

AM03

Notice of administrator's proposals



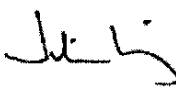
Companies House



1	Company details	
Company number	0 8 2 3 7 6 1 4	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Ascot Lawyers Ltd	
2	Administrator's name	
Full forename(s)	Julien	
Surname	Irving	
3	Administrator's address	
Building name/number	Leonard Curtis	
Street	Tower 12, 18/22 Bridge Street	
	Spinningfields	
Post town	Manchester	
County/Region		
Postcode	M 3 3 B Z	
Country		
4	Administrator's name	
Full forename(s)	John	1 Other administrator Use this section to tell us about another administrator.
Surname	Titely	
5	Administrator's address	
Building name/number	Leonard Curtis	2 Other administrator Use this section to tell us about another administrator.
Street	Tower 12, 18/22 Bridge Street	
	Spinningfields	
Post town	Manchester	
County/Region		
Postcode	M 3 3 B Z	
Country		

AM03

Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	
7	Sign and date	
Administrator's Signature	Signature X  X	
Signature date	d 21 m 08 y 2018	

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	Anne Jack
Company name	Leonard Curtis
Address	Tower 12, 18/22 Bridge Street
	Spinningfields
	Manchester
Post town	
County/Region	
Postcode	M 3 3 B Z
Country	
DX	
Telephone	0161 831 9999



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



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**ASCOT LAWYERS LTD
(IN ADMINISTRATION)**

Registered Number: 08237614

Court Ref: 2591 of 2018

High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List
(CHD)

**Joint Administrators' Report and Statement of Proposals in accordance
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of
the Insolvency (England and Wales) Rules 2016**

Report date: 21 August 2018

Date report deemed to be delivered to creditors: 23 August 2018

Leonard Curtis contact details:

**Tower 12, 18/22 Bridge Street, Spinningfields,
Manchester M3 3BZ**

Tel: 0161 831 9999 Fax: 0161 831 9090

General email: recovery@leonardcurtis.co.uk

Email for requests for a physical meeting: Manchester.meetingreq@leonardcurtis.co.uk

Ref: M/38/AJA/A895K/1040

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**TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL EMPLOYEES
ALL MEMBERS**

1 INTRODUCTION

General information

- 1.1 I refer to the appointment of John Titley and I as Joint Administrators ("the Joint Administrators") of Ascot Lawyers Ltd ("the Company") on 29 June 2018 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the administrators to perform their 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.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the administrators state that they think:
- a) That the company has sufficient property to enable each creditor of the company to be paid in full; or
 - b) That the company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
 - c) That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case the administrators are of the opinion that, after payment of the costs and expenses of Administration, the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund. A dividend is, however, expected to be paid to secured and preferential creditors. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
 - A statement of the requesting creditor's claim, together with:
 - A list of the creditors concurring with the request and the amount of their respective claims or values; and
 - Confirmation of concurrence from each creditor concurring. OR
 - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.

The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 1.6 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case,

notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

Notice of an Invitation to Creditors to Form a Creditors' Committee

- 1.7 Although no dividend is expected to be paid to unsecured creditors in this case, creditors are entitled to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee.
- 1.8 Attached at Appendix K is Notice of an Invitation to Creditors to Form a Creditors' Committee. Any nominations must be delivered to the Joint Administrators by 6 September 2018 and can only be accepted if the Administrators are satisfied as to the creditor's eligibility under Rule 17.4 of the Rules.
- 1.9 In order to assist them in making an informed decision on whether they wish to be nominated to serve on a committee, creditors are encouraged to access the document below, which provides information on the rights, duties and functions of creditors' committees.

<https://www.r3.org.uk/media/documents/publications/professional/R3%20Guide%20to%20Creditors%20Committees.pdf>

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) under Court reference 2591 of 2018.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office was changed from Ascentia House, Lyndhurst Road, South Ascot, Berkshire SL5 9ED, to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ on 18 July 2018. The registered number is 08237614. The Company traded as its registered name.
- 2.4 The Company operated from leasehold premises at Acentia House, Lyndhurst Road, South Ascot, SL5 9ED.
- 2.5 The Company's recent directors are:

Name	Role	Date Appointed	Date Resigned
James Neil Somerville	Director	2 October 2012	-
Peter Charles Williams	Director	2 October 2012	12 April 2018

- 2.6 The Company's authorised share capital is 100. The issued share capital comprises 100 ordinary £1 shares, the shares being owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
Neil Somerville	Ordinary	95	95
Peter Williams	Ordinary	5	5
		100	100%

- 2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Amount secured £	Assets Charged
Novitas Loans Limited ("Novitas")	28 July 2015	Debenture	All monies	All Assets
Lloyds Bank PLC ("Lloyds")	11 September 2015	Debenture	All monies	All Assets

- 2.8 The EC Regulation on Insolvency Proceedings 2015 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated on 02 October 2012 however the Company remained dormant until 1 August 2015. Initially the business traded as a Partnership with Neil Somerville being joint partner. The business began to trade as a limited entity on 1 August 2015.
- 3.2 The Company latterly traded from leasehold premises at Acentia House, Lyndhurst Road, South Ascot. The principal trading activity of the Company was solicitors a practice. The Company is authorised by the Solicitors Regulatory Authority ("SRA") under authorisation number 622771. The Company employed 22 staff.
- 3.3 The Company was funded by way of a disbursements funding facility from Novitas, who hold security by way of a debenture, incorporating fixed and floating charges created on 28 July 2018. A sum of £354,000 remains outstanding to Novitas.
- 3.4 In addition, further funding was provided by way of a loan and overdraft facility from Lloyds, who hold security by way of a debenture, incorporating fixed and floating charges, created on 11 September 2015. A sum of £450,000 remains outstanding to Lloyds.
- 3.5 The Company has recently traded profitably but suffered from cashflow issues. Accounts for the year ended 31 July 2016 detail turnover of £2m and a trading profit of £63k being achieved. In the following year turnover decreased to £1.8m however the trading profit increased to £119k. Management accounts for the period ended 30 April 2018 detail that turnover of £1.3m (annualised to £1.8m) was recorded and profits of £9k (annualised to £12k) were achieved.
- 3.6 *Following the transition of the business from a Partnership to a limited company, the Company immediately traded with a liability of £305k following on from the termination of the partnership agreement, this was being repaid at a monthly rate of £10k. The Director advises that this liability has been repaid in full.*
- 3.7 Between 2015 and 2017 the Company saw various issues impacting on cashflow including a £250k liability as a result of a professional negligence claim which was not covered by the Professional Indemnity insurance. This was being paid monthly at a rate of £7.5k. An additional agreement was reached with another company in the sum of £175k which was also being paid monthly in the sum of £7.5k a month. All but one of these settlement agreements have been paid in full.
- 3.8 The Company also suffered a loss of c£750k as a result of work undertaken on c250-300 cases which were later found to be fraudulent.
- 3.9 The Director also advises that the Company received incorrect advice with regards to VAT set off which they ought to have done which resulted in increased liabilities due from the Company. This matter is being investigated to see if any action can be brought against the former accountant.

- 3.10 As a result of the above issues, the impact on the cashflow of the Company was substantial, furthermore the change in legislation, introducing fixed costs only being able to be recovered, further strained the Company financially.
- 3.11 In addition, the Director suffered from ill health between 2016 and 2018 which had impacted the day to day running of the business.
- 3.12 In late 2016, the Director took steps to reduce overhead costs and a change of suppliers to cut costs where possible. In addition, the Company transferred hearing loss claims held, saving the Company c£15k a month. Neil Somerville also introduced personal funds of c£50k to help aid cashflow.
- 3.13 Following a meeting with the Directors and the accountants in March 2018 it was confirmed that changes to the business were needed however the Directors could not reach an agreement on the changes required and Peter Williams resigned as director.
- 3.14 The Company was still experiencing cash flow difficulties and the Director sought advice from Recovery First Limited ("Recovery First") in this respect. Recovery First advised the Director to seek services of insolvency practitioners and recommended two firms, Leonard Curtis ("LC") and FRP Advisory LLP ("FRP").
- 3.15 The Director initially sought advice from FRP who advised the Director initially on insolvency matters. On 20 June 2018 the Company sought additional advice from LC.
- 3.16 LCs initial role was to review the Company's financial position and to determine whether it was insolvent and if so, to then advise on the most appropriate insolvency procedure in the circumstances and bearing in mind SRA requirements. *It was made clear that initially we would act as a professional adviser to the Company with responsibilities only to it.*
- 3.17 Following our review, we advised the director that the Company was insolvent due to it being unable to pay its debts as and when they fell due. In particular it was noted that the Company would be unable to make wages payments due at the end of June 2018.
- 3.18 The director was advised that it was his duty to act to protect the business and assets, in the interests of the Company and its creditors. As a result and to ensure the Company complied with his obligations, LC and the Director discussed which insolvency option would best protect the business and assets in the interests of the Company and its creditors, and to the satisfaction of the SRA.
- 3.19 SRA intervention is highly undesirable for a legal practice's creditors because it involves considerable cost which is payable out of the Company's assets in priority to creditors.
- 3.20 Following detailed discussions, it was concluded that a sale of the Company's principal assets immediately prior to the appointment of Administrators would be preferable as this would minimise the risk of intervention by the SRA and allow client files to be moved to other regulated firms, thereby maximising realisation of the Company's work in progress ("WIP"). It would also best facilitate the recovery of debtors and disbursements given that SRA rules prevent a legal practice from trading in Administration without a solicitor IP in office.
- 3.21 Consequently on 21 June 2018 the Director filed a Notice of Intention to Appoint Administrators ("NOI") in the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD). The notice proposed to appoint Julien Irving and John Titley of Leonard Curtis Recovery. The NOI was served on the Company's qualifying floating charge holders as required. Filing of the NOI granted the Company protection from its creditors whilst an appropriate administration strategy was finalised and offers were sought from interested parties.
- 3.22 Steps were taken to market the business for sale by way of an advertisement on LC's website from 21 June 2018 with a deadline for offers and proof of funding sought by 17.00hrs on 27 June 2018. LC is a leading national business solutions practice and actively markets business opportunities through the 'businesses for sale' section

