

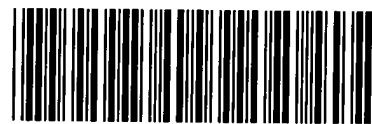
AM03

Notice of administrator's proposals



Companies House

TUESDAY



A9C6ASFN

A11

25/08/2020

#71

COMPANIES HOUSE

1 Company details

Company number 1 0 8 9 2 2 4 0

Company name in full Wigan Sports Management Limited

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

2 Administrator's name

Full forename(s) Paul

Surname Stanley

3 Administrator's address

Building name/number 340 Deansgate

Street Manchester

Post town M3 4LY

County/Region

Postcode

Country

4 Administrator's name

Full forename(s) Dean

Surname Watson

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number 340 Deansgate

Street Manchester

Post town M3 4LY

County/Region

Postcode

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6 Statement of proposals



I attach a copy of the statement of proposals

7 Sign and date

Administrator's
Signature

Signature



Signature date

d

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d

5

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m

8

y

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y

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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	Alex Coffey
Company name	Begbies Traynor (Central) LLP
Address	340 Deansgate Manchester
Post town	M3 4LY
County/Region	
Postcode	
Country	
DX	
Telephone	0161 837 1700



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. Attach this to the relevant form. ①
Use extra copies to tell us of additional insolvency practitioners.

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

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

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

① You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ2, LIQ3, LIQ05, LIQ13, LIQ14, WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Gerald Maurice

Surname

Krasner

3 Insolvency practitioner's address

Building name/number

340 Deansgate

Street

Manchester

Post town

M3 4LY

County/Region

Postcode

Country

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.

Wigan Sports Management Limited (In Administration)

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

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.

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
- ☐ Remuneration and disbursements
- ☐ Other information to assist creditors
- ☐ Conclusion
- ☐ Appendices
 - 1. Account of receipts and payments from 1 July 2020 to 4 August 2020
 - 2. Company creditors
 - 3. Remuneration and expenses
 - 4. Group Structure

1. INTERPRETATION

Expression

Meaning

"the Company"

Wigan Sports Management Limited (In Administration)

"the administration"

The appointment of administrators under Schedule B1 of the Act on 1 July 2020

"the administrators", "we",
"our", "us"

Paul Stanley & Dean Watson of Begbies Traynor (Central) LLP, 340 Deansgate, Manchester, M3 4LY and Gerald M Krasner of Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG

"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

2. STATUTORY INFORMATION

Name of Company	Wigan Sports Management Limited
Trading name(s):	Wigan Sports Management
Date of Incorporation:	31 July 2017
Company registered number:	10892240
Company registered office:	C/O Begbies Traynor, 340 Deansgate, Manchester, M3 4LY
Former registered office:	BDO LLP, BDO Drive 3 Hardman Street, Manchester M3 3AT
Trading address:	DW Stadium, Loire Drive, Robin Park, Wigan, WN5 0UH
Principal business activities:	64209 - Activities of other holding companies not elsewhere classified
Directors and details of shares held in the Company (if any):	Name Wai Kay Au Yeung Tat Man Cheung Man Chun Szeto
Auditors:	BDO LLP, 3 Hardman Street, Manchester, M3 3AT
Share capital:	1 ordinary share of £1 each
Shareholders:	Newworth Ventures Limited, controlled by Wai Kay Au Yeung

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment:	1 July 2020
Date of resignation:	N/A
Court:	Business and Property Courts in Manchester, Insolvency & Companies List (ChD)
Court Case Number:	2020-MAN-000681
Person(s) making appointment / application:	The directors of the Company
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."

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

On 23 June 2020, the solicitor acting for the Company contacted Begbies Traynor in relation to the financial position of the Company and various associated companies including Wigan Athletic AFC Limited ("the Football Club"). A letter of advice was provided regarding various options that were available based on the limited information given. Further information was requested.

