

# AM03

## Notice of administrator's proposals



Companies House

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12/03/2020

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### 1 Company details

Company number 1 1 4 5 1 9 6 9

Company name in full Tre Ciccio Ramsbottom Ltd

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

### 2 Administrator's name

Full forename(s) Patrick

Surname Lannagan

### 3 Administrator's address

Building name/number One St Peters Square

Street Manchester

Post town M2 3DE

County/Region

Postcode

Country

### 4 Administrator's name ①

Full forename(s) Conrad Alexander

Surname Pearson

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

### 5 Administrator's address ①

Building name/number One St Peters Square

Street Manchester

Post town M2 3DE

County/Region


Postcode

Country

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

AM03

Notice of Administrator’s Proposals

6	Statement of proposals	
	<div><input checked="" type="checkbox"/> I attach a copy of the statement of proposals</div>	
7	Sign and date	
Administrator’s Signature	<div><div>Signature</div><div><div>✕</div><div></div><div>✕</div></div></div>	
Signature date	<div><div><div><div><sup>d</sup></div><div>1</div></div><div><div><sup>d</sup></div><div>1</div></div></div><div><div><div><sup>m</sup></div><div>0</div></div><div><div><sup>m</sup></div><div>3</div></div></div><div><div><div><sup>y</sup></div><div>2</div></div><div><div><sup>y</sup></div><div>0</div></div><div><div><sup>y</sup></div><div>2</div></div><div><div><sup>y</sup></div><div>0</div></div></div></div>	

## 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 **Victoria Stewart**

Company name **Mazars LLP**

Address  
**One St Peters Square**  
**Manchester**

Post town **M2 3DE**

County/Region

Postcode

Country

DX

Telephone **T: +44(0) 161 238 9200**



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- ☐ 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.



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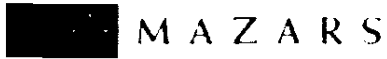
The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



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**Tre Ciccio Ramsbottom Ltd trading as Tre Ciccio - In  
Administration ('the Company')**

**Administrators' Statement of Proposals Pursuant to Paragraph 49  
of Schedule B1 of the Insolvency Act 1986**

**9 March 2020**

This report has been prepared for the sole purpose of updating creditors pursuant to the Insolvency Act 1986. The report should not be referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

The Administrators act as agents of the Company without personal liability.

Patrick Alexander Lannagan and Conrad Alexander Pearson  
Mazars LLP  
One St Peters Square  
Manchester  
M2 3DE

**In accordance with rule 3.35(e) of the Insolvency (England and Wales) Rules 2016, the proposals are deemed delivered to creditors on 11 March 2020.**

## **Tre Ciccio Ramsbottom Ltd trading as Tre Ciccio - In Administration**

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## **Statement to Creditors**

### **1 Introduction**

- 1.1 This statement is addressed to the creditors of Tre Ciccio Ramsbottom Ltd (trading as Tre Ciccio) and includes the Joint Administrators' proposals.
- 1.2 Creditors are asked to approve the proposals via a decision by correspondence. If creditors choose to reject the proposals, a report will be sent to the Court advising of this outcome and the Court may provide that the appointment of the Joint Administrators ceases and make such an order as it deems appropriate. This may include the Company being returned to the control of the directors or a winding-up order being made, placing the Company into Compulsory Liquidation.
- 1.3 In accordance with Rule 3.39 of the Insolvency (England and Wales) Rules 2016, whenever a decision is required of the creditors, an Administrator must at the same time invite the creditors to form a committee. The purpose of such a committee would be to assist the Joint Administrators in the discharge of their duties and responsibilities. The committee is also responsible for agreeing the costs of the Administration.
- 1.4 If the proposals are agreed, the Joint Administrators will continue to control the business of the Company. At a later date, the Administrators will arrange for the Company to exit from the Administration. This may be via a Creditors' Voluntary Liquidation or by an application to dissolve the Company.
- 1.5 The statutory purpose of an Administration comprises three hierarchical objectives:
  - a. rescuing the Company as a going concern;
  - 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.
- 1.6 Further detail in relation to the events that immediately followed the appointment of Administrators is provided later in our report. Prior to our appointment it was anticipated that there would be an exit out of Administration by way of Company Voluntary Arrangement ('CVA') which would have represented a rescue of the Company as a going concern in line with objective a.
- 1.7 However, following our appointment and a review of more detailed financial information, it became apparent that a CVA was not viable without the introduction of substantial funds to meet employee wage arrears in the short term and, in the absence of this funding being available, there was no reasonable prospect of rescuing the Company in its existing form as a going concern. As a result, the Administrators concluded that the purpose of the Administration to be pursued was objective 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).

