

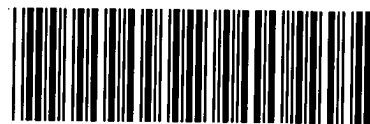
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Notice of administrator's progress report



Companies House

THURSDAY



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23/07/2020

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COMPANIES HOUSE

1 Company details

Company number 0 8 8 8 9 7 7 1

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 E C 2 R 6 A Y

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 E C 2 R 6 A Y

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

7 Progress report☒ I attach a copy of the progress report**8** Sign and dateAdministrator's
signature

Signature

X Nicholas Myers

Nicholas Myers (Jul 23, 2020 16:44 GMT+1)

X

Signature date

d 2 d 3 m 0 m 7 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**



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

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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



AMG Chatham Limited (in administration)

Joint administrators' progress report for the period from 27
January to 26 June 2020

23 July 2020



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1. Glossary

Abbreviation	Description
the Company	AMG Chatham Limited
the administrators/joint administrators	Nicholas Myers and Adam Henry Stephens
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
SOA	Statement of affairs
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 June 2020. It should be read in conjunction with previous reports sent to creditors. 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 previously advised, 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 completed and part completed 4-bedroom houses.
- The initial strategy agreed with Amicus and their appointed administrators, was for the administrators to work with the existing directors of the Company, and their appointed building contractors to complete all necessary works at the Development and for houses to then be sold by private treaty.
- However, earlier this year, the joint administrators appointed an independent contractor to review the works carried out on-site following their appointment until March 2020. This assessment was necessary as part of the further funding request from Amicus, and to ensure that the project was being carried out to the expected standards. This assessment is ongoing but initial comments have raised a number of serious concerns which the administrators were previously not aware of. This assessment is also critical in determining the likely future costs to fund the completion of the project. Amicus had agreed to fund the initial building works, in-line with an agreed cash-flow forecast prepared by the directors and their appointed quantity surveyor. Funding is currently on hold until the aforementioned assessment has been finalised. Should it be determined that future costs are likely to exceed potential realisations, funding is likely to cease and disposal options in respect of the Development will be considered. Further details will be provided under cover of the administrators' next progress report.
- As advised in previous reports, three of the properties were tenanted at the date of our appointment and the joint administrators have received rental income from all of the properties. Further details of rental income received to date are set out in the receipts & payments account at appendix I. Prior to the impact of COVID-19 being felt, on 4 February 2020, we had sent notices to vacate the properties to each of the tenants. One tenant vacated prior to the deadline. The other two tenants are still in-situ and the joint administrators are unable to seek possession of the properties until legislation allows us to do so.
- The joint administrators continue to explore the possibility of bringing a PII claim against DY Space Limited - In Liquidation ("DY"), Robert Sterling Surveyors LLP, and Mark Lees, the former building contractors, Amicus' appointed surveyors and development manager respectively. Information in respect of the claim has been collated by the directors' appointed quantity surveyor and reviewed by the joint administrators. The joint administrators have recently instructed a solicitor to review the merits of the claim.
- 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).
- The extension of the administration was approved by the secured creditor and the notice of extension for one additional year filed at Companies House on 1 June 2020. The joint administrators are obliged to apply to Court should they require a further extension, and should they not make this application, the administration will automatically terminate on 26 June 2021.

3. Progress of the administration

Attached at appendix I is our receipts & payments account for the period from 27 December 2019 to 26 June 2020 and for the entirety of the administration.

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 The properties

As previously reported, the primary strategy was to complete the sale of nine properties, that were close to completion, in order to sell these by private treaty. Accordingly, the directors and their appointed building contractor commenced the first phase of the works as per the agreed cash-flow. However due to some unavoidable issues, predominantly relating to the weather damage towards the end of 2019, meant that priority had to be given to weather proofing plots 11-16 and other necessary maintenance work.

