22/2

In accordance with Rule 18.6 of the Insolvency (England & Wales) Rules 2016.

AM10
Notice of administrator's progress report

Companies House

TUESDAY

A77YNI7U
A15 12/06/2018 #32
COMPANIES HOUSE

1 Company details

Company number	8 4 4 3 1 0 1
Company name in full	4Children (Gloucestershire) Limited

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

2 Administrator's name

Full forename(s)	Adam Henry
Surname	Stephens

3 Administrator's address

Building name/number	25 Moorgate
Street	London
Post town	EC2R 6AY
County/Region	
Postcode	
Country	

4 Administrator's name ❶

Full forename(s)	Finbarr Thomas
Surname	O'Connell

❶ **Other administrator**
Use this section to tell us about another administrator.

5 Administrator's address ❷

Building name/number	25 Moorgate
Street	London
Post town	EC2R 6AY
County/Region	
Postcode	
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM10
Notice of administrator's progress report

6 Period of progress report

From date	d 3 d 1	m 0 m 8	y 2 y 0 y 1 y 7
To date	d 2 d 7	m 0 m 2	y 2 y 0 y 1 y 8

7 Progress report

☑ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X	X
Signature date	d 2 d 1	m 0 m 3 y 2 y 0 y 1 y 8

Continuation page

Name and address of insolvency practitioner

What this form is for
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ❶ Use extra copies to tell us of additional insolvency practitioners.

What this form is NOT for
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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

All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☑ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Andrew Stephen
Surname	McGill

3 Insolvency practitioner's address

Building name/number	3rd Floor
Street	9 Colmore Row
Post town	Birmingham
County/Region	
Postcode	B 3 2 B J
Country	

AM10
Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Martin Ewing
Company name	Smith & Williamson LLP
Address	25 Moorgate
	London
Post town	EC2R 6AY
County/Region	
Postcode	
Country	
DX	
Telephone	020 7131 4000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

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

Where to send

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

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

Further information

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

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

Smith & Williamson

4Children (Gloucestershire) Limited(in administration)

Joint administrators' progress report for the period from 31 August 2017 to 27 February 2018

21 March 2018

Contents

1.	Glossary	1
2.	Introduction & Summary	2
3.	Progress of the administration	2
4.	Investigations	3
5.	Administrators' remuneration	3
6.	Administration expenses	4
7.	Estimated outcome for creditors	5
8.	Outstanding matters	6
9.	Ending the administration	6
10.	Creditors' rights	7
11.	Next report	7

Appendices

I	Receipts and payments account	17
II	Time analysis for the period	19
III	Cumulative time analysis	21
IV	Fee Estimate	22
V	Staffing, charging, subcontractor and adviser policies and charge out rates	24

1. Glossary

Abbreviation	Description
the Company	4Children (Gloucestershire) Limited
the administrators/joint administrators	Adam Henry Stephens, Andrew McGill and Finbarr Thomas O'Connell
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
the Charity Group	4Children, 4Children (Trading) Limited, 4Children (Direct) Limited, 4Children (Gloucestershire) Limited, 4Children (Plymouth) Limited, 4Children (Worcestershire) Limited - All in Administration
SOA	Statement of Affairs
ETR	Estimated to realise
HMRC	HM Revenue & Customs
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
S&WFS	Smith & Williamson Financial Services Limited
FCA	Financial Conduct Authority
FSE	FSE Social Impact Accelerator Limited

2. Introduction & Summary

This report provides an update on the progress in the administration of the Company for the six month period ended 27 February 2018. It should be read in conjunction with any previous reports. By way of reminder, we, Adam Henry Stephens, Andrew McGill and Finbarr Thomas O'Connell, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 31 August 2016.

- The trading activity of the Company was predominantly pertained to work with Gloucester local authority. It included the provision of children's centres and youth services as well as educating professionals in the childcare sector.
- The Charity existed to promote the care and education of children in need of care out of school hours and school holidays in the interests of their social welfare with the object of improving their welfare and conditions of life.
- The Charity's Group's business and assets were sold as a going concern to Action for Children on 31 August 2016 for a total consideration of £53,520.
- The objective of the administration is as in P3(1)(b) Sch B1, namely achieving a better result for the Charity's creditors as a whole than would be likely if the Company were wound up (without first being in administration).
- The joint administrators' fee basis was approved by the secured and preferential creditors on account of time costs.
- There will be no funds available for unsecured creditors other than from the Prescribed Part and, once the joint administrators have filed their notice of ceasing to act with the Registrar of Companies, steps will be taken to dissolve the Company.
- The administration was extended until 31 August 2018 by the consent of the creditors.

