

# AM10

## Notice of administrator's progress report



Companies House

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#374

COMPANIES HOUSE

### 1 Company details

Company number 08889771

Company name in full AMG Chatham Limited

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Nicholas Paul

Surname Myers

### 3 Administrator's address

Building name/number Smith & Williamson LLP

Street 25 Moorgate

Post town London

County/Region

Postcode EC2R 6AY

Country United Kingdom

### 4 Administrator's name ①

Full forename(s) Adam Henry

Surname Stephens

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number Smith & Williamson LLP

Street 25 Moorgate

Post town London

County/Region

Postcode EC2R 6AY

Country United Kingdom

#### ② 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	2	d	7	m	0	m	6	y	2	y	0	y	1	y	9
To date	d	2	d	6	m	1	m	2	y	2	y	0	y	1	y	9

**7** Progress report

☐ I attach a copy of the progress report

**8** Sign and date

Administrator's  
signature

Signature

X

*Stephens*

X

Signature date

d	2	d	2	m	0	m	1	y	2	y	0	y	2	y	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

# 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 Thomas Walls

Company name Smith & Williamson LLP

Address 25 Moorgate

Post town London

County/Region

Postcode E C 2 R 6 A Y

Country United Kingdom

DX

Telephone 020 7131 8541



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- ☐ You have signed the form.



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# AMG Chatham Limited (in administration)

Joint administrators' progress report for the period from 27 June  
2019 to 26 December 2019

21 January 2020



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# 1. Glossary

Abbreviation	Description
the Company	AMG Chatham Limited
the administrators/joint administrators	Nicholas Paul Myers and Adam Henry Stephens
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 <i>If preceded by S this denotes a section number</i>
Sch B1	Schedule B1 to the Insolvency Act 1986 <i>If preceded by P this denotes a paragraph number</i>
IR16	Insolvency (England and Wales) Rules 2016 <i>If preceded by R this denotes a rule number</i>
SOA	Statement of affairs
ETR	Estimated to realise
HMRC	HM Revenue & Customs
Amicus	Amicus Finance Plc (in administration)
PII	Professional indemnity insurance
SoP	Statement of Proposals
The Development	The Hamiltons, Upper Luton Road, Chatham, ME5 7BH

## 2. Introduction & Summary

This report provides an update on the progress in the administration of the Company for the six month period ended 26 December 2019. It should be read in conjunction with the Statement of Proposals ("SoP") submitted to creditors on 21 August 2019. By way of reminder, we, Nicholas Paul Myers and Adam Henry Stephens, both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed joint administrators of the Company on 27 June 2019.

- As advised in the SoP, the objective of the administration is as in P3(1)(b) Sch B1 of IA86, namely 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).
- The main asset of the Company is the development known as "The Hamiltons" based in Chatham, which is a private gated community of 15 completed and part completed 4 bedroom properties.
- The strategy agreed with Begbies Traynor, the joint administrators of Amicus, is for the administrators to work with the directors of the Company and their appointed building contractors to complete all necessary works at the Development and then houses to be sold by private treaty. Amicus has agreed to fund these building works, in line with an agreed cash-flow forecast, prepared by the Company's Quantity Surveyor.
- Following our appointment as joint administrators and some initial planning with the directors of the Company and their sub-contractors, work on the development site re-commenced on 21 October 2019. To date, the work has broadly gone to plan, with the properties that were relatively near completion prior to our appointment, being prioritised. There have been some unforeseen challenges to the development of the site, and further details of this are provided in section 3 of this report.
- Although advised in the SoP that two of the properties are tenanted, the joint administrators have since ascertained that a further property is tenanted. The joint administrators have received rental income from all of the properties, further details of which are provided in section 3 of this report and at appendix II.
- The joint administrators continue to explore the possibility of bringing a PII claim against DY Space Limited ("DY") and Mark Lees, the former building contractors and development manager respectively. Whilst re-commencing building works and strategy in that regard has been the priority of the joint administrators, information in respect of the claim is being collated by the Company's Quantity Surveyor, in order to progress matters.
- The joint administrators' fees were approved by creditors on 5 September 2019 as a fixed fee of £25,000 plus VAT for statutory matters and at 1.25% of gross realisations if the administration is concluded within twelve months and a further 0.5% of gross realisations for each subsequent 6 months (or part thereof) that the joint administrators are required to stay in office.
- It is currently unknown whether there will be sufficient funds available for a distribution to be made to unsecured creditors other than by way of a prescribed part (more information in section 8.2).