- of its website. Advertising on LC's website exposed the business to a range of potential purchasers with the interest and ability to complete a sale.
- 3.23 The reason for the short marketing campaign was due to the employees' wages being due for payment on 29 June 2018 and the Company was not in a position to make payment of those wages. A sales / assignment of the whole of the Company's live files to SRA registered entities was key to avoiding intervention. An intervention would take place if a number of files / clients remained with the Company on administration.
- 3.24 In addition to the above, the business was marketed for sale to LC's extensive database of over 2,000 parties, including accountants, solicitor intermediaries, corporate finance advisors, trade acquirers and private investors. This was done on 22 June 2018 by way of a mail shot.
- 3.25 In addition to the general database, LC has a specific database of solicitors firms and practices which have expressed interest in acquiring other solicitors firms and practices on previous insolvencies that LC have dealt with. This targeted circular was also issued on 22 June 2018.
- 3.26 *10 unconnected parties contacted LC expressing interest in certain assets of the Company and 10 non-disclosure agreements ("NDA") were issued. A total of 5 NDA's were returned to LC. The proposed administrators then issued sales packs to all of the interested parties which had returned signed NDA's.*
- 3.27 When considering the offers received the directors along with the proposed administrators had to consider whether the offer was for all of the cases. Where an offer didn't express an interest in all of the WIP, SRA issues would arise. If a party didn't express interest in all of the files then either (i) the residual files would have to be sold which would involve additional costs being incurred in completing multiple sales, or (ii) if a sale of the residual cases was not made then that would likely lead to an SRA intervention at significant cost to creditors.
- 3.28 To minimise the risk of SRA intervention and maximise the value of the WIP, the assignments to Clear Law Solicitors, Go Law Solicitors Limited T/A GoLaw, Edwards Hoyle Limited, Forster Dean Limited, Michael W Halsalls Solicitors Limited and Simpson Sisson and Brooke LLP ("the Purchasers") were entered into on 29 June 2018 immediately prior to the appointment of the Joint Administrators.
- 3.29 Also on 29 June 2018 the Company entered into Monitoring Agreements with Recovery First Limited and the Purchasers. By these Recovery First will provide certain management services in respect of the progression of, and reporting on, the legal claims subject to the Assignments. These services include the provision of management information, auditing of case progression, assistance with cost, drafting and collection of fees recorded in respect of the legal claims.
- 3.30 Further on 29 June 2018 the Company entered into an agency agreement with the Purchasers pursuant to which they undertook custody and control of all of the Company's legal cases as its agent.
- 3.31 A notice appointing J Titley and myself of this office as Joint Administrators of the Company ("NOA") was given by the director, and filed in the High Court of Justice Business and Property Courts in Manchester - Company & Insolvency List (CHD) on 29 June 2018 following the completion of the transfer of the cases and the expiration of the required notice period to the Company's secured creditors.
- 3.32 J Irving and J M Titley are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of Schedule B1 of the Insolvency Act 1986, the functions of the Joint Administrators may be exercised by either both, acting jointly or alone.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the years ended 31 July 2017 and 31 July 2016 and management accounts for the period ended 30 April 2018 are detailed below:

	Mgmt Year ended 30 April 2018 £'000	Signed Year ended 31 July 2017 £'000	Signed Year ended 31 July 2016 £'000
Turnover	1,341	1,842	2,045
Gross Profit	763	1,831	816
Gross Profit %	57	99	40
Administrative expenses	(742)	(1,502)	(752)
Operating Profit/(Loss)	21	329	64
Interest and charges	-	(167)	(127)
Profit/(Loss) before tax	21	162	63
Taxation	(12)	(43)	-
Profit for the year	9	119	63
Dividends	-	-	-
Retained profit	9	119	63

- 4.2 It must be noted that the accounts for the year ended 31 July 2017 differs significantly in the gross profit to the year ended 31 July 2016 and the management accounts for the period ended 31 April 2018. This is due to the fact that the accounts have not taken into consideration staff salaries, staff national insurance, consultancy, marketing fees paid or other costs when calculating the cost of sales, and the administrative expenses are increased accordingly.
- 4.3 It should be noted that the retained profit in the year ended 31 July 2017 does not correlate with the movement in profit and loss account detailed in the balance sheet below. The Joint Administrators will investigate the reason for this discrepancy.

Ascot Lawyers Ltd - In Administration

4.4 The balance sheets as at 31 July 2016, 31 July 2017 and 30 April 2018 are detailed below:

	Mgmt Year ended 30 April 2018 £'000	Signed Year ended 31 July 2017 £'000	Signed Year ended 31 July 2016 £'000
Fixed Assets			
Goodwill	939	1,043	1,101
Current Assets			
Work In Progress	462	458	469
Trade Debtors	54	84	452
Directors' current accounts	47	-	-
Cash	2	1	1
	565	543	922
Creditors: Amounts Falling due within one year	(784)	(609)	(1,640)
Net Current Assets/(Liabilities)	(219)	(66)	(720)
Total Assets less Current Liabilities	720	977	381
Creditors: Amounts falling due after more than year	(711)	(976)	(444)
Net Assets	9	1	(63)
Represented by			
Called up share capital (£100)	-	-	-
Profit and Loss account	9	1	(63)
Shareholders' Funds	9	1	(63)

4.5 It should be noted that the movement in the profit and loss account between 2016 and 2017 does not correlate to the profit and loss accounts detailed above. The Joint Administrators will investigate the reason for this discrepancy.

Statement of Affairs

4.6 The director is required to lodge a statement of affairs as at 29 June 2018 which has to be filed with the Registrar of Companies. This document has not yet been received. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

4.7 Please note that no provision has been made in the Estimated Financial Position for costs and expenses of realisation, the costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

Secured Creditor

Novitas

- 4.8 Novitas hold security by way of a debenture, incorporating a fixed and floating charge, dated 28 July 2015. Novitas provided a disbursement funding facility to the Company.
- 4.9 As at the date of appointment, Novitas were owed £354,000. Further interest and charges may be applicable.
- 4.10 It is anticipated that there will be sufficient realisations to enable a distribution in full to Novitas under their floating charge. It should be noted that this is entirely dependent on the level of realisations from the WIP.

Lloyds

- 4.11 Lloyds hold security by way of a debenture, incorporating a fixed and floating charge, dated 11 September 2015.
- 4.12 As at the date of appointment, Lloyds were owed the sum of £450,000. Further interest and charges may be applicable.
- 4.13 It is anticipated that there will be sufficient realisations to enable a distribution in part to Lloyds under their floating charge, however the quantum is subject to final asset realisations in respect of the WIP.

Prescribed Part

- 4.14 The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's net property available to the unsecured creditors and not distribute it the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims.
- 4.15 The method of calculating the prescribed part and additional notes as regards its application are detailed in the notes at Appendix B.
- 4.16 Based upon the information currently available, it is estimated that there will be a prescribed part fund available in this case. In instances where there will be no dividend to unsecured creditors, as is the case here, the prescribed part fund will be distributed at the appropriate time by the Joint Administrators.

Preferential Claims

- 4.17 The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions.
- 4.18 The Company employed 23 staff with 21 staff members being made redundant on the date the Company ceased to trade, 29 June 2018. The Joint Administrators retained two members of staff to assist with the Joint Administrators post appointment requirements.
- 4.19 The employees which were made redundant on 29 June 2018 were owed wages from 1 June 2018 until the date of redundancy. The two members of staff which had been retained have been paid in full up to the date of redundancy.
- 4.20 The majority of employees also had outstanding accrued holiday pay.
- 4.21 Insol Group (HR) Limited ("Insol") have been instructed by the Joint Administrators to assist with the employee claims. The employees have submitted the relevant claims to the Redundancy Payments Office ("RPO") who will make certain payments to the employees and take the employees place as creditors of the Company. No claim has been received by the RPO to date however it is estimated by Insol that the preferential claims will amount to £29,292.