3. Progress of the administration

Attached at Appendix I is our receipts and payments account for the period from 31 August 2017 to 27 February 2018. This account includes cumulative figures for the period from 31 August 2016 to 27 February 2018.

3.1 Sale of business

As creditors will recall, a pre-packaged sale ("pre-pack") of a majority of the Charity Group's business and assets was completed on 31 August 2016, to another Charity, being Action For Children. The remainder of services were taken back in-house by the relevant local authority or transferred (at the local authority's request) to another provider. Full details of this transfer were provided in the joint administrators' proposals which can be found on www.ips-doc.com. The majority of the consideration received was in respect of plant and equipment.

The consideration is held with the administrators' solicitors, Russell Cooke LLP who assisted with the pre-pack sale of the business. These funds will be allocated across the six companies.

3.2 Bank Interest Gross

A sum of £7.50 was received in respect of bank interest.

3.3 Administration strategy

There has been no change in the administration strategy outlined in the joint administrators' proposals. All assets have been realised however the administration cannot be concluded because there were various outstanding matters within the Charity Group that will potentially impact upon the Company.

During the reporting period various post completion matters involving Action for Children were finally resolved. Concluding these matters represents one of the final hurdles to bringing to a close this (and the other related) administrations.

4. Investigations

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

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

5. Administrators' remuneration

The secured and preferential creditors approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration on 24 January 2018. This was granted following the joint administrators providing a fees' and expenses' estimate and the requisite majority of creditors by means of a resolution by correspondence on 24 January 2018.

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
31 August 2016 - 27 February 2017	87.60	21,501.05	245.45	NIL
28 February 2017 -30 August 2017	35.60	7,755.75	217.86	NIL
31 August 2017 - 27 February 2018	20.10	4,969.50	247.24	NIL
Total	143.30	34,226.30	238.84	NIL

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

The joint administrators' costs to date are £34,226.30, as above, compared to our original estimate of £42,403.25 plus £2,000 for S&WFS and only the incurred time costs within the approved estimate will be drawn. Any sum in excess of the approved estimated time costs will not recovered by the joint administrators. Appendix II provides a detailed breakdown of the current period's costs.

Also attached as Appendix III, is a cumulative time analysis for the period from 31 August 2016 to 27 February 2018 which provides details of the administrators' time costs since appointment. To date, no fees have been drawn by the joint administrators.

Appendix IV provides a copy of the previously authorised time cost estimate breakdown.

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

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. In the event that the fees estimate is likely to be exceeded, the joint administrators will need to provide an update and seek approval from the appropriate creditors before drawing any additional sums. *Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to* provide an accurate estimate at any given point.

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

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

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

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

5.1 S&WFS

S&WFS, a company associated with Smith & Williamson LLP, has dealt with the Company's pension affairs. Payments to parties in which administrators or their firm have an interest must be disclosed to, and approved by, creditors.

The secured and preferential creditors approved S&WFS' remuneration on a time costs basis limited to £2.000. S&WFS time costs to 27 February 2018 are £877.50. This represents 4.50 hours at an average rate of £195.00 per hour. To date, no fees have been drawn by S&WFS.

Details of S&WFS' charge out rates are included at Appendix V.

6. Administration expenses

6.1 Subcontractors

We have not utilised the services of the any subcontractors during the current period.

6.2 Professional advisers

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

Name of professional adviser/Services	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Russell Cooke LLP - Legal advice re: Fee authority, concluding sale of business and extension	Hourly rate and disbursements	4,069.00	Nil	4,069.00

The table above summarises the quantum of professional fees paid directly by the Company. The joint administrators' are reviewing these costs and the allocation across the Charity Group.

6.3 Administrators' disbursements

No disbursements have been incurred or paid in this reporting period however the joint administrators have outstanding time costs of £237.24.

6.4 Category 2 disbursements

No category 2 disbursements have been incurred or paid.

