

# AM03

## Notice of administrator's proposals



Companies House

MONDAY



A09 20/04/2020 #61  
COMPANIES HOUSE

<b>1</b>	<b>Company details</b>	
Company number	1 0 0 0 0 2 4 8	<b>→ Filling in this form</b> Please complete in typescript or in bold black capitals.
Company name in full	Duo Bootmakers Limited	
<b>2</b>	<b>Administrator's name</b>	
Full forename(s)	Ian Edward	
Surname	Walker	
<b>3</b>	<b>Administrator's address</b>	
Building name/number	Balliol House	
Street	Southernhay Gardens	
Post town	Exeter	
County/Region		
Postcode	E X 1 1 N P	
Country		
<b>4</b>	<b>Administrator's name ●</b>	
Full forename(s)	Julie	<b>● Other administrator</b> Use this section to tell us about another administrator.
Surname	Palmer	
<b>5</b>	<b>Administrator's address ●</b>	
Building name/number	Units 1-3 Hilltop Business Park	<b>● Other administrator</b> Use this section to tell us about another administrator.
Street	Devizes Road	
Post town	Salisbury	
County/Region	Wiltshire	
Postcode	S P 3 4 U F	
Country		

AM03

Notice of Administrator's Proposals

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Statement of proposals



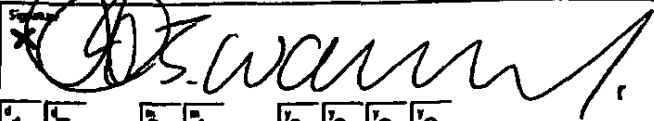
I attach a copy of the statement of proposals

7

Sign and date

Administrator's  
Signature

Signature



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Signature date

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# AM03

## Notice of Administrator's Proposals



### Presenter information

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

Contact name	Rachel Waters
Company name	Begbies Traynor (Central) LLP
Address	St James Court St James Parade
Post town	Bristol
Country/Region	
Postcode	B S 1 3 L H
Country	
DX	
Telephone	0117 937 7130



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



### Important information

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



### Where to send

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

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



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://www.gov.uk/companieshouse)

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

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## Duo Bootmakers Limited (In Administration)

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

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## **Important Notice**

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

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## **Contents**

- ❑ Interpretation
- ❑ Statutory information
- ❑ Details of appointment of administrators
- ❑ Circumstances giving rise to our appointment
- ❑ Statement of affairs
- ❑ The administration period
- ❑ Estimated outcome for creditors
- ❑ Proposals for achieving the purpose of the administration
- ❑ Pre-administration costs
- ❑ Remuneration and disbursements
- ❑ Other information to assist creditors
- ❑ Conclusion
- ❑ Appendices
  - 1. Account of receipts and payments
  - 2. Estimated statement of affairs
  - 3. Remuneration and expenses
  - 4. Estimated outcome comparisons

# 1. INTERPRETATION

<b><u>Expression</u></b>	<b><u>Meaning</u></b>
"the Company"	Duo Bootmakers Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 27 February 2020
"the administrators", "we", "our", "us"	Ian Edward Walker of Begbies Traynor (Central) LLP, Balliol House, Southernhay Gardens, Exeter, EX1 1NP and Julie Anne Palmer of Begbies Traynor (Central) LLP, Units 1-3 Hilltop Business Park, Devizes Road, Salisbury, Wiltshire, SP3 4UF
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

# 1. STATUTORY INFORMATION

Name of Company	Duo Bootmakers Limited	
Trading name(s):	<b>Duo Boots</b>	
Date of Incorporation:	11 February 2016	
Company registered number:	10000248	
Company registered office:	St James Court, St James Parade, Bristol, BS1 3LH	
Former registered office:	Vallis House, 57 Vallis Road, Frome, Somerset, BA11 3EG	
Trading address(es):	Vallis House, 57 Vallis Road, Frome, Somerset, BA11 3EG; and 33 Milsom Street, Bath, BA1 1DG	
Principal business activities:	Retail - General Retailers	
Directors and details of shares held in the Company (if any):	<b>Name</b>	<b>Shareholding</b>
	Stephen David Boyd	51
	Samantha Jane Mickleburgh	35
Company Secretary and details of the shares held in Company (if any):	<b>Name:</b>	<b>Shareholding</b>
	Not applicable	
Auditors:	Albert Goodman, Goodwood House, Blackbrook Park Avenue, Taunton, Somerset, TA1 2PX	
Share capital:	<b>£100</b> made up of 100 Ordinary Shares of £1 each	
Shareholders:	<b>Shareholder</b>	<b>Shares Held</b>
	Stephen David Boyd	51
	Samantha Jane Mickleburgh	35
	Claire Alexander	2
	Jemma Davies	2
	Nathan Herbert	2
	Amanda Jackson	2
	Jenna Lewis	2
	Natalie South	2
	Claire Turner	2
		<hr/> <b>100</b> <hr/>

## 2. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	27 February 2020
Date of resignation:	Not Applicable
Court:	Bristol High Courts of Justice
Court Case Number:	CR2020-BRS000024 of 2020
Person(s) making appointment / application:	The Directors
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) No 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

### STATUTORY PURPOSE OF ADMINISTRATION

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

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
  - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
  - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
  - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."



### 3. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company was incorporated as Helen 2016 Limited on 11 February 2006 and changed its name to Duo Bootmakers Limited ("Duo") on 3 April 2017.

Duo is a ladies calf-fitting leather boot business, providing a unique offering in the mid-price point footwear sector to women of all shapes and sizes around the world who like to wear knee-high or over the knee fitted leather boots. The collection is crafted using artisan, family-run factories based in Portugal, following stylish designs developed by in-house specialist British footwear designers and technical experts.