## 3. Progress of the administration

Attached at appendix I is our receipts & payments account for the period from 27 June 2019 to 26 December 2019.

The receipts & payments account also includes a comparison with the directors' SOA values. I would like to draw the creditors' attention to the joint administrators' comments on these SOA figures provided by the directors, which are also at appendix I.

### 3.1 Cash at bank

The only bank account held by the Company, that the joint administrators are aware of, is one held with Barclays Bank Plc. We have realised the balance held on account as at the date of appointment, being £4,236.80.

### 3.2 The properties

At The Hamiltons development site, there are a total of 15 part built or completed properties: Two of the properties were completed prior to appointment and sold to a third party; Three of the properties have defects but are tenanted; Six of the properties are near completion and unoccupied; six of the properties are at very early stages of development.

The primary strategy is to complete the nine properties that were near completion, in order to sell these by private treaty. These properties are close to being completed for sale and we will provide an update on progress of developing these properties in the next progress report, at which point we hope to have begun marketing some or all of these properties for sale. Should the property market not improve during the coming months, we may consider renting the currently unoccupied properties, in order to make realisations for the benefit of the creditors.

Progress on work on these properties that are near completion has been somewhat side-tracked by difficult weather conditions, meaning that all properties (particularly the six properties at early stages of development) required emergency works to be done to ensure that they were wet-weather proof. These works have also meant that additional costs have been incurred, of which details are provided at appendix II under 'Plots 11-16 (maintenance)'.

Once work has completed on the nine properties that are near completion, we will look to market these for sale, whilst re-commencing developments on the other six properties. It is anticipated that once works do recommence, development of these properties will take a number of months and as such, the administration period will require an extension after the initial 12 month period.

We were recently made aware of some planning authority issues which have been raised by the local council. We are working with the Company's architect to resolve the issues raised.

### 3.3 Rental income

During the period, we have received £14,450 in rent. As previously mentioned, there are three properties of which we have received rental income. One of the tenants is fully up-to-date with their rental payments of £1,700 per month. One of the tenants, who we were not initially notified of by the directors of the Company, was making payments to a rental collections agent, and we are currently in correspondence to collect two months of rental payments made to them. This tenant is otherwise up-to-date with rental payments. Another tenant has made a number of complaints about conditions at her property, but has recently started making some rental payments although is in significant arrears. The joint administrators are making every effort to rectify this position.

### 3.4 PII claim

As previously advised, the joint administrators continue to explore the possibility of bringing a PII claim against DY and Mark Lees, the former building contractors and Development manager respectively.

The joint administrators have started to receive some information from the Quantity Surveyor of the Company to refer the claim to solicitors. Once we have received all information in this regard, we will begin investigating this matter further and provide an update in the next progress report.

### 3.5 CRC warranty refund

As mentioned in the SoP, on 8 May 2018 the Company's building warranty insurer, Alpha Insurance A/S entered liquidation. The Company has a claim of £21,962 in respect of warranty premiums paid but where no cover will be provided. Consequently, alternative warranty cover has had to be sourced to ensure that the Development remains insured.

A claim had been made to the liquidation estate and was assessed by the Danish Guarantee Fund. It has been confirmed that the premium refund is not covered by the Danish Guarantee Fund and instead, could be covered by the Financial Services Compensation Scheme ("FSCS"). We are monitoring the processing of this claim, which we understand could take many months to resolve.





## 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.

Additionally, we have a duty to investigate transactions to establish whether there may be any worth pursuing for the creditors' benefit from, for example, legal proceedings. Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors as a response to our request to complete an investigation questionnaire. To date, aside from the aforementioned potential PII claim, our investigations have not revealed any issues requiring further work.

