until such a time a dividend can be received. The quantum of any dividend is unknown at this stage.
5. The claims of the Department for Business, Energy and Industrial Strategy represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
6. Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

We will not be required to set aside the prescribed part of net property if:

- a. The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
 - b. Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
7. The claim of HM Revenue & Customs represents PAYE and NIC outstanding since November 2017.
 8. The indebtedness to Funding Circle is supported by a personal guarantee from John Holroyd and is without limit.
 9. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
 10. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

REMUNERATION AND EXPENSES

Total time spent to 25 September 2018 on this assignment amounts to 49.4 hours at an average composite rate of £214.68 per hour resulting in total time costs to 25 September 2018 of £10,605.

To assist creditors in determining this matter, the following further information appears in this appendix

- ❑ Begbies Traynor (Central) LLP's charging policy
- ❑ Narrative summary of time costs incurred
- ❑ Table of time spent and charge-out value
- ❑ The Administrators' fees estimate
- ❑ Details of the expenses that the Administrators consider will be, or are likely to be, incurred

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

Finally, the Association of Business Recovery Professionals (R3) has set up a website that contains a step-by-step guide designed to help creditors navigate their way through an insolvency process which includes information in relation to remuneration. You can access the website at the following address: <http://www.creditorinsolvencyguide.co.uk/>

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred
- ❑ *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

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

² Ibid 1

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

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by an entity within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Eddisons were instructed by the Company prior to our appointment to attend site and value the plant and machinery which was necessary to ensure that any offers received were of a fair value. They also marketed the assets for sale and sold the tangible assets via an online auction. Their fee and disbursements will be £4,849 plus VAT.

- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Bath office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour)
	1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110

Support

60 - 110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

Clarke Fussells Limited

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis attached, is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case

What work has been done since we were appointed, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached

General case administration and planning

To date we have dealt with the initial administration tasks such as creating a file and reviewing all matters carried out to date.

General tasks such as maintaining the case files have also been carried out.

Compliance with the Insolvency Act, Rules and best practice

In accordance with the Insolvency Act 1986, all relevant bodies have been informed of the administration and of our appointment as joint administrators. This includes the Registrar of Companies and HM Revenue and Customs. An advertisement has also been placed in the London Gazette advertising of the administration, our appointment as joint administrators and also requesting any creditors to submit details of their claims.

We have requested for an administration bank account to be opened and have calculated our bonding requirements.

Investigations

We have sent a standard questionnaire to the director to assist us with our statutory duties to investigate her conduct.

We have also instructed IT experts to access the Company's electronic records.

Realisation of assets

As mentioned in the proposals, the chattel assets have been sold at auction by Eddisons. Eddisons attended the premises to value the assets and conducted a marketing campaign prior to the auction.

We have also asked them to establish if there is value in the plant that has recently been located.

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

Employees' claims have been submitted to the Redundancy Payments Office in order for them to be paid for their arrears of wages, holiday pay, redundancy and loss of notice.

We have also dealt with numerous creditor and employee queries

Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel

Notification of our appointment has been sent to the pension provider and a pension specialist has been instructed to ensure that the scheme is efficiently wound up

Time Costs Analysis

An analysis of time costs is attached showing the time spent by each grade of staff on the different types of work involved in the case, and giving the total costs and average hourly rate charged for each work type

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

Expenses

Details of all of the expenses incurred since the date of our appointment are attached at appendix 3.

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

General case administration and planning

Case planning is mandatory to ensure the orderly and efficient winding up of the insolvent estate. Internal bi-monthly case review meetings are held in order to ensure that cases are progressed efficiently. Case reviews will be carried out within the first month of our appointment, followed by 3 months after our appointment, then on a 6 monthly basis.

Insolvency practitioners have a duty to keep adequate case records including documents relating to every transaction undertaken throughout the liquidation. This is so that we can demonstrate how the case was administered and to document reasons for any decisions made. Time spent keeping the records in order is allocated to case administration and is necessary to ensure that we have complied with the Insolvency Act 1986.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require Administrators to follow statutory rules and regulations such as:

- Producing progress reports and distributing to creditors on an six monthly basis;
- Banking and producing receipts and payments accounts;
- Producing proposals to seek fee approval;
- Filing company information with the Registrar of Companies such as notice of administrators' appointment, six monthly progress reports;
- Ensure the case is adequately bonded;
- Producing a final report and distributing to creditors.

Investigations

Administrators have a statutory duty to investigate the conduct of directors and shadow directors under the Company Directors Disqualification Act 1986 where a company has entered insolvency proceedings. A report needs to be produced for the Secretary of State deeming the director either fit or unfit to undertake a management role in a company. The consequences of unfit conduct could possibly result in a disqualification from being a director, a fine or in some extreme circumstances prison.

Considerable time is spent on this task due to the severity of the repercussions.

Realisation of assets

Eddisons were instructed to attend site in order to value the tangible assets for the purposes advertising them for sale. These were marketed by Eddisons along with the intellectual property ("IP") via their website and email bulletins which reach over 18,000 contacts

We received a number of interested parties, none of which expressed a desire to purchase the tangible assets. As a result Eddisons were instructed to sell these at auction.

We have liaised with a number of interested parties regarding the IP of the Company including the goodwill and customer base and have dealt with all queries to this extent. We are hoping to conclude a sale shortly.

The director's loan account relates to a loan account for the former director John Holroyd. His insolvent estate is likely to end up in a formal insolvency procedure and a dividend may become available for the benefit of the administration. We will remain in office until such a time that a dividend will become available.