The business has a seasonal bias to the Autumn/Winter fashion months and as such makes the bulk of its sales during October to January. The 2019 Autumn/Winter trading period was dogged by ongoing Brexit concerns, followed by a general election. The business model at that time was heavily aligned with British High Street Retail and during the key trading period this was heavily exposed to high levels of promotional and mark-down discounting activity. At that time, the business was constrained within their existing model, which required a more sustained level of discounting than had been planned for. This coupled with lacking consumer confidence on non-essential spend led to a shortfall in both cash and profitability.

In the earlier part of the year, a working capital loan had been secured from the lead investor and this was a temporary measure to support manufacture of the new season product in time for the peak period. Due to the poor trading season, the repayment of that temporary loan was not fully achieved, and leniency was given by the investor to take the business through to the end of its financial year (March 31st). Despite the poor profitability, the VAT calculation is based on revenue and this resulted in a VAT quarter payment of some £185K becoming due ahead of the financial year end. Historically over the next two VAT quarters there is a reverse swing in revenues, resulting in a refund of VAT in late spring.

As the cash forecast indicated limited headroom and there was a strong probability of following the same VAT refund trend, a deferral or payment plan proposal was sought from HMRC relating to the large VAT payment. Unfortunately, despite very best efforts no flexibility was received from HMRC in relation to this large payment. At this same moment, the working capital loan was called upon for repayment by the investor and it became fully apparent that the combination of calls upon cash were unable to be fulfilled concurrently by the company and therefore it would be trading insolvently.

Immediately, efforts were made to protect the business by appointing administrators with a view to seeking a buyer for the business, who could invest the funds required to sustain the business through the quieter period as the business re-shaped to adopt a new business model enabling it to move away from the High Street Retail boom and bust model.

A Notice of Intention to Appoint Administrators was lodged at Court by the Directors on 27 February 2020 and was also sent to the secured creditors, Stephen David Boyd and Vacuumatic Limited. The secured creditors consented to the Directors' appointment and Ian Edward Walker and Julie Anne Palmer were subsequently appointed Joint Administrators on 27 February 2020.

### 4. STATEMENT OF AFFAIRS

The directors have not yet prepared a statement of affairs of the Company. Therefore, we attach a draft statement of affairs of the Company as at 27 February 2020, which is attached at Appendix 2. This has not as yet been approved by the Directors and awaits amendments.

The assets of the Company are understood to comprise:

- Stock with a book value of c.£432,476
- Chattel assets with a book value of c.£21,294

- Cash at bank of c.£277,275

A schedule of the names, addresses and estimated amounts owing to creditors totalling some £1,653,038 has been provided and is also attached at Appendix 2.

## 5. THE ADMINISTRATION PERIOD

### ***Receipts and Payments***

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration to 15 April 2020.

### **RECEIPTS**

#### ***Stock realisations***

Stock realisations for the period to date total £238,350.56 (plus VAT where applicable).

#### ***Insurance Refund***

An insurance refund of £2,006.69 has been received.

#### ***Cash at Bank***

As at the date of appointment, the Company held cash at bank of £277,275.81.

#### ***Sundry refunds***

A refund of £43.33 has been received.

#### ***Bank Interest***

During the period, we have received bank interest of £10.50.

### **PAYMENTS**

#### ***Running costs***

As outlined below and itemised in our receipts and payments account at Appendix 1, the total costs of running the store at Bath, together with the warehouse and head office at Frome for a period of 3 to 4 weeks amounted to £109,352.55. Further payments of circa £90,000 is due to be paid in the coming weeks.

#### ***Work undertaken by the Joint Administrators and their staff***

#### ***Strategy***

Upon appointment, the Joint Administrators and their staff attended the Company's premises in order to address the employees and update them with the details and effect of their appointment. In addition, the Joint Administrators' secured the assets of the Company and undertook an immediate review of the Company's financial position, particularly the status of the customer orders.

Shortly following the Joint Administrators' appointment and discussions with key stakeholders, the Joint Administrator's decided to retain all employees and continue operating as normal in order to maximise stock realisations, whilst marketing the business and assets for sale as a going concern. Eddisons Commercial Limited ("Eddisons"), agents experienced in insolvency matters were instructed. The primary reasons for this strategy were:

- To allow the Joint Administrators to seek a sale of the business and assets as a going concern, either in whole or part, improving overall asset realisations;
- The principal asset of the Company was its retail stocks; and
- A going concern sale would safeguard the employees.

During the marketing process, the Joint Administrators, together with Eddisons prepared the key information required for a sale process. An online data room was established to support the due diligence process, containing a comprehensive range of financial, operating, commercial and legal information which was opened to interested parties from 3 March 2020.

All reasonable requests from interested parties for information and subsequent meetings with Duo's directors were accommodated in order to assist them with preparing their business and funding plans and to obtain the information required to submit an offer.

Following the above, one offer was received and as the sales process progressed, certain risks and concerns were raised by the Joint Administrators and the offer was subsequently withdrawn from the sales process.

#### ***Wind down of the retail operation***

Once it became apparent that the prospects for a sale of the business and its assets were diminishing, the Joint Administrators commenced a controlled wind down of the business, whilst maximising asset realisations.

In addition, a meeting was held with the employees on 18 March 2020, in order to advise that a buyer could not be sought and a "closing down sale" was to be held. This led to 14 employees being made redundant with immediate effect.

In order to bring the business to a close effectively, the Joint Administrators retained 13 employees to assist with repatriating the stock to the Frome warehouse and finalising sales. The remaining employees were made redundant on 27 March 2020.

#### ***Intellectual Property Rights ("IPR")***

Discussions have been held with an interested party regarding the sale of the Duo brand name, negotiations remain ongoing and any realisations will be reported in future reports.

#### ***Remaining Stock***

Discussions with the same interested party as referred to above, with regards the purchase of the remaining stock are ongoing, as to not prejudice a potential sale, realisations will be reported in future reports. ESL met with the Joint Administrators and their staff on site at the Frome head office, to ensure that all employee records were up to date in order to submit the information to the Redundancy Payments Service. This made certain that employee claims would not be delayed by any inaccurate information being provided.