## 5. Pre-administration costs

On 5 September 2019 the following amounts in respect of pre-administration costs were approved:

Recipient	Brief description of services provided	Amount agreed but not yet paid £
Smith & Williamson LLP	Pre-appointment advisory work	7,026.00
<b>Total</b>		<b>7,026.00</b>

## 6. Administrators' remuneration

The creditors approved that the basis of the administrators' remuneration be set as a fixed fee of £25,000 plus VAT for statutory matters and at 1.25% of gross realisations if the administration is concluded within twelve months and a further 0.5% of gross realisations for each subsequent 6 months (or part thereof) that the joint administrators are required to stay in office.

This was granted by means of a resolution by correspondence on 5 September 2019.

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 have made the following realisations upon which the creditors have approved a percentage be drawn as remuneration. Details of the realisations and associated remuneration drawn on account of those realisations are set out below:

Asset Category	Value of assets realised in current period £	Value of assets realised since appointment £	Remuneration agreed %	Fees drawn in current period £	Total fees drawn £
Rental income	14,450.00	14,450.00	1.25	Nil	Nil
Cash at bank	4,236.80	4,236.80	1.25	Nil	Nil
Total	18,686.80	18,686.80			

During this reporting period the joint administrators have not drawn any fees against the aforementioned basis of remuneration, which was approved by creditors.

Creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors.

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 III.

On a general note, please be aware that the charge out rates are subject to an annual review.

## 7. Administration expenses

### 7.1 Subcontractors

We have utilised the services of various subcontractors during the current period. Details of each of these subcontractors is provided below, along with the category of work undertaken:

Provider/Service(s)	Category of work carried out	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
AMG Specialist Consultants Limited	Main contractors - Prelims/Main contractor's overheads/other development costs/plots 11-16 maintenance	82,559.68	82,559.68	Nil
Andrews Timber	Superstructure	1,345.00	1,345.00	Nil
Axter Limited	Superstructure	12,658.85	12,658.85	Nil
Barrett Mahony	Project/Design fees	7,937.50	7,937.50	Nil
Berhams Plumbing Supplies	Mechanical & Electrical	945.96	945.96	Nil

Provider/Service(s)	Category of work carried out	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
C R Roofing	Superstructure/other development costs	33,850.00	33,850.00	Nil
David Cover & Son Limited	Superstructure/[ransom creditor]	20,311.46	20,311.46	Nil
E Taylor	Other development costs	1,900	1,900	Nil
Elliot John Associates	Project design fees	5,506.67	5,506.67	Nil
Exec Construction Limited	Superstructure/other development costs	13,121.18	13,121.18	Nil
GC Alarms Limited	Other development costs	15,391.67	15,391.67	Nil
Green Box Recycling	Other development costs	2,530.00	2,530.00	Nil
JAA	Project/design fees/other development costs	24,830.00	24,830.00	Nil
JK Surfacing (UK) Limited	External works	1,550.00	1,550.00	Nil
London Access Scaffolding Limited	Other development costs	2,000.00	2,000.00	Nil
NDS Screeding Limited	Plots 11-16 maintenance	2,420.00	2,420.00	Nil
O'Reilly Bros Ltd	Other development costs	2,600.02	2,600.02	Nil
Payments Pro Limited	Internal finishes/Mechanical & Electrical/other development costs	48,413.44	48,413.44	Nil
PSM Plant & Tool Hire Centres Limited	Other development costs	1,200.00	1,200.00	Nil
RPS Carpentry & Building	Superstructure	760.00	760.00	Nil
Ruvver4Roofs Limited	Plots 11-16 (maintenance)	3,773.70	3,773.70	Nil

Provider/Service(s)	Category of work carried out	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
STS Flooring Distributors Limited	Internal finishes	1,850.03	1,850.03	Nil
Thompson & Leigh Limited	Mechanical & Electrical	3,140.14	3,140.14	Nil
TLC (Southern) Limited	Mechanical & Electrical	829.76	829.76	Nil
TMP Fabrication Limited	Other development costs	4,560.00	4,560.00	Nil
Underfloor Heating Systems Limited	Mechanical & Electrical	5,990.00	5,990.00	Nil
Vision Doors & Windows Limited	Superstructure & other development costs	22,275.00	22,275.00	Nil
<b>Total</b>		<b>324,250.06</b>	<b>324,250.06</b>	<b>Nil</b>

## 7.2 Professional advisers

We have not used any professional advisers in this case to date. We anticipate engaging solicitors prior to the next progress report in respect of the PII claim.