In addition to this, limited work has been carried out at site since February 2020 due to COVID-19 restrictions. Furthermore following a presentation by the directors and their appointed advisors, on works carried out for the period from 21 October 2019 (when works re-commenced during the administration period) to March 2020, the joint administrators instructed Naismiths to carry out an independent assessment on the works undertaken to date, and also to establish the likely costs to complete the project, before the joint administrators approved the next phase of the project and request further funding from Amicus. This assessment highlighted a number of concerns which the administrators were not previously aware of, and the administrators are currently working with Naismiths in order to see how best to resolve these concerns. Until such a time that the assessment has been finalised and agreed with Amicus, no funding will be made available, and no further works will be carried out unless it is agreed to be of an urgent nature.

3.2 Rental income

During the period, we have received £2,000 in rent. This is significantly below the rental income received during the first six months of the administration. As previously mentioned, there are three tenanted properties from which we have received rental income during the administration. One of the tenants vacated in March 2020 and was fully paid up. One of the tenants, has paid rent up to 30 November 2019 but has not co-operated with the joint administrators' demands of rent since then. This tenant has not cooperated due to complaints about the former contractors and issues at his property, mainly due to works not being completed. We continue to try to negotiate with this tenant in respect of his rental arrears. Another tenant has made complaints about conditions at her property throughout the administration and is in significant rental arrears. The joint administrators are making every effort to rectify this position but under current Government legislation we are unable to take possession proceedings against both of these tenants until the end of August 2020.

3.3 PII claim

As detailed above, the joint administrators continue to explore the possibility of bringing a PII claim against DY, Robert Sterling Surveyors LLP and Mark Lees.

The joint administrators have recently instructed a solicitor to review the merits of the claim and will provide further details of this in our next progress report.

3.4 CRC warranty refund

As previously reported, on 8 May 2018 the Company's building warranty insurer, Alpha Insurance A/S entered liquidation. The directors believed that they had a claim of £21,962 in respect of warranty premiums paid but where no cover will be provided. During the period of this report, we have been advised by our insurance brokers that the entirety of this claim is in fact due to a company that was financing the premium payments and as such, the Company has no claim in this regard.

The joint administrators understand that five of the plots have valid warranty cover but alternative warranty cover is currently being assessed.

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
Total		7,026.00

6. Administrators' remuneration

As previously advised, 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.

On the basis that the joint administrators' fees have been approved on a fixed fee and percentage of realisations basis, a time cost analysis has not been included in this report. Any future fees over and above what has been granted will be discussed with the secured creditor at the appropriate time.

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	2,000.00	16,450.00	1.25	Nil	Nil
Cash at bank	4,236.80	4,236.80	1.25	Nil	Nil
Total	6,236.80	20,686.80		Nil	Nil

During this reporting period and throughout the administration, 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 II.

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

7. Administration expenses

7.1 Subcontractors

The directors' consultancy firm, AMG Specialist Consultants Limited, were engaged by the directors to assist them with the works. The directors who in turn instructed various sub-contractors to assist them. Details of these various subcontractors instructed by them together with the costs incurred by each of the subcontractors during the correct period are detailed 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 £
Axter Limited	Superstructure & plots 11-16 (maintenance)	31,474.25	31,474.25	Nil
C R Roofing	Superstructure & plots 11-16 (maintenance)	74,300.00	61,200.00	13,100.00
David Cover & Son Ltd	Superstructure & plots 11-16 (maintenance)	3,273.28	3,273.28	Nil
AMG Specialist Consultants Ltd	Superstructure, other development costs & plots 11-16 (maintenance)	138,667.92	55,372.11	83,295.81
Payments Pro	Mechanical & Electrical & other development costs & Plots 11-16 (maintenance)	89,178.88	71,197.10	17,981.78
Matt Clark Associates Limited	Project/design fees	10,182.80	2,943.50	7,239.30
Exec Construction	Other development costs	10,860.00	8,570.00	2,290.00
Green Box Recycling	Other development costs	2,200.00	2,200.00	Nil
Exclusive Gas	Other development costs	100.00	100.00	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 £
G C Alarms	Other development costs	385.00	385.00	Nil
NDS Screeding Ltd	Plots 11-16 (maintenance)	2,838.00	2,838.00	Nil
R M Conlon Carpentry	Plots 11-16 (maintenance)	6,600.00	6,600.00	Nil
EJD Carpentry	Plots 11-16 (maintenance)	3,600.00	2,600.00	1,000.00
DPPS Contracts UK Limited	Plots 11-16 (maintenance)	833.33	833.33	Nil
Elliott John Associates	Project/Design fees	2,259.00	-	2,259.00
Four Jays Group	Other development costs	280.00	-	280.00
JAA	Other development costs	25,317.00	-	25,317.00
London Access Scaffolding	Other development costs	1,650.00	-	1,650.00
Vision Door & Windows	Other development costs	22,275.00	-	22,275.00
Total		426,274.46	249,586.57	176,687.89