#### ***Stock Realisation and Asset Management***

Significant time has been spent dealing with the stock realisation and asset management over a four-week period. This also involved ensuring the continuity of various services, to include telephone lines, IT, security, electricity and other facilities to enable the retained staff to deal with the sale of assets.

In addition to maximising realisations generally, the principal actions going forward are as follows:

- realisation of the remaining stock, together with the IPR; and
- reconciling cash receipts to the final sales.

Financial information, goodwill and the sage records have been extracted from the system and retained by the Joint Administrators.

### **Summary of the Stock Position**

Following our appointment, the stores at Bath, together with the warehouse at Frome remained open for circa 3 and 4 weeks respectively, with the Bath store closing on 18 March 2020. This generated sales revenue of £272,000 of which we have received to date 238,350.56. Total running costs incurred during the period were circa £200,000 of which we have paid £109,352.55 and these results were achieved by utilising stock held by the company at the date of appointment of £432,476.

### **Other Matters**

Time has been spent securing access to the Company's IT software in order to achieve stock sales; preserving the Company's records; and ensuring the intellectual property was retained for the benefit of the administration estate.

Investigations into the actions of the Directors prior to appointment will be undertaken to establish if there is a potential recovery to the administration.

A brief summary of actions taken since our appointment on 27 February 2020 are:

- Arranged immediate insurance cover over the Company's assets;
- Appointment notification consisting of statutory forms and letters;
- Communicated with the Company's creditors and consumers. We have also answered any questions which have been raised;
- Complied with statutory requirements by notifying the Registrar of Companies and advertising the appointment of administrators' in the London Gazette;
- Case set-up and management actions, including the setting up of the insolvency website for the case documents, setting up electronic filing systems and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Notified the Company's former bankers and requested that the Company's accounts be closed and that the funds are to be transferred to the administration account;
- Opened a dedicated administration bank account;
- Liaised with our agents in connection with valuing and realising Company's assets;
- Negotiated with interested parties of the Company's business and assets;
- Obtained such information as required from the Company and its officers, in order to report to the creditors, and requested their statement of affairs;
- Instructed ERA Solutions Limited to deal with claims from employees with regards their entitlements;
- Commenced preliminary investigations into the Company's affairs; and
- Preparation of these proposals.

## **6. ESTIMATED OUTCOME FOR CREDITORS**

The sums owed to creditors at the date of appointment (as detailed in the draft statement of affairs) are as follows:

### **Secured creditors**

The Company records show the amounts owing to the following in their capacity as secured creditors as listed below:

Stephen David Boyd has a fixed and floating charge registered at Companies House dated 31 March 2017. Company records show c.£505,241 as being owed.

Vacuomatic Limited has a fixed and floating charge registered at Companies House dated 11 February 2019. Company records show c.£647,162 as being owed.

### **Preferential creditors**

Preferential claims of employees for arrears of wages, salary and holiday pay are estimated at £12,174.

### **Unsecured creditors**

Claims of unsecured creditors, excluding employees, were estimated at £127,379. HM Revenue & Customs are owed c.£231,201 and employees, unsecured claims are estimated at £129,881.

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

### **Secured creditors**

It is estimated that both secured creditors will suffer shortfalls under their floating charges.

### **Preferential creditors**

We consider that there are likely to be sufficient funds for a dividend to be paid to preferential creditors of 100p in the £.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

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

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

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

We have estimated, to the best of our knowledge and belief, the Company's net property, to be £221,766 and the prescribed part of the Company's net property to be £47,353. See Appendix 4.

It is intended that we will distribute this amount to the unsecured creditors in the administration.

### **Unsecured creditors**

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than via the Prescribed Part (if any), in accordance with paragraph 52(1)(b) of the Insolvency Act 1986.

### **Effect of administration on limitation periods under the Limitation Act 1980**

As explained in our initial correspondence confirming our appointment as administrators, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation

Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

## **7. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION**

### ***Purpose of the Administration***

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 2 of this report.

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a) and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), 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).

In order to achieve the first purpose of an administration, the administrators must be able to rescue the Company as a going concern. However, this was not achievable as the Company had significant unsecured creditor liabilities and therefore, a restructuring of these creditors would have been required to meet the first objective of an administration. Based on the available financial information, there was insufficient value placed on the Company's assets in order to affect a restructuring of the Company's considerable debt and the administrators concluded that the first option was not possible to achieve.

We consider that this objective specified in sub-paragraph 3(1)(b) was more likely, as it is anticipated that through the completion of customer orders, the sale of the Company's assets, together with the website and the domain name will enable us to achieve 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). We will also be able to provide a dividend to the secured and preferential creditor in accordance with sub-paragraph 3(1)(c).

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

- Realise the remaining assets;
- Investigate the Company's affairs to establish any causes of action, and reporting on the conduct of the directors;
- Ensuring that any unresolved issues concerning the Company's affairs are concluded; and
- Obtaining the necessary clearances to conclude the administration.

Following these events, we propose to finalise distributions to the preferential creditors, together with the unsecured creditor by virtue of the Prescribed Part and subsequently move the Company to Dissolution.

### ***Exit from Administration***

As discussed above, on present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors other than via the Prescribed Part (if any), in accordance with paragraph 52(1)(b) of the Insolvency Act 1986. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon the registration of such notice our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on

application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

### ***Extending the administration***

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude our investigation into the Company's affairs. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may, therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

## **8. PRE-ADMINISTRATION COSTS**

In the period before the Company entered administration, we carried out work ("the Work") consisting of the following:

- Providing advice to the Company about the options available to it, including advice about the alternative insolvency options of a voluntary arrangement and a voluntary liquidation;
- Providing advice to the directors on the conduct of the Company's affairs during the intervening period before the appointment of administrators;
- Liaison with the Company's secured creditors;
- Providing guidance in relation to protecting the interests of creditors pending the appointment of administrators;
- Advised the directors with regards to obtaining agents valuations of the Company's assets;
- Obtaining agent's valuation advice in respect of the Company's assets; and
- Dealing with the procedural steps culminating with the appointment of administrators.