6.5 Policies regarding use of third parties and disbursement recovery

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

7. Estimated outcome for creditors

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

7.1 Secured creditors

FSE holds a fixed and floating charge over the Company's assets. It also has a series of cross guarantees over almost all of the other Charity Group's assets. FSE have a claim for £503,893. In the period covered by this report, no payments have been made to the secured creditor. Future payments to FSE will be dependent on realisation made by each entity within the Charity Group.

7.2 Prescribed Part

The Company granted a floating charge to FSE on 9 October 2014. Accordingly, we are required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors.

At present we are unable to provide an estimate on the value of the Company's net floating charge property. The value of the unsecured creditors' Prescribed Part fund will therefore only be made available once the joint administrators have finalised the outstanding matters such as the apportionment of the sale consideration. If there is a Prescribed Part distribution available for unsecured creditors, this will be distributed by the joint administrators in the administration.

7.3 Preferential creditors

We set out below a summary of preferential claims received:

Preferential creditor	SOA claims £	Claims received £
Department for Business, Energy & Industrial Strategy	NIL	800.00

The joint administrators continue to review the preferential creditor position.

7.4 Unsecured creditors

We have received unsecured claims totalling £ 661,006.12 from 27 creditors. Total claims as per the directors' SOA were £21,496.

The only amount likely to be available for distribution to unsecured creditors is the prescribed part. However, as detailed in section 7.2, at present it is uncertain whether there will be sufficient funds to enable a prescribed part distribution.

8. Outstanding matters

The joint administrators' costs to date are £34,226.30 as detailed in section six, compared to our original estimate of £42,403.25 plus £2,000 for SW&FS. We estimate that it will cost a further £8,000 to conclude the administration.

The matters detailed below are the remaining matters that must be dealt with in the administration.

- Conclusion of outstanding pension matters.
- Filing corporation tax returns and obtaining tax clearance in respect of the administration period.
- Paying all costs and expenses of the administration
- Adjudicating the preferential creditors' claims.
- Agreeing the claim of and making payment to the floating charge holder.
- Potentially declaring a distribution to the unsecured creditors through the prescribed part rule.
- Closure of the administration, including preparing and issuing the final report.

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

9. Ending the administration

It is anticipated that the Company will exit via dissolution and based on current information they may be a distribution to the unsecured creditors through the prescribed part.

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

Authorisation for discharge from liability was granted by the secured and preferential creditors on 24 January 2018 by correspondence.

10. Creditors' rights

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

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

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

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

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

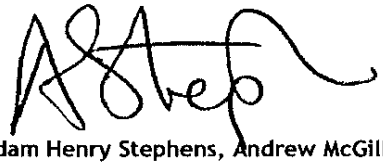
i) Email: insolvency.enquiryline@insolvency.gsi.gov.uk

ii) Telephone number: +44 300 678 0015

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

11. Next report

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



Adam Henry Stephens, Andrew McGill and Finbarr Thomas O'Connell

Joint Administrators

Date: 21 March 2018

Appendices

I Receipts and payments account

Receipts and payments account to 27 February 2018

Statement of Affairs £		From 31/08/2017 To 27/02/2018 £	From 31/08/2016 To 27/02/2018 £
	ASSET REALISATIONS		
500.00	Furniture & Equipment	NIL	NIL
346,132.00	Book Debts	NIL	527.40
110.00	Cash at Bank	NIL	11,910.51
	Business Rates Refund	NIL	2,682.40
	Utility Refund	NIL	481.02
	Bank Interest Gross	7.70	18.85
		7.70	15,620.18
	COST OF REALISATIONS		
	Agents/Valuers Fees (1)	NIL	646.16
	Statutory Advertising	NIL	140.58
		NIL	(786.74)
	FLOATING CHARGE CREDITORS		
(500,000.00)	Floating Charge Creditor	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(21,496.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
(174,754.00)		7.70	14,833.44
	REPRESENTED BY		
	Clients Deposit (Interest Bearing)		14,833.44
			14,833.44

Notes and further information required by SIP 7

- The administrators' remuneration has been approved.
- We have sought approval to draw any other costs that would require the same approval as our remuneration.
- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.

- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.
- The sale consideration of £53,520 from the sale of the Charity Group's business and assets is held with our solicitors.