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 incurred no category 1 disbursements in the current period.

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 prior period £	Paid in current period £	Total costs outstanding at period end £
Business mileage @ HMRC rates	41.00	-	-	41.00
Total	41.00	-	-	41.00

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.

7.5 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 prior period £	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
JLT Specialty Limited	Insurance premiums	15,911.62	15,911.62	-	31,823.24
Matrix Intelligence	Research costs	-	380.00	380.00	-
Total		15,911.62	16,291.62	380.00	31,823.24

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

Note: The previous progress report stated that costs incurred by JLT Specialty Ltd for the period ended 26 January 2021 were £7,955.81. Updated invoices were provided for the period post the submission of the report. The correct break down of insurance costs incurred are set out above.

7.6 Policies regarding use of third parties and disbursement recovery

Appendix II 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 £108,216.90, and for the entirety of the administration to 26 June 2020 is £472,819.10.

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:

- Continue to work with Naismiths in order to establish and agree the best way forward in respect of the Development.
- Continue to collect rental income from the tenants, whilst monitoring the legislation in respect of the removal of tenants post their tenancy expiration, whilst the effects of COVID-19 are still felt.
- A sale of the Development in due course.
- Continue to work with the appointed solicitor in respect of reviewing and assessing the strength of the potential PII claim.
- If applicable, continue to explore options in respect of building warranty cover.
- 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

Under the circumstances that there is a distribution by way of a prescribed part carve out and an additional distribution is made to the unsecured creditors, it is anticipated that the Company will exit administration via a creditors voluntary liquidation.

Should the assessment of forecast future costs outweigh the likely realisations of assets, the joint administrators will need to consider the best alternative exit route. Under these circumstances, it is anticipated that the Development be disposed of, which would provide a return to the secured creditor, but is unlikely to generate sufficient realisations for there to be a distribution to the unsecured creditors. However, the PII claim would be pursued, and if successful, would still mean a prescribed part distribution could be made to the unsecured creditors. If this is the outcome for the Company, the joint administrators would exit the administration by way of dissolution of the Company.

As previously advised, the automatic termination date of the administration is currently 26 June 2021, following the extension of the administration being approved by the secured creditor. The extension documentation was filed at Companies House on 1 June 2020. Should the joint administrators wish to extend this further, they will need to apply to Court, in advance of this termination date.

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 approved by creditors on 7 February 2020.

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

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.