- 1.8 The Administrators considered that a sale of the business and assets as a going concern would offer the best outcome for creditors as this would preserve jobs for the staff, minimising preferential claims and avoiding redundancy costs, and also ensure that the landlord's potential claims for future rent and any other contractual liabilities under the premises lease were mitigated.

## 2 Statutory information

- 2.1 Patrick Lannagan and Conrad Pearson, both of Mazars LLP, were appointed as Joint Administrators of the Company by the Court on 17 January 2020. Mr Lannagan is authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales and Mr Pearson is authorised in the UK by the Insolvency Practitioners Association. Identification details regarding the Company and the Administrators is attached at Appendix A.
- 2.2 The EU Regulation on Insolvency Proceedings (Regulation (EU) No 2015/848 of 20 May 2015) applies to this Administration and the proceedings are main proceedings, owing to the fact that the Company's registered office and Centre of Main Interests ('COMI') are based in the UK.
- 2.3 All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone.
- 2.4 Details of the Company's directors ('the Directors') and secretary are as follows:

Director	Date appointed	Date resigned	Shares held
James Damian Gingell	06/07/2018	-	-
Alan George Patterson Ritchie	06/07/2018	-	-
Francesco Scafuri	06/07/2018	-	-
Secretary	Date appointed	Date resigned	Shares held
-	-	-	-

## 3 Circumstances giving rise to the Administrators' appointment

### 3.1 Company History

- 3.1.1 The Company was incorporated on 6 July 2018 and trades as the Tre Ciccio restaurant at 16-18 Market Place in Ramsbottom. The Company's shareholder is Tre Ciccio Holdings Ltd, which is in turn owned jointly and equally by the Directors.
- 3.1.2 The Company is part of a group of companies comprising the parent undertaking of Tre Ciccio Holdings Ltd and four wholly owned subsidiaries in addition to Tre Ciccio Ramsbottom Ltd ('TC Ramsbottom') (together 'the Group'):
- Tre Ciccio Altrincham Ltd ('TC Altrincham') – operated the Tre Ciccio restaurant from leased premises in Altrincham;

- Tre Ciccio Bramhall Ltd ('TC Bramhall') – operated the Tre Ciccio restaurant from leased premises in Bramhall;
- Tre Ciccio 4 Ltd – dormant entity; and
- Tre Ciccio Five Ltd – dormant entity.

- 3.1.3 The Company entered into a 25 year lease of the premises at 16-18 Market Street on 3 October 2018 and began a process of refurbishment costing circa £758k (leasehold property improvements, fixtures and fittings and equipment). Funding for this refurbishment was provided in part by the already established sister company, TC Altrincham.
- 3.1.4 The Tre Ciccio restaurant opened in Ramsbottom on 1 March 2019 with capacity to seat 140 people with an additional private dining space seating up to 18. Since commencement of trading, the business has been profitable and employed 31 staff, including full time catering and from of house staff as well as casual staff available to meet additional demand in busy periods.
- 3.1.5 Management accounts indicate that in the first six months of trading, the Company generated turnover of some £787k, gross profit of some £578k and a net profit before tax of £69k.
- 3.1.6 The Administrators are advised that the Directors utilised funds from the Company, in addition to funds from TC Altrincham, in order to fund both the initial fit out of the leasehold property utilised by TC Bramhall and also to support ongoing trading cash flow when financial performance was below expectations.
- 3.1.7 Unfortunately, the financial performance of TC Bramhall did not improve in line with the Directors' expectations. As a result, both the Company and TC Altrincham began to suffer cash flow difficulties due to both the level of past support and also the ongoing support which continued to be provided. Mounting pressure from creditors resulted in the Directors seeking professional advice on the options available to the companies in December 2019.
- 3.1.8 It should be noted that from around April 2018, the group had the benefit of significant financial support from one of its main suppliers Amato Food Products Limited ('Amato') in the form of a significant trade credit. In addition monies were also introduced personally by Robert Amato, a director of Amato. We await confirmation from both parties in relation to the amounts owed by the group which may be in the region of £900k.

## **3.2 Initial advice and meetings**

- 3.2.1 Mazars LLP were introduced to the Company by Dermot Power, an advisor to the Group. An initial meeting between Patrick Lannagan of Mazars LLP and the directors, James Gingell, Alan Ritchie and Francesco Scafuri, took place on 13 December 2019 at which the financial position of the Company and the wider Group was discussed.
- 3.2.2 It was apparent that there were no significant assets available within the Group which could provide security for additional borrowing and shareholders were not able to introduce sufficient funds to support the Group on a solvent basis. Further financial information was required from the Directors before detailed advice on options could be provided.
- 3.2.3 On 18 December 2019, H.G. Stephenson Limited, a creditor, issued a winding up petition in respect of the Company, as well as TC Altrincham and TC Bramhall and a hearing date for the petitions was set for 11 February 2020. Based on the preliminary assessment of the Group's



position, a winding up of the companies was expected to result in a worse outcome for creditors than could be achieved via Administrations of the companies.