## 7.3 Administrators' disbursements

We have paid and/or incurred the following disbursements in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Statutory advertising	84.50	0.00	84.50
Administrators' bonds	140.00	0.00	140.00
Skip replacement	275.00	0.00	275.00
Travel	59.17	0.00	59.17
Subsistence	13.69	0.00	13.69
<b>Total</b>	<b>614.66</b>	<b>0.00</b>	<b>614.66</b>

## 7.4 Category 2 disbursements

The following Category 2 disbursements have been incurred and/or paid in the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Business mileage @ HMRC rates	42.30	0.00	42.30
<b>Total</b>	<b>42.30</b>	<b>0.00</b>	<b>42.30</b>

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

Approval to recover the category 2 disbursements shown above was given by the creditors on 5 September 2019.

### Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during the period covered by this report are shown in the receipts & payments summary at appendix I. Detailed below are those expenses which we consider to be significant in the context of this case. Also detailed below are expenses incurred but not paid in the current period:

Supplier/Service provider	Nature of expense incurred	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
JLT Specialty Limited	Insurance premiums	7,955.81	-	7,955.81

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

## 7.5 Policies regarding use of third parties and disbursement recovery

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

# 8. Estimated outcome for creditors

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

## 8.1 Secured creditors

Amicus holds a fixed and floating charge over the Company's assets. At the date of the administration the indebtedness was estimated and later agreed at £6,235,432 to which further interest will be added. In addition, Amicus have been funding the ongoing trading of the Company in administration. As detailed in the receipts & payments account at appendix I, the total funding provided by Amicus in the period was £472,819.10. Subject to everything going to plan and there being no unforeseen circumstances, Amicus will continue to fund the Development to completion.

## 8.2 Prescribed part

The Company granted a floating charge to Amicus on 18 March 2016. Accordingly, we are required to create a prescribed part fund out of the Company's net floating charge property for unsecured creditors.

Any prescribed part will be dependent on the realisations of the PII claim as a floating charge asset. It is too early to confirm the prospective recovery and/or distribution prospects to the unsecured creditors under any prescribed part at this juncture.

### 8.3 Preferential creditors

Since the joint administrators' appointment, it has been confirmed that the Company had no employees, as at the commencement of the insolvency process. Therefore, there are no known preferential creditors.

### 8.4 Unsecured creditors

We have received claims totalling £163,852 from eight unsecured creditors. Total claims as per the directors' SOA were £2,236,473.

At present it is uncertain whether there will be sufficient realisations in the administration for there to be a dividend to unsecured creditors apart from the prescribed part amount reported in section 8.2

## 9. Outstanding matters

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.

The remaining actions to be concluded in the administration are as follows:

- Completion of the development of all properties
- Continue to collect rental income from tenants
- Sale of the properties, once completed
- Once all information is received, reviewing and potentially pursuing the PII claim
- Collect all/any repayments in respect of the warranty insurance cover refunds
- Making distributions to the secured creditor and, if relevant, the unsecured creditors under the prescribed part
- Obtain tax clearance
- Closure of the administration, including preparing and issuing the final report

## 10. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://smithandwilliamson.com/rrsgdpr>

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

## 11. Ending the administration

Given that it is anticipated that a distribution by way of a Prescribed Part carve out and potentially an additional distribution, it is anticipated that the Company will exit administration via a creditors voluntary liquidation.

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 is being requested by the creditors with this report. Specifically, the creditors will vote on whether the joint administrators be discharged from liability under paragraph 98(2) of Schedule B1 to the IA86 immediately upon their appointment as Joint Administrators ceasing to have effect.