4.22 In addition there may be potential claims in respect of pension contributions, the Joint Administrators will instruct agents to assist with this in due course.

4.23 It is anticipated that realisations will be sufficient to allow preferential creditors to be repaid in full

Unsecured Claims

4.24 At present, it is considered unlikely that a liquidator will be appointed for the purpose of enabling a distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act.

4.25 As it is anticipated that there will be a dividend to unsecured creditors by way of the prescribed part, creditors should therefore continue to submit details of their claims using the proof of debt form attached at Appendix I. These will enable the Joint Administrators to pay any prescribed part dividend referred to in paragraph 4.14 above. The claims will also be collated and passed to any subsequently appointed Liquidator, should the position change.

Receipts and Payments

4.26 A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

Sale of the WIP

5.1 It was considered that the Administration process would best enable the value of the Company's principal asset, WIP to be maximised through the negotiation and conclusion of a transaction in the pre-appointment period whilst there was a moratorium protecting the Company against enforcement action.

5.2 Such a sale, concluded immediately prior to the Joint Administrators' appointment, was considered necessary to allow the following:

- maximise asset realisations via enhanced realisations of the Company's WIP and book debts;
- minimise the prospect of SRA intervention with the associated costs which would significantly deplete the monies available to creditors; and
- the retention of staff for a certain period to assist with the transfer of significant sums of client monies, and also the transfer of custody of the Company's inventory of archives to the SRA's satisfaction.

5.3 Steps were taken to market the business for sale by way of an advertisement on LC's website from 21 June 2018 with a deadline for offers and proof of funding sought by 17.00hrs on 27 June 2018. LC is a leading national business solutions practice and actively markets business opportunities through the 'businesses for sale' section of its website. Advertising on LC's website exposed the business to a range of potential purchasers with the interest and ability to complete a sale.

5.4 The reason for the short marketing campaign was due to the employees' wages being due for payment on 29 June 2018 and the Company was not in a position to make payment of those wages. A sales / assignment of the whole of the Company's live files to SRA registered entities was key to avoiding intervention. An intervention would take place if a number of files / clients remained with the Company on administration.

5.5 In addition to the above, the business was marketed for sale to LC's extensive database of over 2,000 parties, including accountants, solicitor intermediaries, corporate finance advisors, trade acquirers and private investors. This was done on 22 June 2018 by way of a mail shot.

- 5.6 In addition to the general database, LC has a specific database of solicitors firms and practices which have expressed interest in acquiring other solicitors firms and practices on previous insolvencies that LC have dealt with. This targeted circular was also issued on 22 June 2018.
- 5.7 10 unconnected parties contacted LC expressing interest in certain assets of the Company and 10 non-disclosure agreements ("NDA") were issued. A total of 5 NDA's were returned to LC. The proposed administrators then issued sales packs to all of the interested parties which had returned signed NDA's.
- 5.8 Since no offers had been received for the business and assets as a going concern, the Company and the proposed administrators considered that the offer received from Recovery First was the best available option and it was accepted. The Company's primary secured creditor, Novitas, also orally consented to the offer. It had the following benefits:
- a) It involved the movement / transfer of the totality of the Company's files (and therefore client base), thereby minimising the risk of potential SRA intervention and the significant costs that would have triggered to the detriment of the Company's creditors.
 - b) The Joint Administrators' expect that the total amount paid by the Purchasers will equate to approximately 70-85% of WIP value. For illustrative purposes Appendix B utilises the figure of 70% of the WIP being recoverable. We mentioned above that as at 21 June 2018 the Company had WIP which it valued at c£2m so this gives an indication of the total amount expected to be received. We would however emphasise that for reasons of client confidentiality and the restricted timescale, we have been unable to verify the WIP figure given the restrictive timescales. The Purchasers (as SRA-regulated entities and solicitors for the particular clients) are in the process of reviewing the status of each individual file they have acquired, and it may be that the amount receivable is less once that process is complete and once the Purchasers have reached the stage on client files when they are able to invoice for the Company's WIP and clients respond to those requests for payment.
 - c) A monitoring agreement is in place between the Company, the Purchasers and Recovery First which will inform the Administrators as to the value of WIP realisations as cases progress to the point of billing.
 - d) The sale is considered to be in the best interests of the Company's clients as their affairs and confidential files are at all times under the custody of an SRA regulated legal practice and they have the continuity of having a new solicitor ready to continue their matters. This should help to maximise realisations of the Company's WIP and debtors where debts relate to clients with live matters.
 - e) The Purchasers took custody of the bank of client Wills which had been held by the Company.
- 5.9 To minimise the risk of SRA intervention and maximise the value of the WIP, the assignments to the Purchasers were entered into on 29 June 2018 immediately prior to the appointment of the Joint Administrators.
- 5.10 Also on 29 June 2018 the Company entered into Monitoring Agreements with Recovery First Limited and the Purchasers. By these Recovery First will provide certain management services in respect of the progression of, and reporting on, the legal claims subject to the Assignments. These services include the provision of management information, auditing of case progression, assistance with cost, drafting and collection of fees recorded in respect of the legal claims.
- 5.11 Further on 29 June 2018 the Company entered into an agency agreement with the Purchasers pursuant to which they undertook custody and control of all of the Company's legal cases as its agent.
- 5.12 Letters were issued to the clients by the relevant Purchasers as well as an additional letter sent by the Company / Joint Administrators.
- 5.13 To date, no sums have been received in respect of the WIP.

Office Furniture and Computer Equipment

- 5.14 The Company had nominal items of Office Furniture and Computer Equipment and no offers were received for the purchase of these items. As such, certain of these items were removed from the leasehold premises by CAM prior to returning the keys to the premises back to the landlord. CAM will arrange for the furniture and equipment to be sold at auction. Realisations are anticipated to be minimal after costs and an estimate of £200 has been applied.

Debtors

- 5.15 The Director advised that the Company had debtors totalling £26,823 as per the book value.
- 5.16 The Joint Administrators are taking steps to realise these debts. A sum of £45 has been received to date.
- 5.17 Collections are uncertain at this time and will be communicated to creditors in future reports.

Cash at Bank

- 5.18 As at the date of Administration the Company had cash at bank amounting to £15,550, these funds have since been received into the Administration.

Potential Claim against accountants

- 5.19 *As discussed earlier in the report, the Director advises that there may be a potential claim to be brought against the former accountant of the Company in respect of incorrect VAT advice. No estimate of recovery has been made in respect of this asset as enquiries are ongoing by the Joint Administrators and Recovery First.*

Directors Loan Account

- 5.20 *The book value of the director's loan account is as stated in the Company's management accounts as at 30 April 2018 in the sum of £46,789. However, we understand that the director has introduced significant personal funds into the Company since April 2018 and as a result has outstanding sums due from the Company to him in the sum of c£50,000.*
- 5.21 The position will be reconciled and should any sums remain due from the director, or former director, we shall seek proposals for repayment.
- 5.22 It should be noted that Mr Somerville was recently made bankrupt and as such, any sums due from Mr Somerville are unlikely to be realised.

Goodwill

- 5.23 The Company had Goodwill with a book value of £939,166 as per the last set of accounts. No offers were received for this asset and as such no funds will be received in the administration in this respect.

Professional Advisors Used

- 5.24 On this assignment the Joint Administrators have used the professional advisors listed below.

Name of Professional Advisor	Service Provided	Basis of Fees
Leonard Curtis Legal	Legal advice	Time costs
Cerberus Asset Management ("CAM")	Asset valuation advice	Time costs
Insol	Handling of employee claims	Time costs
Recovery First Limited ("Recovery First")	WIP Monitoring	15% of work in progress recovered
Elsburys Ltd ("Elsburys")	Accountancy Advice and preparation of P45s and assistance with the preparation of the Statement of Affairs	Fixed fee

CAM

- 5.25 CAM, RICS registered valuers, were instructed by the Joint Administrators to assist with the removal of the assets from the leasehold premises and to assist with the sale of the assets at auction. CAM have been utilised due to their expertise in insolvency valuations and asset disposals.

Insol

- 5.26 Insol provides Employment Rights Act services to the Insolvency Sector. Insol have been instructed to assist in handling the relevant employees claims to the Redundancy Payments Office, liaising with the employees as necessary.
- 5.27 This work has been sub-contracted out by the Joint Administrators as the extensive specialist knowledge Insol have acquired over many years has allowed them to put effective systems in place to ensure employees claims are dealt with as quickly as possible.

Recovery First

- 5.28 Prior to our appointment, the Company entered into Monitoring Agreements with Recovery First as detailed previously in my report.
- 5.29 Under the Monitoring Agreements, Recovery First agreed to provide certain management services in respect of the progression of, and reporting on, the legal claims subject to the Assignments. These services included the provision of management information, auditing of case progression, assistance with cost, drafting and collection of fees recorded in respect of the legal claims.
- 5.30 Following the Administration, Recovery First have continued to monitor all cases transferred to the Purchasers for a fee of 15% of the work in progress recovered.
- 5.31 The Joint Administrators have instructed Recovery First to assist with WIP collections due to their increased expertise in this area.