- 3.2.4 On 20 December 2019, Mazars LLP was formally engaged by the Company to assist in placing the Company into Administration, to undertake discussions and negotiations with key creditors, engage a solicitor to assist with the formalities of the Administration application process and with engaging an agent to value the Company's assets.
- 3.2.5 An application was submitted to the High Court of Justice, Business and Property Courts in Manchester on 2 January 2020 by the Directors for the Court to make an Administration Order in respect of the Company and a hearing was set for 17 January 2020 at 10.30 am. This created a moratorium on legal action against the Company, protecting its business and assets, and the petitioning creditor confirmed they would not oppose the application.
- 3.2.6 JPS Chartered Surveyors ('JPS') were instructed to prepare a valuation of the Company's assets. A summary of the valuation is set out below:

Asset Description	In Situ Market Value	Ex Situ Market Value
Restaurant equipment – removable	17,600	6,500 – 10,400
Restaurant equipment – affixed but removable	9,050	0 - 2,300
Stock	4,500	1,700 - 2,800
Unencumbered Total Value	31,150	8,200 - 15,500

- 3.2.7 Market value is defined as the amount for which an assets should exchange on the valuation date from a willing seller to a willing purchaser in an arm's length transaction after proper marketing where the parties act knowledgeably, prudently and without compulsion. The 'in situ' value sets out the potentially higher value that could be achieved from a sale of the assets as part of a going concern, on the basis that the purchaser in this scenario would be prepared to pay a premium in the event of competing bids. The 'ex situ' valuation gives the likely value that may be achieved in a shutdown and auction scenario, giving a minimum benchmark (before considering the costs of realisation) for a sale of assets on a going concern basis. This figures are given before the deduction of the costs of sale estimated at between £1,500 (on line sale & collection from premises) and £3,750 (removal from premises to auction location)
- 3.2.8 On 15 January 2020, Patrick Lannagan submitted a report to Court in which the proposed Administration strategy was set out with a comparison of outcomes in Administration and in Liquidation which evidenced that:
- The Directors had prepared cash flow forecasts which supported cost neutral trading in Administration over a six week period while proposals for a Company Voluntary Arrangement ('CVA') could be assembled for creditors;
  - The Directors had also prepared 12 month forecasts which suggested that the Company could make contributions to a CVA in the region of £100k per annum;
  - The landlord and other key creditors would be supportive of a CVA proposal;

- A viable CVA could be proposed as the exit route for the Company from Administration and that this would be explored by the proposed Administrators, once appointed;
- In the event that a CVA is not proposed, a sale of the business as a going concern in Administration would be likely to provide a better outcome for creditors as a whole than a break up sale in Liquidation.

3.2.9 The Court made an Administration Order on 17 January 2020 appointing Patrick Lannagan and Conrad Pearson, both of Mazars LLP, as Joint Administrators.

## **4 Subsequent Events**

### **4.1 *Trading the Business***

4.1.1 Following their appointment, the Administrators and their staff attended the trading premises and held a meeting with Company staff, informing them that the business would continue to trade under the control of the Administrators in the short term while the potential for either proposing a CVA or in the alternative, securing a sale of the business as a going concern could be explored. The staff were supportive of this strategy.

4.1.2 The Administrators engaged Onecall Management Limited ('Onecall'), a specialist hospitality agent with experience in business turnaround situations, to take on the day to day running of the restaurant. The agreed fee under this engagement was a fixed fee of £3,750 plus VAT per week.

4.1.3 Following the provision of further information from the Directors, it became apparent that there was an immediate funding gap of circa £27k arising from the payroll position: wages were paid up to 21 December 2019 on 31 December 2019 and so the January 2020 wage bill for the period 22 December 2019 to 21 January 2020 would fall due and payable on 31 January 2020. The quantum of these wage arrears meant that a CVA proposal would be unviable without the introduction of material additional funding. With no parties identified who were willing to introduce the additional funding required, the Administrators made the Directors and their family members (who were not involved in day to day operations) redundant on 22 January 2020 on economic grounds whilst marketing of the business continued (see below).

4.1.4 The trading period came to an end on 30 January 2020 with the sale of the business as described at section 4.3. During the trading period, turnover of some £40k has been generated. At this stage, there are some trading costs (rates and utilities costs) that have not yet been invoiced to the Company in Administration or paid. However, based on the trading cash flow, it is expected that trading will be at least at break-even level.