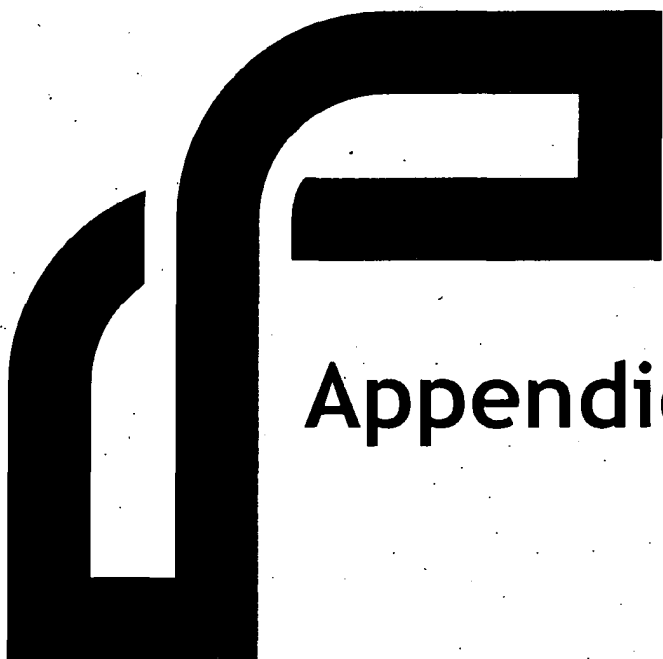
Nicholas Myers

Nicholas Myers (Jul 23, 2020 16:44 GMT+1)

Nicholas Myers

Joint Administrator

23 July 2020



Appendices

I Receipts & payments account

RECEIPTS	Statement of Affairs (£)	From 27/06/2019 To 26/12/2019 (£)	From 27/12/2019 To 26/06/2020 (£)	Total (£)
Bank Interest Gross FCR		32.14	59.33	91.47
Chargeholder		472,819.10	108,216.90	581,036.00
Freehold Land & Property	5,250,000.00	0.00	0.00	0.00
Rent - 4 The Hamiltons		5,100.00	1,700.00	6,800.00
Rent - 3 The Hamiltons		850.00	300.00	1,150.00
Rent - 5 the Hamiltons		8,500.00	0.00	8,500.00
DY Space Credit	50,000.00	0.00	0.00	0.00
DY Space Claim	1,000,000.00	0.00	0.00	0.00
Bank Interest Gross		7.71	13.37	21.08
Mark Lees Claim	2,000,000.00	0.00	0.00	0.00
CRL Warranty Refund	21,962.00	0.00	0.00	0.00
Cash at Bank		4,236.80	0.00	4,236.80
	8,321,962.00	491,645.75	110,289.60	601,835.35
PAYMENTS				
Bank Charges FCR		92.70	67.50	160.20
Chargeholder	3,539,033.00	0.00	0.00	0.00
2. Superstructure		55,084.19	10,726.72	65,810.91
3. Internal finishes		13,967.07	0.00	13,967.07
5. Mechanical & Electrical		20,675.86	8,095.00	28,770.86
8. External works		1,550.00	0.00	1,550.00
9. Main contractors - Prelims		28,375.50	0.00	28,375.50
10. Main contractor's overheads		22,883.46	0.00	22,883.46
11. Project/design fees		21,886.37	2,943.50	24,829.87
12. Other development costs		105,126.32	51,322.44	156,448.76
Ransom creditor		8,215.87	0.00	8,215.87
16. Plots 11-16 (maintenance)		46,155.42	172,448.91	218,604.33
Research costs		0.00	380.00	380.00
Advance to Mark Lineham re: CCJ		9,855.00	0.00	9,855.00
Other Property Expenses		275.00	4,050.00	4,325.00
Bank Charges		2.50	2.90	5.40
	3,539,033.00	334,145.26	250,036.97	584,182.23
Net Receipts/(Payments)	4,782,929.00	167,400.49	(139,747.37)	17,653.12
MADE UP AS FOLLOWS				
Clients Deposit FCR (Int Bearing)		125,734.52	(125,698.26)	36.26
Clients Deposit (Interest Bearing)		8,507.01	(2,572.53)	5,934.48
VAT Receivable / (Payable)		23,158.96	(11,476.58)	11,682.38
		167,400.49	(139,747.37)	17,653.12

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 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 and where this will add best value and service.

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

Any such arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

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 best value and service to the assignment.
- The expertise and experience of the service provider;
- The provider holds appropriate regulatory authorisations;
- The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

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. 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 2018	London office £/hr	Regional offices £/hr
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

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates as at 1 July 2019	London office £/hr	Regional offices £/hr
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.

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

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