Elsburys

- 5.32 Elsburys have been retained to assist with pre appointment tax matters and the preparation of the Statement of Affairs, due to their historical knowledge of the Company and the cost efficiency in retaining them to assist the Joint Administrators.
- 5.33 Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
 - (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 (if (a) and (b) cannot be achieved);
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that this objective is unlikely to be achieved as there is little prospect of a dividend to unsecured creditors, other than by way of a distribution of the prescribed part.
- 6.4 The third objective is to realise property in order to make a distribution to secured and / or preferential creditors. This objective is likely to be achieved.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors other than via the prescribed part, there is no requirement to seek such a decision from creditors.
- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.
- 7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.7 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of:
- each secured creditor of the Company; and
 - the preferential creditors of the Company.
- 8.3 The appropriate body of creditors will be contacted in due course should an extension be required.

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as:

- Fees charged; and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 9.2 Time charged and expenses incurred by the Joint Administrators and their agents in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis	Providing insolvency advice to the Company, obtaining financial information in order to formulate strategy, attendance at Company's premises, instructing agents, assisting with redundancies, liaising with the SRA, marketing of the Company, negotiation of the sale of the WIP, liaising with secured creditors and dealing with appointment formalities.	£27,462.50	Nil	n/a	£27,462.50
Insol Group (HR) Limited ("Insol")	Attendance on site to assist with redundancies	250.00	Nil	n/a	250.00
	Total	£27,712.50	Nil	n/a	£27,712.50

- 9.4 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £27,462.50 have been incurred which represents 71.1 hours at a rate of £386.25.
- 9.5 In the period prior to Administration, Leonard Curtis provided insolvency advice to the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company, and in light of the complexities provided by an SRA regulated entity.

9.6 The Joint Administrators evaluated the Company's financial position and advised that the Company was insolvent as it was unable to pay its liabilities as and when they fell due.

9.7 The work undertaken included but was not limited to:

- Advising the Company on which insolvency process would be most appropriate;
- Subsequently, it was advised that Administration was the most suitable form of insolvency and the Joint Administrators assisted with formulating an administration strategy.
- Dealing with all formalities relating to the appointment of Administrators;
- Preparing and reviewing the optimal insolvency strategy, and liaising with the secured creditors;
- Attending meetings with the director;
- Obtaining the Company's relevant financial information;
- Marketing of the business;
- Dealing with interested parties;
- Reviewing the assignments to 6 parties;
- Attending site to assist the redundant employees with their relevant claims to the RPO;
- Liaising with the Solicitors Regulation Authority with regards to the strategy;
- Liaising with the secured funders and reporting; and
- Time spent by LC Legal as detailed below:
 - Drafting the NOIs and filing of the same in Manchester District Registry of the High Court. Serving the NOIs on the Company, Lloyds and Novitas;
 - Checking if any winding up petitions had been presented in relation to the Company;
 - Drafting the appointment documentation and filing of the same in Manchester District Registry of the High Court; and
 - Providing general legal advice in respect of the Joint Administrators' appointment.

9.8 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. In this case, the Joint Administrators are required to seek the approval of the secured and preferential creditors to this resolution.

Insol

9.9 A representative of Insol attended site on 29 June 2018 to assist with the redundancies of the employees. Insol have been instructed during the administration to assist with the employee claims and Insol were able to provide advice to the employees with regards their claims to the RPO.

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

General

10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

Approval by appropriate body

10.2 The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In such circumstances, responsibility for approving the basis of the Joint Administrators'

remuneration lies with the Creditors' Committee (if there is one); or if none (or the Committee does not make the requisite determination): each secured creditor of the Company; or where the Joint Administrators intend to make a distribution to preferential creditors: each secured creditor of the Company and a decision of the preferential creditors.

- 10.3 In the absence of a Creditors' Committee being established in this case, approval will be sought from the secured and preferential creditors and the outcome will be reported to all creditors in due course.

Information to be given to creditors

- 10.4 The Joint Administrators wish, in this case, to seek the secured and preferential creditors' agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the administration ("Statement of Likely Expenses").

The Fees Estimate

- 10.5 The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:
- Details of the work that the Joint Administrators and their staff propose to undertake;
 - The hourly rate or rates that the Joint Administrators and their staff propose to use; and
 - The time that the Joint Administrators anticipate that each part of the work will take.

Details of the Joint Administrators' time costs to 27 July 2018 have also been included for comparison purposes. In summary, time costs of £57,793.50 have been incurred to 27 July 2018 which represents 202.1 hours at an average rate of £285.96 per hour.

- 10.6 The total amount of time costs as set out in the Fees Estimate is £199,257.00. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the administration.
- 10.7 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to secured and preferential creditors for further approval.
- 10.8 Details of the firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix H.
- 10.9 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded using the following link:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

If you would prefer this to be sent to you in hard copy please email recovery@leonardcurtis.co.uk or contact Anne Jack of this office on 0161 831 9999.

Statement of Likely Expenses

- 10.10 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information, it has been separated into the following categories:
- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
 - (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 disbursements" and they may not be drawn without the approval of the secured and preferential creditors in the same way as fees and the secured and preferential creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.

Further Updates

- 10.11 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 ESTIMATED OUTCOME FOR CREDITORS

- 11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.
- 11.2 The Estimated Outcome Statement assumes the following:
- a) That asset realisations are in line with those estimated at Appendix B;
 - b) That the Joint Administrators' fees estimate (as detailed at Appendix E) is approved and is not exceeded; and
 - c) That the expenses of the administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.
- 11.3 In summary:
- Secured creditors – it is anticipated that Novitas will be repaid in full. It is anticipated that there will be sufficient funds to repay Lloyds in part after disbursing the costs of the administration.
 - Preferential creditors – It is anticipated that there will be sufficient funds to repay preferential creditors in full.
 - Unsecured creditors – it is anticipated that there will be insufficient funds to pay a dividend to unsecured creditors other than by way of the prescribed part, after disbursing the costs of the administration. The prescribed part element is anticipated to be in the region of £174k but this is dependent upon the level of WIP realisations.

12 RELEASE OF ADMINISTRATORS FROM LIABILITY

- 12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.
- 12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.

- 12.3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the secured and preferential creditors. The appropriate class of creditor will be contacted directly in this respect.

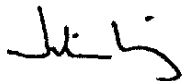
13 CONCLUSION

- 13.1 It is important that you give careful attention to this report and its Appendices.

- 13.2 *Creditors will be advised of the outcome on the deemed approval of the Proposals in due course.*

Should you have any queries or require any further clarification please contact Anne Jack at my office, **in writing**. Electronic communications should also include a full postal address.

for and on behalf of
ASCOT LAWYERS LTD



JULIEN IRVING
JOINT ADMINISTRATOR

Julien Irving is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 13092 and John Titley is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 8617

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as agents of the Company without personal liability.

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. *If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation. It is further proposed that Julien Irving and/or John Titley be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.*
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Julien Irving and/or John Titley be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

APPENDIX B

ESTIMATED FINANCIAL POSITION AS AT 29 JUNE 2018

	Notes	Book value £	In Administration £
Assets specifically pledged			
Goodwill	1	939,166	Nil
less: Novitas		(354,000)	(354,000)
less: Lloyds Bank		(450,000)	(450,000)
Surplus as regards fixed charge holder		<u>135,166</u>	<u>(804,000)</u>
 Assets not specifically pledged			
WIP	2	2,427,801	1,359,569
Office Furniture	3	Nil	200
Debtors	4	26,823	13,412
Cash at Bank	5	15,550	15,550
Potential Claim against Accountants	6	Nil	N/k
		<u>2,470,174</u>	<u>1,388,730</u>
Preferential creditors	7	<u>n/a</u>	<u>(29,292)</u>
Net property available for prescribed part		<u>2,605,340</u>	<u>1,359,438</u>
 Prescribed part calculation			
50% of first £10,000	9	n/a	(5,000)
20% of balance		<u>n/a</u>	<u>(269,888)</u>
Total prescribed part fund available		<u>n/a</u>	<u>(274,888)</u>
 Available for floating charge creditor		<u>2,605,340</u>	<u>1,084,550</u>
Novitas	9	n/a	(354,000)
Lloyds	10	<u>n/a</u>	<u>(450,000)</u>
Shortfall as regards floating charge holder		<u>2,605,340</u>	<u>234,550</u>
Add back prescribed part		<u>n/a</u>	<u>274,888</u>
Available for unsecured creditors		<u>2,605,340</u>	<u>509,438</u>
 Unsecured creditors			
H M Revenue & Customs – PAYE / NI	11	(38,056)	(38,056)
H M Revenue & Customs - VAT	11	(161,836)	(161,836)
Directors Loan Account (Current & Former)	12	(126,500)	(126,500)
Employees	13	(141,098)	(141,098)
Trade and expense creditors	14	(169,068)	(169,068)
Total value of unsecured creditors		<u>(636,588)</u>	<u>(636,588)</u>
 Estimated deficiency as regards unsecured creditors		<u>1,968,752</u>	<u>(127,150)</u>

It should be noted that no provision has been made for the costs and expenses of the administration.