On 24 June 2020, there was a further telephone call between Paul Stanley, Gerald M Krasner and the solicitors acting for the Company. It was explained that there was a £6 million funding requirement and no further funds were being made available by the owner.

Further telephone calls ensued over the following days, but no detailed information was given to us and we were asked formally not to contact any of the UK directors at this time. As a result of our investigations, it became apparent that a number of assets relating to the Football Club were held by different associated companies (Wigan Athletic A.F.C. Limited, Wigan Football Company Limited, Wigan Athletic Holdings Limited, Wigan Property Holdings Limited and Wigan Sports Management Limited) ("the Group"). The solicitors were advised that if they wished to appoint us as administrators over the Football Club (which operates the football club) then they would also have to appoint us over the Group companies in order that we had control over the whole operations.

A decision was made and as a result of which a Board Meeting was held on 30 June 2020 to approve the proposed appointment. The necessary documents were signed that day, but it was decided not to formally lodge them in Court before closing hours due to the fact that the Football Club had a match that night and it was not considered appropriate to release the news in advance of that match. The documents were filed at Court after it closed, and the Court acknowledged the filing by return.

The formal Notice of Appointment was stamped by Court at 10.00am on 1 July 2020, which is the time and date on which our appointment took effect.

5. STATEMENT OF AFFAIRS

At the time of issuing the Administrators' Proposals, the Statement of Affairs has not been provided by the Directors of the Company. Once available, this will be available to view at Companies House and for viewing and download by following the instructions provided in the letter circulated to all creditors.

Our comments on the Assets and Liabilities of the Company are as follows:

ASSETS

Investment

The Company owns shares in Wigan Athletic Holdings Limited. The value of the Subsidiary in the accounts is c£17.9 million being the acquisition price. The Subsidiary were placed into Administration on 1 July 2020.

Cash at Bank

The sum of £22,277 was held in the Company's bank account with Barclays Bank Plc ("Barclays"). This balance was transferred to the Joint Administrators shortly following their appointment.

LIABILITIES

Intercompany Loans

The Company's records indicate that a balance of c.£19m is owed to Newworth Ventures Limited, the ultimate holding company.

HM Revenue & Customs ("HMRC")

Per the books and records, HMRC are owed c£210k. HMRC has submitted a claim for £16,132.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 1 July 2020 to 4 August 2020.

RECEIPTS

Cash at Bank

As outlined above, the sum of £22,277 was transferred to the Joint Administrators by Barclays shortly following their appointment.

PAYMENTS

Statutory Advertising

£95 has been paid to Courts Advertising in relation to the advert that must be placed in the London Gazette following the appointment of the Joint Administrators.

Work undertaken by the Administrators and their staff

We have detailed below the work undertaken by the Administrators and their staff following their appointment on 1 July 2020.

Action taken immediately following appointment

- As required by the Act, we have filed our Notice of Appointment at Companies House, advertised our appointment in the London Gazette and served formal notice on the Company. HMRC were also notified of our appointment.
- Creditors were written to as soon as was reasonably practicable following our appointment to provide them with formal notification of the same.
- On the date of appointment, the Joint Administrators attended the DW Stadium with a view to formulating an immediate strategy in relation to the running of the Group. The head of finance was engaged at an early stage and assisted in providing some key financial information to enable an initial strategy to be formulated
- Liaised with Barclays, the Company's former bankers in relation to the funds held in the Company's bank account, and to arrange for a transfer of those funds to enable staff wages to be paid.

General actions taken throughout appointment

In addition to the above, we have also carried out the following:

- Opened a designated case bank account and arranged for the transfer of any funds that had been paid into the Begbies Traynor Client Account to be moved to that account
- Calculation of bond required for the Joint Administrators to cover the value of the Company's assets
- Liaising with overseas directors in relation to initial investigations, conduct questionnaires, and submission of Statement of Affairs
- Reviewed and logged the claim of HMRC
- Payment of statutory advertising invoice

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment are as follows:

Secured creditor

There are no secured creditors in this matter.

Preferential creditors

There are no known preferential claims.