The Work was carried out before the Company entered administration, pursuant to our engagement letter dated 24 February 2020 ("the Agreement"). The Agreement provides for the payment of our fees and the discharge of expenses incurred by us (collectively referred to as "the pre-administration costs") in carrying out the Work.

The Work was carried out before the Company entered administration because it was necessary to review the Company's financial position and consider insolvency options available to it, before an insolvency process commenced. For these reasons we consider that the Work has furthered the achievement of the objective of administration being pursued, namely 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 pre-administration costs are broken down as follows:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	18,237.50	3,647.50	21,885.00
Legal costs (inc disbursements)	Trowers & Hamblins LLP	3,146.80	617.80	3,764.60
<b>TOTAL PRE-ADMINISTRATION COSTS</b>		<b>21,384.30</b>	<b>4,264.30</b>	<b>25,649.60</b>

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, by seeking decisions of the secured creditors and the preferential creditors.

Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

## 9. REMUNERATION AND DISBURSEMENTS

### ***Remuneration***

We propose that the basis of our remuneration be fixed under Rule 18.16 of the Rules by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters as set out in the fees estimate as detailed in Appendix 3.

We consider that the Company has sufficient property to enable a distribution to be made to unsecured creditors by virtue of the prescribed part fund of any net floating charge property. In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor and the preferential creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Rules. Please note that we are required to disclose any business or personal relationships with parties responsible for approving our remuneration.

Appendix 3 sets out our firm's hourly charge out rates, our fees estimate and the time that we and our staff have spent in attending to matters arising in the administration since 27 February 2020.

### ***Disbursements***

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

### ***Estimate of expenses***

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

### ***Expenditure incurred to date***

Expenditure has been incurred to date totalling £452.52, as follows:

- Statutory advertising - £95.02 (*Category 1*)
- Bond - £290.00 (*Category 1*)
- Travel & subsistence - £67.50 (*Category 2*)

## 10. OTHER INFORMATION TO ASSIST CREDITORS

### ***Report on the conduct of directors***

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



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

#### **Investigations carried out to date**

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. These investigations are at an earlier stage and any findings will be advised in future reports.

#### **Connected party transactions**

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

#### **Deemed delivery**

These proposals will be deemed to have been delivered on 22 April 2020.

#### **Use of personal information**

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

## **11. CONCLUSION**

We presently consider that the objective specified in paragraph 3(1)(a) of Schedule B1 to the Act cannot be achieved.

In the circumstances, we are not required to seek a decision from the creditors on the approval of our proposals. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may request that a decision is sought from the unsecured creditors as to whether to approve our proposals, via a qualifying decision procedure. Any such request must be delivered to our office in writing within 8 business days of 4 May 2020. If no such requests are received, our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

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



**I E Walker**  
Joint Administrator

Date: 17 April 2020

# ACCOUNT OF RECEIPTS AND PAYMENTS

## 27 February 2020 to 15 April 2020

	Statement of Affairs (£)	Total (£)
<b>RECEIPTS</b>		
Stock		238,350.56
Insurance Refund		2,006.69
Cash at Bank		277,275.81
Sundry refunds		43.33
Bank Interest Gross		10.50
		<hr/>
		517,686.89
		<hr/>
<b>PAYMENTS</b>		
Utilities		7,785.16
Sundry		4,810.77
Carrier		23,589.52
Rents Payable		7,008.50
Marketing		11,163.49
Wages & Salaries		54,995.11
		<hr/>
		109,352.55
		<hr/>
Net Receipts/(Payments)		408,334.34
		<hr/>
<b>MADE UP AS FOLLOWS</b>		
Metro Bank		100,000.00
Santander account		342,730.11
VAT Receivable / (Payable)		(34,395.77)
		<hr/>
		408,334.34
		<hr/>

# ESTIMATED STATEMENT OF AFFAIRS AS AT 27 FEBRUARY 2020

	Note	Book Value £	Estimate to realise £	£
<b>Fixed charge assets</b>				
Goodwill	1	45,427		0
Fixed charge creditors				
Stephen Boyd			(505,241)	
Vacuumatic			(647,162)	
c/f to floating charge			<u>(1,152,403)</u>	
<b>Floating charge assets</b>				
Chattel, fixtures and equipment	2	21,294		13,000
Stock	2	432,476		105,000
Cash at bank		277,275		277,275
Merchant funds	3	65,469		<u>0</u>
<b>Assets available for preferential creditors</b>				395,275
Less preferential creditors				<u>(12,174)</u>
<b>Assets available for floating charge creditors</b>				383,101
Less Prescribed Part (c/f)				<u>(79,620)</u>
<b>Assets available to floating charge creditors after Prescribed Part</b>				303,481
Floating charge creditors b/f				<u>(1,152,403)</u>
Deficit to floating charge creditors (c/f)				<u>(848,922)</u>
Prescribed Part (b/f)				79,620
<b>Unsecured creditors</b>				
HMRC			(231,201)	
Trade creditors			(127,379)	
Employees			(129,881)	
			<u>(488,461)</u>	
<b>Deficit to unsecured creditors</b>				(408,841)
Deficit to floating charge creditors (b/f)				<u>(848,922)</u>
<b>Total deficit to creditors</b>				(1,257,763)
Share capital				<u>(100)</u>
<b>Total deficit to shareholders</b>				<u>(1,257,863)</u>

## Notes

- 1 Only valuable if sold as going concern and unlikely in current climate
- 2 Per valuation
- 3 Likely to retain due to administration