NOTES TO THE ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

1. Goodwill

The latest book value is £939,166.

No offers were received for this asset class and as such no recoveries will be made on this respect.

2. WIP

Whilst the Company had book values for WIP totalling £2,427,801, the actual value for WIP can only be determined when the cases are settled, and costs assessed.

As detailed in the body of the report, all files were transferred prior to our appointment.

An offer was received from Recovery First on an earn out basis and it is estimated that 70-85% of WIP value could be realised.

I can advise that transfers of the client files were completed prior to our appointment on 29 June 2018, all unconnected entities to the Company ("the Purchasers"). The transactions were completed prior to our appointment, as soon as the recipient firms were able to do so, both to ensure the best preservation of the value of the WIP to the Company and its creditors, and on the basis that the files would not be at risk of being subject to any SRA intervention once transferred. It was also determined that transferring the files was in the best interests of the clients.

The agreements provided that a Panel Read in Fee would be paid to the Purchasers, in respect of drafted work (non-fixed fee work), in respect of the Purchasers initial review of the Legal case. In respect of non-drafted matters (fixed fee work), no Panel Read in Fee is applicable.

The Company also entered into Monitoring Agreements with Recovery First and the Purchasers on 29 June 2018. Under the Monitoring Agreements, Recovery First agreed to provide certain management services in respect of the progression of, and reporting on, the legal claims subject to the Assignments. These services included the provision of management information, auditing of case progression, assistance with cost, drafting and collection of fees recorded in respect of the legal claims.

The consideration for the transfers is payable by the recipient firm by way of a percentage of the net profit costs on each matter, as and when each is settled or resolved and as determined by a law costs draftsman. The payment provisions are enforceable by any subsequently appointed Administrator of the Company.

A selection of the Company's cases relating to conveyancing was not transferred to Recovery First panel firms and was instead transferred to Bonnetts Solicitors ("Bonnetts"), an unconnected party on 29 June 2018.

Whilst the exact level of recoveries will not be known for some time, this represents the best possible outcome for creditors based on an estimate of recoveries. An SRA intervention would have significantly reduced or extinguished recoveries for the benefit of creditors, given that the intervention costs are paid

initially, and the client files could not be progressed other than in the short term without purchasers providing the necessary working capital.

For illustrative purposes only, in the Estimated Financial Position, a 20% general provision in respect of unsuccessful claims has been applied and a 70% recovery rate has been estimated to the balance.

3. Office Furniture and Computer Equipment

The Company had nominal items of office furniture and Computer Equipment. No offers were received for the purchase of these items. As such, these were removed from the leasehold premises by CAM prior to returning the keys to the premises back to the landlord.

CAM will arrange for the furniture and equipment to be sold at auction, however for the purposes of this report they have estimated the recoveries to amount to £200 in the administration.

4. Debtors

The Director advised that the Company had debtors totalling £26,823 as per the book value, it is estimated that 50% of these will be recoverable in the administration

5. Cash at Bank

As at the date of Administration the Company had cash at bank amounting to £15,550, these funds have since been received into the Administration.

6. Potential Claim against Accountant

The Director advises that there may be a potential claim to be brought against the former accountant of the Company. No estimate of recovery has been made in respect of this asset as enquiries are ongoing by the Joint Administrators and Recovery First.

7. Preferential Creditors

The Company employed 23 staff with 21 staff members being made redundant on the date the Company ceased to trade, 29 June 2018. The Joint Administrators retained two members of staff to assist with the boxing of the Company books and records and assistance with the systems.

The employees which were made redundant on 29 June 2018 were owed wages from 1 June 2018 until the date of redundancy. The two members of staff which had been retained have been paid in full up to the date of redundancy.

The majority of employees also had outstanding accrued holiday pay.

Insol Group (HR) Limited ("Insol") were instructed by the Joint Administrators to assist with the employee claims. The employees have submitted the relevant claims to the Redundancy Payments Office ("RPO") who will make certain payments to the employees and take the employees place as creditors of the Company.

No claim has been received by the RPO to date however it is estimated by Insol that the preferential claims will amount to £29,292.

In addition there may be potential claims in respect of pension contributions, the Joint Administrators will instruct agents to assist with this in due course.

8. Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the administrator must make a *prescribed part* of the company's net property (after costs and preferential creditors) available to the unsecured creditors and not distribute it the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims.

The method of calculating the prescribed part is given below:

Where the net property does not exceed £10,000

50% of that property

Where the net property exceeds £10,000

50% of the first £10,000, plus 20% of the property which exceeds £10,000, up to a maximum prescribed part of £600,000.

9. Novitas

Novitas hold security by way of a debenture, incorporating a fixed and floating charge, dated 28 July 2015.

As at the date of appointment, Novitas were owed £354,000. Further interest and charges may be applicable.

10. Lloyds

Lloyds hold security by way of a debenture, incorporating a fixed and floating charge, dated 11 September 2015.

As at the date of appointment, Lloyds were owed the sum of £450,000. Further interest and charges may be applicable.

11. H M Revenue & Customs

The H M Revenue and Customs balance has been extracted from the Company records and should not be regarded as agreed amounts.

Please note that the initial claim received by H M Revenue & Customs should not be taken as an agreed amount.

12. Directors Loan Account

The Director advised that he has introduced significant personal funds into the Company and as a result has outstanding sums due from the Company to him in the sum of c£50,000.

The position will be reconciled and should any sums remain due from the director, we shall seek his proposals for repayment.

13. Employees

The balance of unsecured employee claims will generally comprise of amounts in excess of the preferential limit for arrears of pay, arrears of pension contributions not deemed to be preferential, compensation in lieu of notice and redundancy claims.

For the purposes of this report our employment consultant has estimated unsecured claims in respect of compensation in lieu of notice and redundancy claims may total approximately £141,098.

14. Trade and expense creditors

The unsecured creditor balances have been extracted from the Company records and should not be regarded as agreed amounts.

CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address --					Per S of A £
D&D Leasing UK Ltd	Studio LU.404. The Light Bulb	1 Filament Walk	Wandsworth,	London	SW18 4GQ	0.00
SIBIT Limited	11-13 Duke's Ride,	Crowthorne			RG45 6LZ	0.00
HM Revenue & Customs	Debt Management & insolvency Service	Ty Glas	Llanishen	Cardiff	CF12 5ZP	161,836.00
Lloyds Bank	6th Floor	110 St Vincent Street	Glasgow		G2 5ER	450,000.00
Novitas Loans Limited	1 Hartfield Road	London			SW19 3RU	354,000.00
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	0.00
Flow Plumbing Services	FLOW PLUMBING SERVICES LTD	1A Hope Fountain	Camberley	Surrey	GU15 1JF	84.00
No5 Chambers	4-7 Salisbury Ct	London			EC4Y 8AA	120.00
Redwoods	Registered Office: Airport House	Purely Way	Croydon	Surrey	CR0 0XZ	141.30
Astral Hygiene	Unit 23a	Slough business park	94 Farnham Rd	Slough	SL1 3FQ	156.00
BT	British Telecom	217-4 Holborn	London		EC1N 2TD	161.38
BT	British Telecom	217-4 Holborn	London		EC1N 2TD	174.72
Crowthorne Service Centre	173 Duke's Ride	Crowthorne			RG45 6NZ	199.55
Curian Medical	West Midlands House	Gipsy Lane	Willenhall		WV13 2HA	263.00
No5 Chambers	4-7 Salisbury Ct	London			EC4Y 8AA	300.00
EA Law	DX: 89714 Chelmsford	140 New London Road	Chelmsford	Essex	CM2 0AW	300.00
Phillip Edge	Church End	Biddenham	Bedford	Bedfordshire	MK40 4AW	340.00
Ashley Taylor Legal	First Floor Offices	11 Horsted Square	Bellbrook Business Park	Uckfield	TN22 1QG	378.00
7BR	7 Bedford Row	London			WC1R 4BX	426.72
Citi Medical	New Mansion House	63-65 Chorely New Rd	Bolton		BL1 4QR	432.00
Citi Medical	New Mansion House	63-65 Chorely New Rd	Bolton		BL1 4QR	432.00