Unsecured creditors

As outlined above, a claim of £16k has been received from HMRC.

The Company's records also indicate that a balance of c.£19m is also due to the ultimate holding company, Newworth Ventures Limited.

On the basis of realisations to date and estimated future realisations we estimate an outcome for creditors as follows:

Secured and preferential creditors

There are no known secured or preferential claims.

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)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, Section 176A will not apply and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

Any distribution to unsecured creditors depends on the outcome of the insolvencies of the various companies owned by the Company and its subsidiary.

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.

8. 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 3 of this report above.

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).

It is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), namely rescuing the business as a going concern as there is no business to rescue and the position of the subsidiary companies is uncertain.

The Joint Administrators propose to remain in office as administrators to deal with the following:

- To await the outcome of the insolvency processes of the Subsidiary companies

In the event that sufficient funds are realised, we will take steps to verify creditor claims and to distribute funds accordingly.

Exit from Administration

The prospect of a distribution being made to unsecured creditors in this matter is subject to the outcome of the Administrations of the immediate subsidiary company and the two companies by the subsidiary.

Creditors' voluntary liquidation ("CVL")

In the event that distributions are made by the subsidiary company then we confirm that there are no secured creditors in this matter and that a distribution will be made to the unsecured creditors of the Company which is not a distribution of the prescribed part¹.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

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 creditors' voluntary liquidation to the Registrar of Companies. Upon the registration of such notice our appointment as administrators shall cease to have effect and the Company will automatically be placed into liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (a) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

Dissolution

In the event that no monies are distributed by the subsidiary company then the Company may have insufficient property to enable a distribution to be made to unsecured creditors. 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. 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

¹ Insolvency Act 1986, Sch B1, para 83(1)

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.

9. REMUNERATION AND DISBURSEMENTS

Remuneration

Under the terms of our Engagement Letter, due to the risks incurred by the Joint Administrators in taking this appointment (with no guarantee on fees or disbursements) as a result of the lack of information available, and the commercial risks taken on with no certainty on the funds available to the proposed administrators, it was agreed with the owner in his capacity as shareholder and major creditor that there would be an uplift of one third on our standard charge out rates.

We therefore 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, plus an increase of one third of time costs incurred.

It is for the creditors' committee to approve the basis of our remuneration under Rule 18.18 of the Rules, but if no such committee is appointed it will be for the creditors to determine. We intend to deal with this by seeking decisions of creditors via correspondence.

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 01 July 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.

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

Following the appointment of the Joint Administrators, it was decided to investigate a number of matters relating to the Group as a whole, especially the immediate events leading up to the appointment of Administrators.

It was agreed in relation to the whole Group that Paul Stanley and Dean Watson would deal with the UK directors, and that Gerald M Krasner would deal with the overseas directors. Walker Morris were instructed to advise on this matter generally.

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 27 August 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 consider that the Company has sufficient property to enable a distribution to the unsecured creditors and we are therefore required to seek a decision from the Company's creditors as to whether they approve our proposals. This decision will be sought via the deemed consent procedure and a notice of the decision sought is accompanying this document.

Unless 10% in value of the Company's creditors object to the approval of our proposals via the deemed consent procedure, then the creditors will be treated as having made the proposed decision to approve our proposals.

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.



Paul Stanley
Joint Administrator

Date: 25 August 2020

ACCOUNT OF RECEIPTS AND PAYMENTS

1 July 2020 to 4 August 2020

	£	£
ASSET REALISATIONS		
Cash at Bank	<u>22,277.34</u>	22,277.34
 COST OF REALISATIONS		
Statutory Advertising	<u>94.50</u>	(94.50)
		<u><u>22,182.84</u></u>

COMPANY CREDITORS

As outlined above, we understand that the Company's creditors are:

HM Revenue & Customs

Enforcement and Insolvency Service (EIS), Durrington Bridge House, Barrington Road, Worthing, BN12 4SE
£200,000

Newworth Ventures Limited

c/o Gunner Cooke, 53 King Street, Manchester, M2 4LQ
£19,000,000

REMUNERATION AND EXPENSES

Total time spent to 31 July 2020 on this assignment amounts to 31.5 hours at an average composite rate of £263.19 per hour resulting in total time costs to 31 July 2020 of £8,290.50.