## Duo Bootmakers Limited B - Company Creditors

Key	Name	Address	£
CA00	Asendia UK Ltd		
CA01	ANTONIO DE ALMEIDA	Unit 12 The Heathrow Estate, Silver Jubilee Way, Hounslow, Middlesex, TW4 6NF	0.00
CB00	Mr Stephen Boyd	RUA DA GANDRA - APART.15,726, S. ROQUE, 3721-904 S. ROQUE, PORTUGAL	0.00
			505,241.00
CB01	BANES	Lewis House, Manvers Street, Bath, acc ref: 39179087, BA11 3EG	6,848.00
CB02	Barbican Computer Services Ltd	69-71 East Street, Epsom, Surrey, KT17 1BP	228.00
CB03	Avon Industrial Doors Ltd	Armstrong Way, Great Western Business Park, Yate, Bristol, BS37 5NG	96.00
CB04	B SMITH PACKAGING LTD	STAINER ROAD, WARNDON, WORCESTER, WR4 9FE	6,518.43
CB05	Busy Bees Cleaning & Maintenance 2000 Ltd	Unit R4, Enterprise Zone, Marshall Way, Commerce Park, Frome, BA11 2FE	395.88
CB06	BWS Standfast Fire & Security Systems	Unit 11 Church Farm Business Park, Corston, BATH, BA2 9AP	270.55
CB07	Bristol Water	Water2business, 1 Clevedon Walk, Nailsea, Bristol, BS48 1WA	376.89
CC00	Canada Life Group Insurance	3 Rivergate, Temple Quay, Bristol, BS1 6ER	1,340.00
CC01	CanDo4You Ltd	10 High Street, Wells, Somerset, BA5 2SG	329.70
CC02	CBI- Confederation Of British Industry	Cannon Place, 78 Cannon Street, London, EC4N 6HN	329.50
CC03	CNC Property Fund Management Ltd	Second floor The Atrium, 31 Church Road, Ashford, Middlesex, TW15 2UD	4,317.26
CC04	Comforyst SA	Zona Industrial do Orreiro, Apartado 3701-910, S. Joao Da Madeira	40,363.73
CC05	Louise Cenci	23 Hogarth Close, Slough, SL1 5JD	0.00
CC06	Do Good Things Ltd t/a Circus Journal	69 Dovers Park, Bathford, BA1 7UD	0.00
CD00	DHL International (UK) Ltd	Southern Hub, Unit 1 Horton Road, Colnbrook, Berks, SL3 0BB	21,905.72
CD01	DPDgroup UK Ltd t/a DPD	15th Floor, Castlemead, Lower Castle Street, Bristol, BS1 3AG	721.38
CD02	Drop and Collect Ltd	49 Clarendon Road, Watford, Hertfordshire, WD17 1HP	1,022.31
CD03	Duo Security, Inc	123N. Ashley St., Suite 200, Ann Arbor, MI 48104, USA	0.00
CE00	ExaVault	344 Thomas L Berkley Way, Suite 410, Oakland, CA94612	0.00
CE01	Expenses		2.99
CF00	Facebook Ireland Ltd		0.59
CF01	Focus4u Ltd	4 Grand Canal Square, Grand Canal Harbour, Dublin 2, Ireland	1,452.48
CF02	Freestyle Designs Bath Ltd	Europa House, Southwick Square, Southwick, West Sussex, BN42 4FJ	330.32
CF03	Futureform	Unit 2, Stable Yard Ind Est, Windsor Bridge Road, Bath, BA2 3AY	167.88
CG00	Google AdWords	Southgate, Commerce Park, Frome, Somerset, BA11 2RY	726.95
CG01	Gorgias Inc	Google Ireland Limited, Gordon House, Barrow Street, Dublin 4, Ireland	0.00
CG02	goselfdrive.com		55.00
CG03	Grahams Cleaning Services Ltd	Unit 1, Wallbridge Mills, Frome, Somerset, BA11 5JZ Cherry Tree Cottage, 183 Englishcombe Lane, Bath, BA2 2EW	120.90

## Duo Bootmakers Limited B - Company Creditors

Key	Name	Address	£
CH00	HM Revenue & Customs	Enforcement and Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	231,201.00
CI00	Imagesound Ltd	Venture Way, Durstun Technology Park, Chesterfield, S41 8NE	0.00
CL00	La-Salette & Carvalho, Lda	Rua da Industria,, 225, Lote 7, Lugar da Povia, 3720-571 Travanca OAZ	5,491.13
CL01	Lionhouse Creative Ltd	4 Rivers Street Place,, Julian Road, Bath, BA1 2RS	3,402.00
CM00	Mendip District Council - Business Rates	Cannards Grave Road, 801381232, Shepton Mallet, Somerset, BA4 5BT	747.00
CM01	Mendip District Council - Business Rates	Cannards Grave Road, 801381245, Shepton Mallet, Somerset, BA4 5BT	1,708.00
CM02	Metapack Ltd	4th Floor, 200 Grays Inn Road, London, WC1X 8XZ	592.50
CM03	MNP Media Ltd	91 Crane Street, Salisbury, SP1 2PU	1,429.13
CN00	Natasha Musson-The Secret Stylist	The Rockeries, South Bank, Castle Cary, Somerset, BA7 7HF	0.00
CN01	New Voice Media Ltd	NewVoiceMedia House, Jays Close, Basingstoke, Hampshire, RG22 4BS	0.00
CP00	PPS Commercial Print Ltd	Unit 1 Manor Furlong, Marston Trading Estate, Frome, Somerset, BA11 4RJ	450.00
CR00	Rajapack Ltd	Unit 1, Marston Gate, Ridgmont, Bedfordshire, MK43 0YL	56.51
CR01	REVE DE FLO	Zona Industrial Da Moura Apt 23, LOUREIRO, 3721 - 903 Loureiro OAZ, Portugal	9,182.47
CR02	Royal Mail Group Ltd	Payment Processing Centre, Rowland Hill House, Boythorpe Road, Chesterfield, S49 1HQ	6,533.32
CS00	Safenames Ltd	Safenames House, Sunrise Parkway, Linford Wood, Milton Keynes, MK14 6LS	2,121.16
CS01	SAVILLS	Belvedere, 12 Booth Street, Manchester, M2 4AW	0.00
CS02	SGS United Kingdom Ltd	Inward Way, Rossmore Business Park Park, Ellesmere Port, Cheshire, CH65 3EN	0.00
CS03	Shopify Inc		0.00
CS04	Simarco International Ltd	Unit 4 Central Park Estate, Staines Road, Hounslow, TW4 5DJ	0.00
CT00	Taylor Brothers Ltd	Unit 5 & 6, Avon Valley Buissness Park, Chapel Way, St Annes, Bristol, BS4 4EU	296.00
CT01	Truth Collective LLC	25 Russell Street, Rochester, NY, 14607	390.63
CT02	TWL Voice and Data Ltd-Solar	Technology House, P3 Capital Business Park, Capital Point, Cardiff, CF3 2PU	36.00
CU00	U2COM LTD	Kelston Park, Kelston, Bath, BA1 9AE	4,055.09
CU01	UPTIME ROBOT SERVICE	Regent House Office, 21 Bisazza Street, Sliema, Malta, SLM1640	4.21
CV00	Vacumatic Limited	8 Brunel Way, Colchester, Essex, CO4 9QX	647,162.00
CV01	Veolia ES (UK) Ltd	Kingswood House, Kingswood Crescent, Cannock, Staffs, WS11 8JP	303.86
CV02	VODAFONE LTD	PO Box 549, Newbury, RG14 2DQ	0.01
CW00	Web Wise Media Ltd	69A High Road, North Weald, Essex, CM16 6HW	2,184.00
CW01	Wessex Fire and Security Ltd	Wincombe Lane, Shaftesbury, Dorset, SP7 8PJ	475.79
CZ00	Total Employee Claims		142,055.00