## 12. 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 Nicholas Myers or Adam Henry Stephens 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](mailto: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.

## 13. 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.



Nicholas Myers and Adam Henry Stephens

Joint administrators

21 January 2020

# I Receipts & payments account

**AMG Chatham Limited**  
(In Administration)  
**Joint Administrators' Summary of Receipts & Payments**  
**To 26/12/2019**

S of A £		£	£
	ASSET REALISATIONS		
	Bank Interest Gross FCR	32.14	
(3,539,033.00)	Chargeholder	472,819.10	
5,250,000.00	Freehold Land & Property	NIL	
	Rent - 4 The Hamiltons	5,100.00	
	Rent - 3 The Hamitons	850.00	
	Rent - 5 the Hamiltons	8,500.00	
50,000.00	DY Space credit	NIL	
1,000,000.00	DY Space claim	NIL	
	Bank Interest Gross	7.71	
2,000,000.00	Mark Lees claim	NIL	
21,962.00	CRL Warranty refund	NIL	
	Cash at bank	4,236.80	
<b>4,782,929.00</b>			<b>491,545.75</b>
	PROPERTY & LAND		
	2. Superstructure	(55,084.19)	
	3. Internal finishes	(13,967.07)	
	5. Mechanical & Electrical	(20,675.86)	
	8. External works	(1,550.00)	
	9. Main contractors - Prelims	(28,375.50)	
	10. Main contractor's overheads	(22,883.46)	
	11. Project/design fees	(21,886.37)	
	12. Other development costs	(105,401.32)	
	16. Plots 11-16 (maintenance)	(46,155.42)	
			<b>(315,979.19)</b>
	OTHER COSTS		
	Advance to Mark Lineham re: CCJ	(9,855.00)	
	Ransom creditor	(8,215.87)	
	Bank Charges	(95.20)	
			<b>(18,166.07)</b>
<b>4,782,929.00</b>			<b>157,400.49</b>
	REPRESENTED BY		
	Clients Deposit FCR (Int Bearing)		125,403.27
	Clients Deposit (Interest Bearing)		8,838.26
	VAT Receivable Fixed Chg		23,158.96
			<b>157,400.49</b>



## Notes and further information required by SIP 7

- The administrators' remuneration was approved on 5 September 2019.
- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report.
- Details of payments made to sub-contractors are shown 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.

*Please note that the SoA figures presented in this appendix indicate that the Company is solvent. I can confirm that the administrators strictly do not agree with this indicated financial position of the Company at the date of our appointment. This partly due to the liability owed to the charge-holder (circa £6.24 million at the date of appointment) being significantly understated.*

## II Time analysis for the period

From 27 June 2019 to 26 December 2019

AMG Chatham Limited - in administration  
Breakdown of time spent by Smith & Williamson LLP employees  
for the period ended 26 December 2019

Classification of work function	Hours				Total hours	Time cost (£)	Average hourly rate (£)
	Partner / Director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
<b>Administration &amp; planning</b>							
Case planning, administrative set-up, Appointment notification, Maintenance of records, statutory reporting	10.10	47.25	45.90	0.00	103.25	32,114.08	311.03
<b>Investigations</b>							
SIP2 review, CDDA reports, Investigating antecedent transactions	1.55	8.10	3.95	0.00	13.60	4,215.00	309.93
<b>Realisation of Assets</b>							
Identifying, securing, insuring assets, Retention of title, Debt collection, Property, business and asset sales	0.75	13.40	1.35	0.00	15.50	4,749.00	306.39
<b>Trading</b>							
Management of operations, Accounting for trading, On-going employee issues	4.55	32.10	69.05	0.00	105.70	28,659.00	271.14
<b>Creditors</b>							
Communication with creditors, Creditors' claims (including employees and other preferential creditors)	4.15	2.00	4.50	0.00	10.65	3,921.00	368.17
<b>Totals</b>	<b>21.10</b>	<b>102.85</b>	<b>124.75</b>	<b>0.00</b>	<b>248.70</b>	<b>£73,658.08</b>	<b>£296.17</b>
<b>Pre-appointment</b>	14.20	1.50	0.30	0.00	16.00	£7,026.00	£439.13

### Explanation of major work activities undertaken

#### Administration and Planning

This work includes the following:

- Preparing the documentation and dealing with the formalities of appointment.
- Statutory notifications and advertising.
- Protection of company's assets and records (including electronic).
- Dealing with routine correspondence.
- Dealing with agents on general appointment 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).
- Dealing client identification and internal Smith & Williamson LLP compliance requirements.