II Time analysis for the period

From 31 August 2017 to 27 February 2018

Classification of work function	Hours							
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff	Total hours	Time cost	Average hourly rate
Administration and planning								
Statutory returns, reports & meetings	0.00	0.00	1.35	8.90	0.00	10.25	2,295.50	223.95
Initial post-appointment notification letters, including creditors	0.00	0.00	0.00	2.25	0.00	2.25	495.00	220.00
Cashiering general, including bonding	0.00	0.00	0.00	0.00	0.35	0.35	106.75	305.00
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary	0.60	0.00	0.40	0.20	0.10	1.30	474.50	365.00
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.00	0.00	0.30	0.00	0.00	0.30	75.00	250.00
Filing - Administration and planning	0.00	0.00	0.05	0.00	0.00	0.05	12.50	250.00
Director/manager review, approval and signing	0.00	0.00	0.30	0.00	0.05	0.35	90.25	257.86
Realisation of assets								
Debtors not financed (includes reassigned debtors)	0.20	0.00	0.50	0.00	0.00	0.70	225.00	321.43
Creditors								
Floating charge creditors	0.60	0.00	1.20	0.00	0.00	1.80	600.00	333.33
PPO and ERA claims & tribunals	0.00	0.00	0.00	0.50	0.00	0.50	110.00	220.00
Employees & pension (other) (incl Jobcentre/CSA etc)	0.05	0.00	1.15	0.00	0.00	1.20	312.50	260.42
Unsecured creditors	0.00	0.00	0.45	0.00	0.00	0.45	112.50	250.00
Corporate Tax								
Corporate Tax	0.00	0.00	0.00	0.60	0.00	0.60	60.00	100.00
Total	**1.45**	**0.00**	**5.70**	**12.45**	**0.50**	**20.10**	**£4,969.50**	£247.21

Breakdown of time spent by Smith & Williamson Financial Services employees

Classification of work function	Hours							
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff	Total hours	Time cost	Average hourly rate
Smith & Williamson Financial Services								
S&WFS Employee Benefits Consultancy	0.75	0.00	0.00	0.00	0.00	0.75	221.25	295.00
Total	**0.75**	**0.00**	**0.00**	**0.00**	**0.00**	**0.75**	**£221.25**	**£295.00**

Explanation of major work activities undertaken

Administration and Planning

This section of the analysis encompasses the cost of the office holders and their staff in complying with their statutory obligations, internal compliance requirements, and all tax matters.
This work includes the following:

- Drafting the 6 month progress reports to creditors
- Protection of Company's assets and records (including electronic).
- Dealing with routine correspondence.
- Dealing with agents on general matters, not relating to the sale of assets or correspondence with advisers on investigation matters.
- Maintaining physical case files and electronics case details on IPS (case management software).
- Case reviews (including 6 month reviews).
- Case bordereau and reviews.
- Case planning; administration; and general case progression, including adjustments in appointment strategy.
- Preparing reports to stakeholders.
- Maintaining and managing the appointment's cash book and bank accounts.
- Ensuring statutory lodgements and tax lodgements obligations are met.
- Submitting VAT returns and Corporation Tax returns (when due).

Realisation of assets

This section is in relation to the realisation of the Company's assets, which is explained in detail through the contents of our report. The work generally includes the following:

- Liaising with secured charge holders in respect of the sale of assets subject to their security.
- Book debt collection and management
- Dealing with business rates and prepayments
- Ensuring all matters in regard to the sale are dealt with including leases and matters of concern for Action for Children. Local Authority transfers have been broadly concluded without equivalent challenges.

Creditors

Work under this section includes extensive correspondence and other contact with the creditors of the Company regarding sale, continued services and amount owing. The work includes the following:

- Dealing with creditor correspondence via email and telephone.
- Preparing reports to charge holders.
- Maintaining creditors' information on our insolvency database.
- Maintaining employee claims and liaising with Job Centre, Redundancy Payments Services etc. Dealing with pension positions and third party.

Pensions

- Reconciling the pension records held by Scottish Widow and NEST to the Company records. This will *enable the Company to make a claim to the Redundancy Payments Office in relation to unpaid* contributions.