**Duo Bootmakers Limited**  
**B - Company Creditors**

Key	Name	Address	£
61 Entries Totalling			1,653,038.27

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## DRAFT STATEMENT OF AFFAIRS

### Notes to the Draft Statement of Affairs.

1. The goodwill is subject to fixed charges granted in favour of Stephen David Boyd and Vacuumatic Limited. The name and type of security held by each charge holder is indicated at section 7.
2. The chattel assets were professionally valued by Eddisons on 8 March 2020 in which the individual within Eddisons who prepared the valuation is MNAVA qualified, the valuation was prepared on a Market Value in situ and ex situ basis. Eddisons has confirmed its independence and that it has adequate professional indemnity insurance in the sum of £25m.
3. The claims of the Department for Business, Energy and Industrial Strategy represent employees' estimated claims under The Employment Rights Act 1996 in respect of arrears of pay to a maximum of £800 per employee and holiday pay which are claimed preferentially, and pay in lieu of notice, redundancy pay and arrears of pay in excess of £800 which are non-preferential.
4. Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

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

- a. The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit;
  - b. Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
5. The claim of HM Revenue & Customs represents VAT.
  6. Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
  7. The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

## REMUNERATION AND EXPENSES

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Total time spent to 15 April 2020 on this assignment amounts to **167.5** hours at an average composite rate of **£354.32** per hour resulting in total time costs of **£59,348**.

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

- ❑ Begbies Traynor (Central) LLP's charging policy
- ❑ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis
- ❑ Narrative summary of time costs incurred
- ❑ Table of time spent and charge-out value
- ❑ The Administrators' fees estimate
- ❑ Details of the expenses that the Administrators consider will be, or are likely to be, incurred
- ❑ Estimated outcome comparisons

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

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

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## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>2</sup> indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

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

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

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

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

Best practice guidance classifies expenses into two broad categories:

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

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

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

*Expenses which should be treated as Category 2 disbursements (approval required)* – in addition to the two categories referred to above, best practice

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

<sup>2</sup> Ibid 1

guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

***Services provided by other entities within the Begbies Traynor group***

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

Eddisons are instructed to provide to provide asset valuations and disposal services. Their charges will be equivalent to 10% of realisations.

In addition to the services detailed above, it may become necessary to instruct Eddisons to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. We are awaiting the forecasted cost of insurance for the 3 month period immediately following appointment. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

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

- Telephone and facsimile
- Printing and photocopying

- Stationery

### **BEGBIES TRAYNOR CHARGE-OUT RATES**

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

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour) 1 December 2018 – until further notice</b>
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

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

Time is recorded in 6 minute units.



## **PRE-ADMINISTRATION TIME COSTS SUMMARY**

CASE NAME: Duo Bootmakers Limited

CASE TYPE: ADMINISTRATION

OFFICE HOLDERS: Ian Edward Walker and Julie Anne Palmer

DATE OF APPOINTMENT: 27 February 2020

### **1 CASE OVERVIEW**

1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case.

#### **1.2 Time costs information**

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table. Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals.

#### **1.3 Overview of work undertaken prior to appointment**

As set out at Section 8 of the Proposals, the work we carried out in the period before the Company entered administration consisted of:

- Providing advice to the Company about the options available to it, including advice about the alternative insolvency options of a voluntary arrangement and a voluntary liquidation;
- Providing advice to the directors on the conduct of the Company's affairs during the intervening period before the appointment of administrators;
- Liaison with the Company's secured creditors;
- Providing guidance in relation to protecting the interests of creditors pending the appointment of administrators;
- Advised the directors with regards to obtaining agents valuations of the Company's assets;
- Obtaining agent's valuation advice in respect of the Company's assets; and
- Dealing with the procedural steps culminating with the appointment of administrators.

#### **1.4 Complexity of work undertaken prior to appointment**

The main area of complexity related to the extensive discussions with regards the logistics of the sale of the stock and highlighting key payments to ensure that the business continued as normal in order to maximise realisations.

#### **1.5 Exceptional responsibilities**

There have been no exceptional responsibilities falling on the office holders in this case.

**1.6 The proposed Administrators' effectiveness**

The work that we have carried out derives from the duties and responsibilities placed on us by insolvency law and by required professional practices. We consider that we have carried out our duties diligently and with all reasonable due care and attention.

**1.7 The views of the creditors**

No views have been expressed by the unsecured creditors thus far.