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

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ 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

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. 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/>

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 guidance² 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 guidance³ 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;

² Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales,

³ Ibid 1

(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

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

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 Manchester and Newcastle office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour)
	1 December 2018 – until further notice
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.

Wigan Sports Management Limited

SUMMARY OF TIME COSTS AND EXPENSES

This summary, which should be read in conjunction with the Time Costs Analysis for the period since appointment below, 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>

We have provided a detailed overview in the main body of the report above in relation to the work carried out since our appointment. Not every piece of work has been described, but we have sought to give a proportionate overview below in relation to the headings under which our time costs are charged, 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.

The costs incurred in relation to each heading are set out in the Time Costs Analysis below.

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. 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 following 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 in accordance 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 books and records, both hard copy and electronic, from the directors 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 are also 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.

As creditors are aware, we have commenced our investigations in relation to the conduct of the directors, however we are unable to disclose any specific details in relation to the potential outcome of those investigations.

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 we may need to consider instructing professional agents to carry out negotiations, provide inventories and valuations. We may also need to instruct solicitors to complete sales. We may need assistance with debt collection exercises.

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.

As outlined above, we have spent time dealing with the cash held in the Company's bank account. We are not aware of any other assets at this stage.

Trading

The Joint Administrators and their staff have maintained a daily presence on site and have been responsible for the day to day running of the football club and the Group companies alongside the retained employees of WAFC and WFC. Time charged to 'Trading' relates to all necessary tasks involved with the day to day running of the business, that does not fall into any of the other categories outlined in this appendix.

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

To date, nominal time has been spent in relation to the claim of HMRC.

In the event that a dividend is likely to be paid to the unsecured creditors of the Company, we will need to take steps to verify any claims received.

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 Practitioner 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 duty bound to provide notifications and further assistance to pensions departments where applicable.

We may be required to travel to the Company's premises (outside of the staff who are based at the DW Stadium on a daily basis), 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 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 at this stage only staff from the Manchester office have charged time to this matter, however it may become necessary for staff from the Newcastle office also working on this matter to charge any time incurred accordingly.

For the purposes of the proposals, only the time analysis from the Manchester office is attached, however future reports may contain a time analysis from each office working on this assignment.

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

Expenses

Details of all of the expenses incurred are provided in the Receipts & Payments section above. Our estimate of expenses for the entire administration appears below.

SIP9 Wigan Sports Management Limited - Administration - 10WI403.ADM : Time Costs Analysis From 01/07/2020 To 31/07/2020

[illegible]

WIGAN SPORTS MANAGEMENT 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	38	11,275	296.71
Compliance with the Insolvency Act, Rules and best practice	38	11,455	301.45
Investigations	18	5,110	283.89
Realisation of assets	6	1,980	330.00
Trading	15	5,075	338.33
Dealing with all creditors' claims (including employees), correspondence and distributions	17	5,965	350.88
Other matters which include seeking decisions from creditors (via DCP and/or via Decision Procedures), meetings, tax, litigation, pensions and travel	16	4,560	285.00
Total hours	148		
Total time costs		45,420	
Overall average hourly rate £			306.89

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>.

WIGAN SPORTS MANAGEMENT LIMITED

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

No.	Type of expense	Description	Estimate £
1.	Advertisements	Of appointment, requisitioned meetings, dividends etc.	£300
2.	Bond	An Insolvency Practitioner is required to have a bond in place to protect the estate from misappropriation of funds	£36
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	£500
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.	£250
5.	Bank charges	An Insolvency Practitioner is required to operate a separate bank account in relation to the insolvent entity's estate	£20
6.	Travel	For site visits, meetings etc	£100

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

GROUP STRUCTURE