#### Investigations

Investigations include work carried out as a consequence of the obligations placed upon us to investigate the Company's affairs. The work undertaken is that described in SIP2 and SIP4 which govern both the investigations of the Company's failure and also examine the conduct of the directors.

This work includes the following:

- Investigating the reasons for the failure of the Company (including enquiries with the company's directors and possible interviews of key stakeholders).
- Review and investigation of stakeholders' complaints and responses into the failing of the business and *actions of company's directors*.
- Review and storage of books and records.
- Asset tracing (including land registry and company searches).
- Preparing a return/report pursuant to the Company Directors' Disqualification Act.
- Discussions and correspondence with relevant personnel and agents.

#### **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 asset realisation strategy.
- Liaising with tenants of company owned occupied properties and securing the rent roll.
- Sourcing information necessary for the sale of the properties.
- Insurance of the assets and claims under policies if required.
- Miscellaneous asset realisation (i.e. cash at bank), outlined in the contents of the report.
- Dealing with the recovery of insurance premiums for warranty cover
- Dealing with certain VAT and tax matters relating to the sales process. This includes sourcing certain records (which may not be available at the time of any sale).

#### **Trading**

In order to achieve a better realisation of the Company's assets and to maintain the goodwill of the business the office holders have continued to trade the business.

Detailed below is a breakdown of time spent in relation to trading:

- Overseeing the work of the Company directors and their sub contractors.
- Regular monitoring of trading activities
- Daily discussions with management in respect of suppliers payments and other matters
- Preparing, reviewing and presenting trading updates to Amicus
- Reviewing the trading forecasts presented by the Quantity Surveyor of the Company and discussing these with the secured lender, including draw-down requests
- Reviewing and preparing various payments to suppliers
- Ensuring that VAT was appropriately accounted for
- Site visits to check progress of the development
- Engaging with architects and the local authority regarding planning authority
- Dealing with cash flow forecasts to agree funding
- Various and regular discussions with the Company and AMG Consortium in respect of trading matters
- Dealing with customers and suppliers including landlords.
- Ensuring that business adheres / conforms to legislation (e.g. Health & Safety legislation, and Employment law)

#### **Creditors**

Work under this section includes correspondence and other contact with the creditors of the Company. The work includes the following:

- *Dealing with creditor correspondence via email and telephone*
- As the Company's business was being traded during the period of office it has been necessary to maintain dialogue with certain key stakeholders
- Preparing updates to the charge-holder, Amicus
- Maintaining creditors' information on our insolvency database

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# III Staffing, charging, subcontractor and adviser policies and charge out rates

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## 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.

## 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

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2019.

<b>Smith &amp; Williamson LLP</b>	<b>London office</b>	<b>Regional offices</b>
<b>Restructuring &amp; Recovery Services</b>	<b>£/hr</b>	<b>£/hr</b>
<b>Charge out rates as at 1 July 2018</b>		
Partner / Director	450-520	360-380
Associate Director	420	290-320
Managers	250-365	225-310
Other professional staff	170-320	140-185
Support & secretarial staff	90	60-140

<b>Smith &amp; Williamson LLP</b>	<b>London office</b>	<b>Regional offices</b>
<b>Restructuring &amp; Recovery Services</b>	<b>£/hr</b>	<b>£/hr</b>
<b>Charge out rates as at 1 July 2019</b>		
Partner / Director	470-540	376-432
Associate Director	440	352
Managers	270-380	216-304
Other professional staff	180-380	144-192
Support & secretarial staff	100	80

## 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.

[www.smithandwilliamson.com](http://www.smithandwilliamson.com)

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

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