**1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment**

The Administrators are seeking a resolution in relation to their pre-administration costs as follows: that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment.

**1.9 Other professionals employed & their costs**

Trowers & Hamblins LLP, solicitors who specialise in insolvency law, were engaged to provide pre-appointment advice and prepare the appointment documents, their costs of £3,089 plus VAT, plus disbursements of £57.80 remain unpaid.

Professional costs are reviewed and analysed before payment is approved.

**2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at **Appendix 3**.

2.2 The rates charged by the various grades of staff who may work on a case are attached at **Appendix 3**.

## **DUO BOOTMAKERS LIMITED**

### **SUMMARY OF TIME COSTS AND EXPENSES**

This summary is intended to provide sufficient information to enable the body responsible for the approval of our fees to consider the level of our fees and expenses in the context of the case.

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

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

#### General case administration and planning

Insolvency Practitioners are required to maintain records to demonstrate how the case is administered, and to document any decisions that materially affect the case.

At the onset of the case we will form a strategy for how the case will be managed. This will take into consideration the level of assets to be realised, how those assets will be realised, and whether there will be sufficient realisations to make a distribution to the Company's creditors.

The case will be subject to regular reviews to ensure case progression and the files will be kept up to date.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progressing of the administration, which ensures that the joint administrators and their staff carry out their work to high professional standards.

#### Compliance with the Insolvency Act, Rules and best practice

The Insolvency Practitioners are governed by the Insolvency Act and Rules, together with a requirement to follow best practice guidelines known as Statements of Insolvency Practice. We have certain statutory obligations and duties to fulfil whilst in office which include the regular filing of progress reports with Companies House and the filing of a final report at the end of the period. We are also required to notify various bodies of our appointment, including creditors, Companies House, and advertise our appointment in the London Gazette.

We are also duty bound to correspond with creditors and issue notice of the insolvency event to the likes of the pensions departments, banks and other parties who would have an interest in the proceedings. There is also the duty to investigate the directors' conduct, bond the case appropriately and instruct professionals such as property agents and solicitors to assist where necessary.

This work does not benefit creditors financially but is necessary to comply with the Insolvency Act, Rules and best practice.

#### Investigations

Within three months of our appointment, we are required to submit an online conduct report in accordance with the Company Directors Disqualification Act. In order to fulfil this duty, we will seek to recover the Company's books and records, both hard copy and electronic, in order to carry out our investigations. Any person who is or has been a director or is considered as a *de facto* or shadow director of the Company in the three years prior to the insolvency event will also be asked to complete a questionnaire to assist with our investigations.

We have a duty to examine the conduct of the Company and its directors in order to identify what assets may be available for realising, including any actions against directors or other parties which may lead to further recoveries into the estate. Such investigations may include analysis of the Company's bank statements, reviewing information provided by third parties and analysis of the Company's management accounting systems.

Where appropriate, creditors or other parties may be asked to come forward with information.

Any financial benefit to creditors in carrying out the above work is unclear at present however creditors will receive updates on these matters in our progress reports.

#### Realisation of assets

Insolvency Practitioners are required to maximise realisations for the benefit of the Company's creditors. In order to do this and as discussed, we have instructed professional agents Eddisons to carry out negotiations and to provide inventories and valuations. We also instructed solicitors, Trowers and Hamlins LLP, to liaise with the interested parties and prepare the sale agreements, in which their post appointment costs to date total £18,126.50.

All work carried out in respect of the asset realisation is for the purpose of realising property and assets for the benefit of the creditors generally.

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

Creditors will be made aware of the dividend prospects at the earliest opportunity, whether it is detailed in our initial correspondence, a progress report or by notice of intended dividend issued during the course of administering the case.

Creditors' claims will be dealt with in accordance with the statutory order of priority, and therefore only if there is a prospect of a dividend in the insolvency proceedings, will those claims be adjudicated on.

Where any arise, the government will initially review and make payment of the claims of the employees, (up to their maximum allowances), and any shortfall on those claims will be a claim in the insolvency proceedings.

Time will be spent dealing with all creditor queries as and when required.

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

During the course of administering the case, the Insolvency Practitioners will be required to seek decisions from creditors on various proposed resolutions, including the basis of our remuneration and whether a creditors committee is formed.

We are also required to submit VAT and Tax returns when appropriate in order to reclaim monies for the estate and pay over any taxes due to HMRC. As detailed above, we are also required to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises or to a meeting external to our office if it assists with our realisation of assets, investigations or another aspect of the case.

There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case. Creditors will be notified of all of our actions in the progress and/or final reports issued.



## **Time Costs Analysis**

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

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

## **Why have subcontractors been used?**

- Trowers & Hamblins LLP, have been instructed to provide post appointment legal advice;
- ERA Solutions Limited have been instructed to deal with the employees' claims and the Company's pension scheme;
- Eddisons Commercial Ltd have been instructed to value and realise the chattel assets of the Company.
- Eddisons Insurance Services Limited have been instructed to provide insurance broking services.

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

You will appreciate that although a considerable amount of work has already been undertaken prior to our appointment; the administration is still in its comparatively early stages. Estimating the amount of the further time that we will need to give to the various aspects of the case is not straightforward even with the considerable experience we have of dealing with cases of a similar type and size. That experience informs us that no two cases are alike and what we can say with confidence is there is a strong likelihood of matters emerging that we did not anticipate and therefore, have not factored into our estimate of further work required. This is the context for the estimates that follow.

### General case administration and planning

Although there will be no direct financial benefit to the administration, the administrators will continue to maintain sufficient records to demonstrate how the case is being administered and will perform periodic reviews to ensure that the case matters are efficiently progressed.

### Compliance with the Insolvency Act, Rules and best practice

Again, although there will be no direct financial benefit to the administration, insolvency legislation requires that the administrators do the following:

- Carry out investigations into the Company's affairs;
- Prepare periodic progress reports to creditors;
- Ensure the case is adequately bonded and reviewed on a regular basis; and
- Prepare a final report.