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Welcome Translations						495.72
Absolute Translations	Absolute Translations Ltd	Voest Alpine House	Albion Place	London	W6 0QT	498.50
Magdalen Chambers	Victory House	Dean Clarke Gardens	Exeter	EX2 4AA		540.00
No5 Chambers	4-7 Salisbury Ct	London	EC4Y 8AA			600.00
Old Square	10-11 Bedford Row	London	WC1R 4BU			600.00
Old Square	10-11 Bedford Row	London	WC1R 4BU			600.00
Kate Van Rol	4 Paper Building Chambers	4 Paper Buildings				628.00
Orion Medical						654.00
Orion Medical						654.00
No5 Chambers	4-7 Salisbury Ct	London	EC4Y 8AA			762.00
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	780.00
Old Square	10-11 Bedford Row	London	WC1R 4BU			828.00
Old Square	10-11 Bedford Row	London	WC1R 4BU			828.00
Old Square	10-11 Bedford Row	London	WC1R 4BU			828.00
7BR	7 Bedford Row	London	WC1R 4BX			828.00
7BR	7 Bedford Row	London	WC1R 4BX			828.00
7BR	7 Bedford Row	London	WC1R 4BX			1,000.00
Just Costs	53 Fountain St	Manchester	M2 2AN			1,118.88
Elsburys	Suite 2	1 Kings Row	Crowthorne	RG45 7BF		1,119.00
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	1,159.56
4 Kings Bench Walk	4 Kings Bench Walk	2nd Floor	Temple	London	EC4Y 7DL	1,200.00
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	1,200.00
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	1,245.48
Old Square	10-11 Bedford Row	London	WC1R 4BU			1,284.00
No5 Chambers	4-7 Salisbury Ct	London	EC4Y 8AA			1,290.00
Oyez	Spicers Building	Peterboat Close	Grenwich	SE10 0PX		1,305.10
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	1,427.40
Page Hardy Harris	Premier Gate	Easthampstead Road	Bracknell	Berkshire	RG12 1JS	1,602.00
Mediex						1,620.00

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Old Square	10-11 Bedford Row	London	WC1R 4BU			1,650.00
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	2,280.00
Advanced Legal Solutions Ltd	Ditton Park	Riding Court Road	Datchet	SL3 9LL		2,351.93
Old Square	10-11 Bedford Row	London	WC1R 4BU			2,484.00
Farrars Building	Farrar's Building	Temple	London	EC4Y 7BD		2,520.00
4 Kings Bench Walk	4 Kings Bench Walk	2nd Floor	Temple	London	EC4Y 7DL	2,580.00
MCN	Chichester	PO19 9QF				2,700.00
Pitney Bowes	Langlands House	130 Sandringham Avenue	Harlow	CM19 5QA		2,750.00
SIBIT	11-13 Duke's Ride	Crowthorne	RG45 6LZ			2,782.62
4 Kings Bench Walk	4 Kings Bench Walk	2nd Floor	Temple	London	EC4Y 7DL	3,000.00
Oasis	Oasis UK	Quadrant 1 Homefield Road	Haverhill	Suffolk	CB9 8QP	3,661.88
Hardwicke	Hardwicke Building	New Square	Lincoln's Inn	London	WC2A 3SB	3,927.12
PKB	Beechey House	87 Church St	Crowthorne	RG45 7AW		4,000.00
Horwich Farrelly	Alexander House	94 Talbot Rd	Stretford	Manchester	M16 0PG	4,181.00
Levenes	Ashley house	235-239 High Rd	London	N22 8HF		4,980.00
Clyde & Co	St Botolph Building	138 Houndsditch	London	EC3A 7AR		8,385.52
Wise	104 Commerical Road	Swindon	Wiltshire	SN1 5PL		8,701.41
RPC	Tower Bridge house	St Katharines Way	London	E1W 1AA		12,000.00
DP Pensions	Bridewell House	Bridewell Lane	Tenterden	Kent	TN30 6FA	28,100.00
VAT	HMRC	DMB 440	BX5 5AB			38,056.00
Close Brothers Limited	Wimbledon Bridge House	1 Hartfield Road,	London,		SW19 3RU	0.00
Premium Credit Limited	Ermyn House	Ermyn Way	Leatherhead	Surrey	KT22 8UX	0.00
White Collar (Legal and Admin) Ltd	1 Old Hall Street	Suite 111	Liverpool		L3 9HF	0.00
Woodside Recycling	Woodside Farm	Goodboys Lane	Grazeley	Berks	RG7 1ND	0.00
Flexible Storage Solutions	Flexible House	Watson Close	West Thurrock	Essex	RM20 3EF	0.00

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Telappliant Limited	C/O Thomas Higgins Limited	Pre Issue Section	Lloyds Chambers	Wallasey	CH45 4TH	0.00
RateSetter	6th Floor	55 Bishopgate	London		EC42N 3AS	0.00
Gavalas Medico Services GMS	C/O Levenes Solicitors	Ashley House	235 - 239 High Road	Wood Green	N22 8HF	0.00
Legal Ombudsman	Office For Legal Complaints	Edward House	Quay Place	Birmingham	B1 2RA	0.00
Kain Knight	Accounts Department	1-5 Priors	London Road	Bishop's Stortford	CM23 5ED	0.00
Mr Steven Harper	Suite 221	42 Triangle West	Clifton	Bristol	BS8 1ES	0.00
The Royal Bank of Scotland	Invoice Finance	Cyan Building	PO Box 598	Rotherham	S63 3GP	0.00
Victoria Asset Finance	PO Box 256	Caepphilly			CF83 9FJ	0.00
DX Network Services Limited	Ditton Park	Riding Court Road	Datchet	Slough	SL3 9GL	0.00
Dacorum Borough Council	The Forum	Hemel Hempstead	Herts		HP1 1DN	0.00
First Data Global Leasing	Janus House	Endeavour Drive	Basildon		SS14 3WF	0.00
Purchase Power	Building 5 Trident Place	Hatfield Business Park	Mosquito Way	AL10 9UJ		0.00
DP Pensions Limited	Bridewell House	Bridewell Lane	Tenterden	Kent	TN30 6FA	34,600.00
One PM Finance	Second Floor	St James' House	The Square	Lower Bristol Road	BA2 3BH	0.00
Royal Borough of Windsor and Maidenhead	Business Rates	PO Box 3448	Town Hall	St. Ives Road	SL6 1NG	0.00
Directors Loan Accounts						126,500.00
Employees	23 Employees pref claim					29,292.00
Employees	23 Employees non-pref claim					141,098.00
Total						1,469,849.79

NOTES:

Any sums which appear duplicated relate to multiple invoices due to the creditor.

Lloyds Bank Plc hold security by way of debenture, created on 11 September 2015.

Novitas Loans Limited hold security by way of debenture, created on 28 July 2015.

EMPLOYEES LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address				Pref Claim	Non-Pref Claim
Frances Somerville	25 Goaters Road	Ascot	SL5 8HZ		2461.54	9,471.55
Stevie-Lee Arnott	382 Selborne Avenue	Aldershot	GU11 3RH		1665.38	2,276.92
Joan Corney	24 Templar Close	Sandhurst	GU47 8JP		1040.00	6,050.00
Lorraine Wise	110 New Road	Ascot	SL5 8QH		926.92	1,456.41
Lara James					1298.75	2,000.00
Steven Eldred					0.00	0.00
Simon Doyle	27 Queens Acre	Kings Road	Windsor	SL4 2BE	0.00	0.00
Julie Williams	77 Tiverton Road	Basingstoke	RG23 8EH		0.00	10,286.78
Raj Sahota	15 Blandford Road South	Langley	SL3 7RT		880.77	3,507.69
Rachel Swinnerton	29 Coney Green	Winchester	SO23 9JB		1761.54	11,984.37
Kelly Wassell	11 Blunt Road	Beggarwood	Basingstoke	RG22 4SS	1434.61	3,869.84
Deniece Lines	3 Cape Villas	Cecil Road	Iver	SL0 9PU	1915.38	7,127.02
Katie Gibson	17 Jupiter Way	Wokingham	RG41 3GE		800.00	3,869.84
James Neil Somerville	25 Goaters Road	Ascot	SL5 8HZ		4953.86	41,077.16
Siobhan Howard	3 Hambleden Court	Bracknell	RG12 9QG		0.00	5,000.00
Laura Chapman	4 Orthello Grove	Warfield	RG42 3TZ		1241.67	4,642.83
Ewelina Plitcha	Flat 3	23 Golden Manor	Hanwell	W7 3EE	800.00	1,046.15
Natasha Higgins	48 Rosedale Gardens	Wildridings	Bracknell	RG12 7EZ	800.00	2,764.33
Haya Ahmed	30 Shackleton Road	Slough	SL1 3RS		1169.23	1,661.54
Nicola McKenzie	35 Calver Close	Winnersh	Reading		848.08	1,764.10
Jessica Fitzgerald	53 McCarthy Way	Finchampstead	RG40 4UA		800.00	2,071.79
Alice Francis	11 Millers Thumb	Bracknell	RG12 2RZ		850.00	8,058.35
Frances Stafford	15 Sturbridge Close	Lower Earley	RG6 4EE		861.54	841.02
Matthew Chandler					886.54	7,070.14
Greg Duda	57 Church Street	Slough	SL1 2NN		1526.93	2,892.31

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William Stead		369.23	307.69
	Total	29,291.98	141,097.83

APPENDIX C

**SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
29 JUNE 2018 TO 21 AUGUST 2018**

	Statement of Affairs £	Received to date £
RECEIPTS		
Work In Progress	1,359,569.00	-
Office Furniture and Equipment	200.00	
Disbursements Recovered	n/k	-
Potential Claim against accountant	n/k	
Bank Interest	n/k	0.04
Receipt to repay – Recovery First	n/k	20,136.00
Cash at Bank	15,550.00	15,550.00
Debtors	13,412.00	45.00
	<u>1,388,730.00</u>	<u>35,731.04</u>
PAYMENTS		
Software licence		(157.26)
Bank interest and charges		(22.50)
Wages and Salaries		(2,579.80)
		<u>(2,759.56)</u>
BALANCE IN HAND		<u>32,971.48</u>