III Cumulative time analysis

From 31 August 2017 to 27 February 2018

Classification of work function	Hours: Partner / Director	Associate director	Manager / Assistant Manager	Other professional staff	Assistants & support staff	Total hours	Time cost	Average hourly rate
Administration and planning								
Statutory returns, reports & meetings	2.05	0.00	12.10	21.20	0.10	35.45	8,572.75	241.83
Initial post-appointment notification letters, including creditors	0.00	0.00	1.50	2.75	0.00	4.25	1,032.50	242.94
Cashiering general, including bonding	0.00	0.00	0.00	0.20	3.45	3.65	836.75	229.25
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary	1.25	0.00	5.55	4.00	0.20	11.00	2,745.05	249.55
Post appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.00	0.00	0.55	0.70	0.00	1.25	273.75	219.00
Protection of company records (incl elections)	0.00	0.00	1.15	0.00	0.00	1.15	327.75	285.00
Filing, file and information management	0.00	0.00	1.20	0.00	0.00	1.20	285.75	238.13
Agents and advisers, general	0.00	0.00	0.00	0.20	0.00	0.20	40.00	200.00
Filing - Administration and planning	0.50	0.00	0.35	1.60	0.00	1.65	332.50	201.52
Director/manager review, approval and signing	0.00	0.00	0.30	0.00	0.05	0.35	90.25	257.86
Other	0.00	0.00	2.00	8.80	0.00	10.80	2,108.25	213.73
Investigations								
Directors' correspondence & conduct questionnaires	0.90	0.00	0.00	0.00	0.00	0.90	391.50	435.00
Statutory books and accounting records review	0.00	0.00	0.75	0.00	0.00	0.75	176.25	235.00
SIP2 and SIP4 obligations (inc CDDA86 forms)	0.60	0.00	1.10	5.50	0.00	7.20	1,619.50	224.93
Realisation of assets								
Fixed charge Property (land and buildings)	0.00	0.00	0.45	0.00	0.00	0.45	132.75	295.00
Debtors not financed (includes reassigned debtors)	0.40	0.00	8.35	6.20	0.00	14.95	3,745.25	250.55
Other chattel assets	0.00	0.00	1.00	0.40	0.00	1.40	365.00	260.71
Completion of work in progress	0.00	0.00	0.20	0.00	0.00	0.20	47.00	235.00
Cash at Bank	0.00	0.00	0.45	0.00	0.00	0.45	105.75	235.00
Sale of business-post competition matters	1.60	0.00	0.65	0.00	0.00	2.25	848.75	377.22
Trading								
Trading on decision and day 1-3 operations	0.00	0.00	3.25	1.00	0.00	4.25	1,126.25	265.00
Creditors								
Floating charge creditors	1.10	0.00	3.45	0.00	0.00	4.55	1,346.25	295.88
RPO and ERA claims & tribunals	0.00	0.00	0.40	1.05	0.00	1.45	297.00	204.83
Employees & pension fother) (incl Jobcentre/CSA etc)	0.05	0.00	1.55	3.75	0.00	5.35	1,169.50	218.60
Unsecured creditors	0.00	0.00	5.75	19.35	0.10	25.20	5,469.75	217.05
Filing- creditors	0.00	0.00	0.00	2.40	0.00	2.40	480.00	200.00
Corporate Tax								
Corporate Tax	0.00	0.00	0.00	0.60	0.00	0.60	60.00	100.00
Total	**7.95**	**0.00**	**51.75**	**79.70**	**3.90**	**143.30**	**£34,226.30**	**£238.84**

Breakdown of time spent by Smith & Williamson Financial Services employees

Classification of work function	Hours: Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff	Total hours	Time cost	Average hourly rate
Smith & Williamson Financial Services								
S&WFS Employee Benefits Consultancy	1.50	0.00	0.00	3.00	0.00	4.50	877.50	195.00
Total	**1.50**	**0.00**	**0.00**	**3.00**	**0.00**	**4.50**	**£877.50**	**£195.00**