### Investigations

The administrators have a statutory duty to investigate the affairs of the Company prior to the administration, and submit a report to the Department for Business, Energy & Industrial Strategy.

### Realisation of assets

As previously mentioned at section 5, discussion remain ongoing with regards the IPR together with the remainder of the stock. Realisations will be reported in future reports.

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

We will continue to deal with any queries which may be received and log creditors' claims as and when received.

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

We will need to ensure compliance with the requirement for Corporation Tax and VAT returns to be prepared for the duration of the administration.

**How much will this further work cost?**

We have incurred costs of £59,348 to 15 April 2020, we consider further costs of £40,694.50 to be incurred to enable the case to proceed to closure.

**Expenses**

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

SIP9 Duo Bootmakers Ltd - Administration - 20DU165.ADM: Time Costs Analysis From 27/02/2020 To 15/04/2020

[illegible]

## DUO BOOTMAKERS LIMITED

### THE ADMINISTRATORS' FEES ESTIMATE

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

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

Details of the work that the administrators and their staff propose to undertake	Hours	Time cost £	Average hourly rate £
General case administration and planning	80.00	32,010.00	400.13
Compliance with the Insolvency Act, Rules and best practice	38.00	11,100.00	292.11
Investigations	18.00	5,760.00	320.00
Realisation of assets	46.00	17,520.00	380.87
Trading	1.00	495.00	495.00
Dealing with all creditors' claims (including employees), correspondence and distributions	40.50	14,647.50	361.67
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), tax, litigation, pensions and travel	60.00	18,510.00	308.50
<b>Total hours</b>	<b>283.50</b>		
<b>Total time costs</b>		<b>100,042.50</b>	
<b>Overall average hourly rate £</b>			<b>352.88</b>

For the avoidance of any doubt, the above estimate relates to the period of administration only, it does not relate to any work that is to be undertaken in any insolvency procedure following the administration.

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

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

Dated: 17 April 2020

**DUO BOOTMAKERS LIMITED**

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

<b>No.</b>	<b>Type of expense</b>	<b>Description</b>	<b>Estimate £</b>
1.	Advertisements	Of appointment, dividends etc.	95
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	190
3.	Insurance	An Insolvency Practitioner is required to ensure that there is sufficient insurance cover over the assets of the insolvent entity.  Administration fees may also be charged on the policy	1,000
4.	Storage costs	An Insolvency Practitioner is required to retain relevant books and records of the insolvent entity in order to carry out his/her duties as office holder. In addition, following case closure the Insolvency Practitioner will retain his/her working papers to allow any queries or issues raised to be dealt with.	100
5.	Travel & Subsistence	Travel to and from Company's premises	100
6.	Agents fees	ERA Solutions – assistance provided to employees	2,500
7.	Agents fees and disbursements	The fees of the agents together with their anticipated disbursements for valuing & selling with the Company's chattels & stock	unknown
8.	Stock realisation costs	The remaining costs to settle all liabilities	90,000
9.	Legal fees and disbursements	The fees of any solicitors and/or barristers instructed to assist the Insolvency Practitioner and their anticipated disbursements	15,000
	<b>TOTAL</b>		<b>108,985</b>

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

## ESTIMATED OUTCOME COMPARISONS

	Note	On appointment £	By selling online £		
<b>Fixed charge assets</b>					
Goodwill	1	0	25,000		
Fixed charge costs					
Legal fees			(5,000)		
Administrators fees			(5,000)		
Fixed charge creditors					
Stephen Boyd		(505,241)	(505,241)		
Vacuumatic		(647,162)	(647,162)		
<b>c/f to floating charge</b>		<b>(1,152,403)</b>	<b>(1,137,403)</b>		
<b>Floating Charge Assets</b>					
Cash at Bank		277,275	277,275		
Realisation of stock		105,000	265,659		
Chattels		15,000	15,000		
Insurance refund		2,006	2,006		
		399,281	559,940		
<b>Less costs</b>					
Agents costs		(20,000)	(7,000)		
Stock realisation costs		(70,000)	(200,000)		
Pre Appointment Legal costs		(3,000)	(3,000)		
Post Appointment Legal fees		(5,000)	(12,000)		
Pre appointment Administrators fees		(19,000)	(19,000)		
Post appointment Administrators fees		(50,000)	(80,000)		
Administrators expenses		(2,000)	(2,000)		
ERA Solutions		(3,000)	(3,000)		
		(172,000)	(326,000)		
<b>Assets available for preferential creditors</b>		<b>227,281</b>	<b>233,940</b>		
Preferential creditors		(12,174)	(12,174)		
<b>Available for floating charge creditor before prescribed part</b>		<b>215,107</b>	<b>221,766</b>		
Prescribed Part c/f		(46,021)	(47,353)		
<b>Available for floating charge holders</b>		<b>169,086</b>	<b>174,413</b>		
Stephen Boyd		(505,241)	(490,241)		
Vacuumatic		(647,162)	(647,162)		
<b>Deficit to floating charge creditors</b>		<b>(983,317)</b>	<b>(962,990)</b>		
Prescribed Part b/f		46,021	47,353		
Less administrators costs to agree and distribute		(15,000)	(15,000)		
<b>Assets for unsecured creditors</b>		<b>31,021</b>	<b>32,353</b>		
<b>Unsecured creditors</b>					
HMRC		(231,201)	(231,201)		
Trade creditors		(127,379)	(127,379)		
Employees		(129,881)	(129,881)		
<b>Deficit to unsecured creditors</b>		<b>(457,439)</b>	<b>(456,108)</b>		
<b>Estimated dividends</b>		<b>£</b>	<b>%</b>	<b>£</b>	<b>%</b>
Dividend to Secured Creditors		169,086	33.47%	189,413	37.49%
Dividend to Preferential Creditors		12,174	100.00%	12,174	100.00%
Dividend to Unsecured Creditors		31,021	6.78%	32,353	7.09%