SUMMARY OF JOINT ADMINISTRATORS PRE-ADMINISTRATION COSTS

	Total		Average
	Units	Cost	hourly rate
	No	£	£
Strategy and purpose evaluation	543	20,701.00	381.23
Preparation of documents	113	4,286.50	379.34
Chargeholder	55	2,475.00	450.00
	711	27,462.50	386.25

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

Strategy & Purpose Evaluation

Significant time has been spent in relation to the strategy and purpose evaluation, this included but was not been limited to:

- Meeting initially with the director to ascertain all pertinent issues;
- Planning the course of the administration and the best strategy to maximise realisations.
- Obtaining the Company's relevant financial information;
- Formulating and advertising a flyer to advertise the business for sale and dealing with interested parties;
- Reviewing offers received;
- Liaising with Recovery First and the Purchasers following the transfer of the files;
- Attending site to assist the director in making the relevant redundancies;
- Attending site to uplift the Company's books and records;
- Instructing agents to assist with the proposed administration;
- Liaising with the landlord by telephone and by email;
- Arranging relevant insurances;
- Liaising with the Solicitors Regulation Authority with regards to the strategy; and
- Liaising with appointed solicitors regarding the proposed administration.

Preparation of Documents

Time has been incurred preparing the engagement letter and verifying the director and shareholder identity in compliance with money laundering obligations. This also included setting up the case file and ensuring statutory requirements were met.

Time has also been spent in respect of the appointment documentation (NOIs and NOA) and the deeds of partial release obtained from Lloyds and Novitas.

Time was spent receiving telephone calls from clients of the Company and advising them where their case had transferred by letter and telephone.

Chargeholder

Time appended to this category consists of various correspondence by way of telephone conversations and emails with Lloyds and Novitas regarding the administration strategy, their indebtedness and security and in respect of the deeds of release.

JOINT ADMINISTRATORS' FEES ESTIMATE INCORPORATING TIME INCURRED TO 27 JULY 2018

	FEES ESTIMATE			INCURRED TO 27 JULY 2018		
	Total			Total		
	Units No	Cost £	Average hourly rate £	Units No	Cost £	Average hourly rate £
Statutory and review	177	5,611.00	317.00	5	160.00	320.00
Receipts and payments	442	14,680.00	330.32	82	2,493.00	304.02
Insurance, bonding and pensions	27	943.50	349.44	13	338.00	260.00
Assets	2,150	68,795.00	319.98	1,009	25,367.00	251.41
Liabilities	2,026	60,365.00	297.95	244	8,432.00	345.57
Landlords	17	565.00	332.35	9	234.00	260.00
Debenture Holder	51	1,854.50	363.63	35	1,447.50	413.57
General Administration	181	4,813.50	265.94	260	7,964.00	306.31
Appointment	80	2,375.00	296.88	72	2500.00	247.22
Planning & Strategy	157	5,528.00	352.10	38	1121.00	295.00
Post Appointment Creditors Meetings	171	5,212.50	305.00	12	540.00	450.00
Investigations	180	5,715.00	317.50	-	-	-
Case Specific	720	14,700.00	204.17	124	338.00	227.18
Legal Services – Preparation	50	2,250.00	450.00	43	1335.00	310.78
Legal Services – Attendance	10	450.00	450.00	7	257.00	367.14
Legal Services – Drafting	10	450.00	450.00	23	943.00	410.00
Legal Services – Letter In	10	450.00	450.00	-	-	-
Legal Services – Letter Out	50	2,250.00	450.00	23	943.00	410.00
Legal Services – Telephone call	10	450.00	450.00	13	533.00	410.00
Legal Services – email in	20	900.00	450.00	-	-	-
Legal Services – email out	20	900.00	450.00	9	369.00	410.00
Total	6,559	199,257	303.79	2,021	57,793.50	285.96

APPENDIX E (CONTINUED)

JOINT ADMINISTRATORS' FEES ESTIMATE
DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve weekly team meetings to discuss and agree case strategy and a month 1 review by the firm's Compliance team to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses we will as a minimum carry out three monthly and six monthly reviews to ensure that the case is progressing as planned.
- Allocation of staff, management of staff, case resourcing and budgeting. Time recorded to this category may include a degree of case planning. This is likely to involve a number of internal meetings in order to ensure that the purpose of the Administration is being achieved and that the actions taken by the Joint Administrators are in accordance with the duty to act in the interest of the company, its creditors and stakeholders.
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9;
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice;
- The team is required under the Company Directors' Disqualification Act 1986 to review the Company's records and consider information provided by creditors on the conduct of the all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of statutory returns or reports on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' sworn statement of affairs and filing of document at Companies House in accordance with statutory requirements; and
- Completion of case closing procedures at the end of the case.

To date time has been spent reviewing letters prepared by junior members of staff.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank account;
- Management of case bank account to ensure compliance with relevant risk management procedures;
- Regular review of case bank account by senior member of staff to ensure that fixed and floating charge assets have been properly identified and prescribed part funds have been set aside where appropriate;
- Preparation of periodic receipts and payments accounts for inclusion in the first and final statutory reports and any additional reports which may be required as a result of an extension of the administration;
- Timely completion of all post appointment tax and VAT returns;
- Preparation and review of a number of periodic estimated outcome statements ("EOS") which will be used to monitor the progress of asset realisations and the administration generally;
- Liaising with the Bank with regards to the sums held in the Company's client account; and

- Managing estate expenses.

To date time has been spent opening the case bank account, preparing the EOS and managing estate expenses. In addition time has been spent liaising with the bank in respect of the client account balances.

Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Notification and progression of post-appointment insurance claims;
- Periodic review of insurance requirements over physical assets, to minimise costs to the estate;
- Calculation and request of joint administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A Bond is a legal requirement on all administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three month intervals in accordance with best practice;
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation; liaising with pensions providers to understand the nature of the scheme, advising the Pensions Regulator that the Company is no longer an employer for the purposes of automatic enrolment and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme; and
- Liaising with pension companies to arrange for prompt wind up of schemes.

To date time has been spent issuing the s.120 pension notices and the calculation of the bond.

Assets

- Agreeing strategy for realisation of Company assets – Significant time will be spent monitoring WIP realisations. Time will be spent reviewing the reports to the Administrators on progress and settlements received from Recovery First on behalf of the respective Purchasers.
- Time has also been spent advising clients which panel firm their case has transferred to.
- Time will also be spent monitoring the position with regards to the case transferred to Bonnetts and requesting the WIP amounts due when required.
- Time will also be spent monitoring the disbursements recovered.
- Time will also be spent pursuing the debtors due and the sale of the tangible assets.
- Instruction of and liaising with agents as required – CAM have been instructed to sell the tangible assets held by sale at auction. Recovery First have been instructed to monitor the Work in Progress due to their increased expertise in this area.
- Liaising with Company's bankers re pre-appointment bank accounts;
- Identification and return of third party assets – the Company held one vehicle subject to a finance agreement.

To date time has been spent liaising with clients and the purchasers in respect of the transfer of the WIP.

Liabilities

This category of time includes both statutory and non-statutory matters.

Statutory

- Processing of claims from the Company's creditors – All claims received from the Company's 75 unsecured creditors will be logged. Claims are not being formally agreed at this stage as they will be agreed should a dividend be payable to the floating charge creditors, resulting in the setting aside of a prescribed part;
- Distribution of the prescribed part, including agreeing of creditor claims;
- Processing of claims from the Company's employees. Prior to our appointment, 21 employees were made redundant. A further two employees were made redundant following our appointment. Time has been spent liaising with the relevant employees to provide support in completing the relevant form in order to submit a claim to the Redundancy Payments Office. Time has also been spent liaising with Insol who are instructed to submit the relevant forms;
- Preparation, review and submission of pre-appointment tax and VAT returns;
- Preparation and submission of periodic progress reports to creditors In this instance, it is anticipated that a further four statutory reports will be required to be sent to the creditors, should an extension to the administration be appropriate; and
- Requesting an extension to the administration, if appropriate.

Non-statutory

- Dealing with enquiries from the Company's creditors – this will include dealing with creditors general queries by post, telephone and email. The Company has a number of disbursement creditors and time will be spent advising these creditors which panel firm the live cases have been transferred to; and
- Dealing with enquiries from the Company's employees - this will include dealing with employees queries by post, telephone and email. Time has also been spent instructing Haines Watts to prepare the employees P45s.

Time has been spent liaising dealing with general creditor queries and employee queries in respect of the P45s.

Debenture Holder

- Liaising with Lloyds and Novitas as secured creditors; and
- Preparing periodic update notes to the secured creditors as to the progression of the cases.

To date time has been spent liaising with Lloyds and Novitas following the appointment of the Joint Administrators.

Landlords

- Review of current leases in respect of Company premises; and
- Liaising with landlords in respect of premises and the vacation of the premises.