IV Fee Estimate

Anticipated case duration	31 August 2016 to 30 August 2018							
	Partner / Director	Associate Director	Manager/ Assistant Manager	Senior Administrator/ Administrator	Assistants & support staff			
Hourly rate (£)	500	285	235	220	165			
	Hours					Total hours	Total estimated time costs (£)	Average hourly rate
Classification of work function								
Administration and planning								
[illegible]	3.00		15.00	15.00	0.10	33.10	8,341.50	252.01
[illegible]			1.50	0.40		1.90	440.50	231.84
[illegible]	0.50		1.50	3.00	4.65	9.65	2,029.75	210.34
[illegible]	2.00		6.00	5.00		13.00	3,510.00	270.00
[illegible]	0.50		1.50	2.00		4.00	1,042.50	260.63
[illegible]			1.15			1.15	270.25	235.00
[illegible]			0.50	1.50		2.00	447.50	223.75
[illegible]			1.40	2.00		3.40	769.00	226.18
[illegible]				0.20		0.20	44.00	220.00
[illegible]	0.50		2.00	2.00		4.50	1,160.00	257.78
[illegible]				1.60		1.60	352.00	220.00
[illegible]	1.50					1.50	750.00	500.00
Other			2.00	12.00		14.00	3,110.00	222.14
Investigations								
[illegible]	0.90					0.90	450.00	500.00
[illegible]			0.75			0.75	176.25	235.00
SIPA and SIP4 [illegible]	0.60		1.10	5.50		7.20	1768.5	245.63
Realisation of assets								
[illegible]			0.45			0.45	105.75	235.00
[illegible]	0.50		7.85	6.20		14.55	3,458.75	237.71
[illegible]			1.00	0.40		1.40	323.00	230.71
[illegible]	0.90					0.90	450.00	500.00
[illegible]				1.00		1.00	220.00	220.00
[illegible]			0.20			0.20	47.00	235.00
Cash at Bank			0.45			0.45	105.75	235.00
Trading (closure)								
[illegible]			3.25	1.00		4.25	983.75	231.47
Creditors								
[illegible]	1.50		2.50	3.00		7.00	1,997.50	285.36
[illegible]			0.80	1.00		1.80	408.00	226.67
[illegible]				1.00		1.00	220.00	220.00
[illegible]	0.50		1.00	4.00		5.50	1,365.00	248.18
[illegible]			0.20	4.50		4.70	1,037.00	220.64
[illegible]			6.00	23.00		29.00	6,470.00	223.10
[illegible]				2.50		2.50	550.00	220.00
Total	12.90	-	58.10	97.80	4.75	173.55	42,403.25	244.33

Notes/reconciliation differences

The following gives a summary of our original estimates, provided in our report dated 25 September 2017, and the actual time costs incurred as at 27 February 2018 for ease of comparison:

Task	Estimated fees to be incurred	Actual Fees Incurred £
Administration and Planning	22,267.00	16,845.30
Investigations	2,394.75	2,187.25
Realisation of Assets	4,710.25	5,245.00
Trading	983.75	1,126.25
Creditors	12,047.50	8,762.50
Corporation Tax	Nil	60.00
S&WFS	2,000.00	877.50
Total	**44,403.25**	**35,103.80**

Our work is still ongoing and accordingly at present we are still under our fee estimate.

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

Introduction

Detailed below are:

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

Staff allocation and the use of subcontractors

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

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

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

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

Use of professional advisers

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

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

S&WFS

S&WEBC is a pensions consultancy firm which specialises in providing advice to Insolvency Practitioners on their appointment in relation to all aspects of pensions. It is a division of S&WFS, a company associated with Smith & Williamson LLP.

S&WEBC may be engaged to deal with the Company's pension affairs. Payments to parties in which the administrators or their firm have an interest must be disclosed to, and approved by, creditors. Fees for their

services are accrued on a time costs basis. Consequently, details of the charge out rates for S&WEBC are provided to creditors.

Disbursements

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

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

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

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

Charge out rates

The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates as at 1 July 2017	London office £/hr	Regional offices £/hr
Partner / Director	435-500	350-375
Associate Director	390-410	295-315
Managers	250-350	190-310
Other professional staff	160-305	120-180
Support & secretarial staff	80-170	60-135

Notes

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

S&WFS Employee Benefits Consultancy Charge out rates from 1 July 2017	Per hour £
Director	245-349
Associate Director	204-244
Manager	139-195
Administrator	88-170

Corporate Tax Charge out rates from 1 July 2017	Per hour £
Partner / Director	520-600
Associate Director	400-500
Managers	300-350
Other professional staff	100-215

www.smithandwilliamson.com

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

Smith & Williamson LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International. Registered in England at 25 Moorgate, London EC2R 6AY No OC369871.

Nexia Smith & Williamson Audit Limited is registered to carry on audit work and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities. A member of Nexia International.

Smith & Williamson is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

© Smith & Williamson Holdings Limited 2013