We will continue to liaise with the bank in order to obtain the cash held in the Company's bank account

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

The Redundancy Payments Office is dealing with the payment of employee claims. Any residual amount owed to the employees following payment from the RPO would be paid from the liquidation via either preferential or unsecured dividend should enough funds be available to do so. Time would be spent agreeing employees' claims, corresponding with employees to ensure that they agree with their residual claim as well as agreeing the claim from the Redundancy Payments Office.

Time will also be spent dealing with any creditor enquiries.

It is likely that preferential creditors will receive a dividend and time will be spent agreeing their claims and declaring the dividend

Unsecured creditors are not anticipated to receive a dividend and so it would not be cost effective to agree these claims.

Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures) tax, litigation, pensions and travel

The Company operated a pension scheme for all employees which is required to be wound up. We have instructed a pension specialist to assist with this.

We are required to submit corporation tax returns to HM Revenue and Customs on an annual basis to account for any bank interest received in the period. We are also required to submit VAT returns regularly.

How much will this further work cost?

Details of time costs we expect to incur are set out in the fee estimate attached at appendix 3.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses attached at appendix 3

CLARKE FUSSELLS LIMITED

THE ADMINISTRATORS' FEES ESTIMATE

Further to our appointment as administrators, we are seeking to be remunerated on a time costs basis. Details of our firm's hourly charge-out rates are set out in the charging policy which accompanies this estimate. Prior to creditors determining the basis upon which we are to be remunerated, we are obliged to produce a fees estimate and to provide it to each creditor of whose details we are aware so that it can be approved at the same time as the basis of our remuneration.

Our fees estimate for the administration is set out below. Please note that blended hourly rates have been used which take account of the various levels of staff that are likely to undertake each area of work. These can be seen in the average hourly rate column.

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	30	5,690	189.67
Compliance with the Insolvency Act, Rules and best practice	60	11,600	193.33
Investigations	35	7,675	187.57
Realisation of assets	25	7,125	285
Trading	Nil	Nil	Nil
Dealing with all creditors' claims (including employees), correspondence and distributions	20	3,940	197
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel	4	920	230
Total hours	174		
Total time costs		36,950	
Overall average hourly rate £			212.36

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration. The table above includes costs incurred to date outlined in this report.

Should creditors require further information on how this estimate has been produced this can be obtained from our website at <http://www.begbies-traynorgroup.com/fee-estimates>.

A more detailed explanation of the work that falls into the categories mentioned in the table above can be obtained from our website at <http://www.begbies-traynorgroup.com/work-details>.

Dated: 26 September 2018

SIP9 Clarke Fussells Limited - Administration - 31CL251.ADM : Time Costs Analysis From 03/08/2018 To 25/09/2018

Staff Grade	Case planning	Consultant/Partner	Snr Admin	Admin	Jnr Admin	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Administration	0.1	2.5		11.0	13.6	1,687.00	124.04
	Total for General Case Administration and Planning:	0.1	2.5		11.0	13.6	1,687.00	124.04
	Appointment	2.7	0.5		1.8	5.0	1,352.00	270.40
	Banking and Bonding	0.1	0.5	0.6		1.2	208.00	173.33
Compliance with the Insolvency Act, Rules and best practice	Case Closure							0.00
	Statutory reporting and statement of affairs	0.9	13.0			13.9	2,630.50	189.24
	Total for Compliance with the Insolvency Act, Rules and best practice:	3.7	14.0	0.6	1.8	20.1	4,190.50	208.48
Investigations	GDPA and investigations							0.00
	Total for investigations:							0.00
	Debt collection							0.00
	Property, business and asset sales	4.4				4.4	1,738.00	395.00
Realisation of assets	Retention of Title/Third party assets							0.00
	Total for Realisation of assets:	4.4				4.4	1,738.00	395.00
Trading	Trading							0.00
	Total for Trading:							0.00
	Secured							0.00
	Others	4.1	6.4			10.5	2,739.50	260.90
Dealing with all creditors claims (including employees), correspondence and distributions	Creditors committee							0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	4.1	6.4			10.5	2,739.50	260.90
Other matters which includes seeking decisions of creditors, meetings, tax, litigation, pensions and travel	Seeking decisions of creditors							0.00
	Meetings							0.00
	Other	0.5	0.3			0.8	250.00	312.50
	Tax							0.00
Litigation	Litigation							0.00
	Total for Other matters:	0.5	0.3			0.8	250.00	312.50
	Total hours by staff grade:	12.8	23.2	0.6	12.8	49.4	10,605.00	
	Total time cost by staff grade:	5,056.00	4,060.00	81.00	1,405.00			
Average hourly rate £:		395.00	175.00	135.00	110.00		0.00	214.68
	Total fees drawn to date £:							

CLARKE FUSSELLS LIMITED

DETAILS OF THE EXPENSES THAT THE ADMINISTRATORS CONSIDER WILL BE, OR ARE LIKELY TO BE INCURRED DURING THE COURSE OF THE ADMINISTRATION

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, dividends etc.	168 36
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	80
3	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with	182
4.	Agent's fees	QSS Solutions were instructed to access one of the Company's computers and extract all documents and financial information from it.	100
5	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	2,000
6.	Pension agent's fees	We have instructed Insol Group to assist with the winding up of the Company pension scheme and to submit returns in the event of any unpaid pension contributions	650

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any expenses that will or may be incurred in any insolvency procedure following the administration