General Administration

- Dealing with queries from clients regarding the files which have transferred to the Purchasers;
- Dealing with monies held in the Company's client account;
- General planning matters;
- Setting up and maintaining the administrators' records;
- Dealing with the Company's IT provider to obtain relevant company information;
- Arranging a postal redirection;
- Arranging collection and storage of company records and dealing with the archiving of clients closed cases which are required to be kept for a period of six years;

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- Providing updates to the Solicitors Regulation Authority in respect of the administration; and
- Dealing with general correspondence and communicating with the director and shareholder.

To date time has been spent dealing with general correspondence, liaising with the director and also liaising with the shareholder. Considerable time has also been spent reconciling the client account for the Company.

Appointment

- Statutory notifications to creditors and other interested parties following the administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

Post Appointment Creditors' Decisions

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Insolvency (Amendment) Rules 2015;
- Convening a decision by correspondence to agree Fees Estimate with appropriate body of creditors; and
- Reporting on outcome of voting.

Investigations

- Collecting and reviewing the Company's records;
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations. Statutory Investigations will include determining if any of the following have occurred:
 - Transactions at an Undervalue;
 - Preferences;
 - Transactions putting assets beyond the reach of creditors
 - Misfeasance or breach of any fiduciary duty
 - Wrongful trading
 - Undue retention of Crown monies
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the Companies Directors Disqualification Act 1986.

No time has spent to date in this category.

Case Specific

- Consideration of GDPR in relation to the books and records of the Company;
- *Dealing with queries from clients of the Company re the sale of the business and assets to the Purchaser; and*
- Any other matters specific to the case which cannot be allocated elsewhere.

Legal Services - Preparation

This consists of time anticipated to be spent by our in-house legal department advising on any legal matters in respect of the administration. Our in house legal department will be used to advise on various matters in order to reduce the amount of external legal fees incurred.

To date, time has been spent preparing documents to appoint solicitor manager.

Legal Services – Attendance

This consists of time anticipated to be spent by our in-house legal department attending meetings in respect of any legal matters in respect of the administration. Our in house legal department will be used to advise on various matters in order to reduce the amount of external legal fees incurred.

To date, time has been spent meeting with the Joint Administrators in respect of correspondence received and advising on the content.

Legal Services – Drafting documents

This consists of time spent by our in-house legal department preparing relevant documents in respect of the administration.

Legal Services – Letter Out

This consists of time spent by our in-house legal department serving the Notice of appointment on the secured creditors.

Legal Services – Telephone Call

This consists of time spent by our in-house legal department making relevant telephone calls.

Legal Services – Email Out

This consists of time spent by our in-house legal department sending various emails providing advice in respect of the Company's IT system.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
AML Checks	Electronic client verification	10.00
Bond Fee	Insurance bond	260.00
Document Hosting	Hosting of documents for creditors	112.00
Software Licence Fee	Case management system licence fee	87.00
Statutory Advertising	Advertising	83.02
Storage Costs	Storage of books and records and archived files	20,000.00
Post redirection	Redirection of post	303.00
	Total standard expenses	20,855.02

Case Specific Expenses

Type	Description	Amount £
Agents' Fees	Costs of valuing and realising assets	2,000.00
Agents' Commission	Commission fees following auction and costs of preparation, portorage, catalogues and advertising	186.20
Agents' Fees	Costs of collection of books and records from the site and returning to Manchester. Assisting the administrators with the set up and administration of the IT systems.	15,000.00
WIP Collection Fees	Costs of collection of WIP (15%)	203,935.00
Panel Read In Fee	Costs of Purchasers' initial review of the transferred case	TBC
Staff parking costs	Staff Parking Costs	20.00
Court Filing Fee	Costs of filing the appointment documentation in the Manchester District Registry	50.00

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Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	600.00
Accountancy Fees	Costs of assisting with the preparation of the statement of affairs and preparing the P45s for the redundant employees	4,000.00
Insurance	Insurance costs in respect of the physical assets	229.60
Professional Fees	Calculation of residual preferential and unsecured claims	2,500.00
Professional Fees	Pension Scheme Advice and assistance with arrears of pension contributions claim.	2,500.00
IT System	Costs of IT system	10,000.00
Sundry Expenses	Costs of office supplies and postage	49.18
Wages	Wages in respect of retained staff	2,579.80
	Total case specific expenses	243,649.78

NOTES

WIP Collection Fees with Recovery First have been agreed at 15% of the work in progress recovered from cases transferred to the Purchasers and the fee advised above is based on the work in progress estimate from the *Estimated Financial Position at Appendix B*. The actual fee will be calculated once the work in progress has been received.

Panel Read in Fees with the respective Purchasers have been agreed at 15% of the work in progress recovered, in respect of drafted work (non-fixed fee work), in respect of the Purchasers initial review of the transferred case. In respect of non-drafted matters (fixed fee work), no Panel Read in Fee is applicable. An estimate cannot be calculated as the work in progress schedule provided does not provide a split between drafted and non-drafted matters. The actual fee will be calculated once the work in progress has been received and will be detailed to creditors in future reports.

ESTIMATED OUTCOME STATEMENT

	Preferential	Secured Novitas	Secured Lloyds	Unsecured
	£'000	£'000	£'000	£'000
Amount estimated available to class of creditor	922	711	357	181
Amount due to creditor per Appendix B	(29)	(354)	(450)	(637)
Estimated dividend rate (as a %)	100%	100%	79%	28%

LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

6 Jan 2014 onwards	Standard £
Director	450
Senior Manager	410
Manager 1	365
Manager 2	320
Administrator 1	260
Administrator 2	230
Administrator 3	210
Administrator 4	150
Support	0

Office holders' remuneration may include costs incurred by the firm's in-house legal team, who may be used for non-contentious matters pertaining to the insolvency appointment.

Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount
AML checks	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per individual
Bond / Bordereau fee	Insurance bond to protect the insolvent entity against and losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case

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Company searches	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service		
Document hosting	Hosting of documents for creditors/shareholders	Type	First 100	Every addtl 10
		ADM	£14.00	£1.40
		CVL	£7.00	£0.70
		MVL	£7.00	£0.70
		CPL	£7.00	£0.70
		CVA	£10.00	£1.00
		BKY	£10.00	£1.00
	IVA	£10 p.a. or £25 for life of case		
Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £204.00 3-6 months £303.00 6-12 months £490.00		
Software Licence fee	Payable to software provider for use of case management system	£87.00 plus VAT per case		
Statutory advertising	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£83.02 plus VAT per advert Dependent upon advert and publication		
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges		

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of externally appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions.	Time costs plus disbursements plus VAT
Other disbursements	See disbursements section below	See disbursements section below

Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£81.25 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

APPENDIX I

Insolvency (England and Wales) Rules 2016

Rule 14.4

Proof of Debt – General Form
Relevant date: 29 June 2018

Name of Company in Administration:

Ascot Lawyers Ltd

Company registered number:

08237614

1. Name of creditor (if a company, provide registration number)

2. Correspondence address of creditor (including email address)

3. Total amount of claim (£) at relevant date (include any Value Added Tax)

4. If amount in 3 above includes outstanding uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if you need more space attach a continuation sheet to this form)

6. Details of any security held, the value of the security and the date it was given

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7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

8. Details of any document by reference to which the debt relates

9. Signature of creditor (or person authorised to act on the creditor's behalf)

10. Date of signing:

11. Address of person signing (if different from 2 above)

12. Name in BLOCK LETTERS

13. Position with, or relation to, creditor

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.

LEONARD CURTIS PRIVACY NOTICE FOR CREDITORS

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, Level 5, The Grove, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS

APPENDIX K

Insolvency (England and Wales) Rules 2016

Rule 3.39

Notice of an Invitation to Creditors to Form a Creditors' Committee

In the:	HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER - COMPANY & INSOLVENCY LIST (CHD)	No:	2591 OF 2018
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Re:	ASCOT LAWYERS LTD (IN ADMINISTRATION)
Previous Name:	
Registered No:	08237614

Address of Company	ACENTIA HOUSE, LYNDHURST ROAD, SOUTH ASCOT, SL5 9ED
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NOTICE IS HEREBY GIVEN, IN ACCORDANCE WITH PARAGRAPH 57 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986, RULE 3.39 AND PART 17 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016, THAT creditors are invited to decide whether a creditors' committee should be established if sufficient creditors are willing to be members of that committee. Julien Irving and John Titley invite creditors to put forward their nominations for membership of the committee. Such nominations must be received by the date specified in this notice. The Joint Administrators can only accept nominations if they are satisfied as to the creditors' eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.

Nominations must be received by:
and should be delivered to:

6 September 2018
Julien Irving and John Titley
Tower 12, 18/22 Bridge Street
Spinningfields
Manchester
M3 3BZ
Tel: 0161 831 9999
Email: recovery@leonardcurtis.co.uk

Signed:		Dated:	
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Creditors are referred to section 1.18 of this report for a link to guidance for creditors as to the roles, duties and responsibilities of members of creditors' committees.