4.1.5 Management fees due to Onecall totalling £5,175 plus VAT have been incurred, of which £4,425 plus VAT has been discharged from the funds Onecall is holding.

### **4.2 *Marketing and Sale of the Business***

4.2.1 On appointment, the Administrators commenced a marketing strategy with a view to identifying any parties that may be interested in acquiring the Company's business and assets and also that of TC Altrincham and TC Bramhall. A flyer was prepared providing brief details of the acquisition opportunity and this was circulated online on Deal Opportunities, on the

website of JPS Chartered Surveyors ('JPS') and through existing networks via the Mazars UK partnership, Mazars UK and international corporate finance platform and on the Mazars Restructuring blog.

- 4.2.2 This marketing activity, as well as the general press interest in the Administrations, generated a number of enquiries and requests for further information, thirteen non-disclosure agreements were returned allowing further information in the sales memorandum to be shared. A deadline for offers was set on 29 January 2020 which resulted in two offers for the purchase of the Company's business and assets being received. It should also be noted that the same parties also made a separate offer for the business and assets of TC Altrincham.
- 4.2.3 Both interested parties were made aware that their offer would be subject to the respective landlords of the trading premises providing their consent to the successful bidder to occupy the premises for the medium to long term. As the offers received were broadly similar to one another, the interested parties were introduced to the landlords to further their discussions with a view to entering an agreement regarding the leases at both the Ramsbottom and Altrincham sites.
- 4.2.4 During this process, the landlord at the Ramsbottom premises indicated a strong preference to proceed with one of the interested parties, whose offer was conditional on their acquisition of the business and assets of both TC Altrincham and TC Ramsbottom. In light of the similar offer levels, the Joint Administrators agreed to a going concern sale of both businesses to this party as this was more likely to ensure a successful sale of both businesses as going concerns, ensuring the payment of wage arrears to the retained employees, thereby minimising creditor claims and preserving jobs.
- 4.2.5 On 30 January 2020, a sale of the Company's business and certain assets was completed with Acorn 21 Limited ('the Purchaser') (CRN: 12422135) for total consideration of £35,000 on the following terms:
- Initial consideration of £25,000; and
  - Deferred consideration of £10,000 (comprising of ten monthly payments of £1,000 until 30 November 2020).
- 4.2.6 The apportionment of the consideration, which exceeded the in situ valuation of circa £31k provide by JPS, is detailed as follows:

<b>Asset</b>	<b>Consideration (£)</b>
Business Information	1.00
Contracts	1.00
Fixture, Fittings and Equipment	29,996.00
Goodwill	1.00
Intellectual Property	1.00
Stock	5,000.00
<b>Total</b>	<b>35,000.00</b>

- 4.2.7 Alongside the sale of the business and assets, the Purchaser has entered into a licence to occupy the premises at 16-18 Market Place in the short term while a more permanent tenure is agreed. Under the licence, the Purchaser will pay a licence fee equivalent to the amount of rent payable to the landlord at Ramsbottom.
- 4.2.8 Knights plc was engaged by the Administrators to prepare the sale and purchase agreement and the licence to occupy, being a specialist insolvency firm with experience of dealing with contracts for distressed business sales. Under this engagement, their fees are charged on a time costs basis and further details are provided in Appendix E4 within the Fees Pack. No fees have been discharged to date.

## **5 Assets**

### **5.1 Assets already realised**

#### **5.1.1 Sale of Business**

As noted in section 4.3, the Administrators have secured a going concern sale of the business and assets of the Company to the Purchaser, a new legal entity which is not connected to the Company. For completeness, it should be noted that Robert Amato, being a party that provided significant financial support to the Group, is a director of the Purchaser and we understand that the Directors have some involvement in the ongoing operations of the Purchaser's business.

The cash sale consideration totals £35,000, of which £25,000 – the initial consideration - has been received and £10,000 – the deferred consideration - will be paid in 10 monthly instalments each of £1,000.

In addition to the cash consideration, the Purchaser has taken on the liability for wages in the period 22 December 2019 to 30 January 2020 for all 29 of the retained staff, which includes pre-Administration wage arrears in the region of £27k. This amount would have been claimed from the Redundancy Payments Service in the event of a shutdown, of which £19k was assessed as preferential.

As part of the initial payroll run completed by the Purchaser, wages incurred during the Administration trading period were also paid, for which the Company in Administration was liable. In this regard, the Administrators have paid £15,000 to the Purchaser from the trading income.

The Purchaser remains in discussion with the landlord of the trading premises for the assignment of the existing lease / grant of a new lease.

#### **5.1.2 Cash at Bank and in Hand**

The Company operated bank accounts with Barclays Bank plc. The Administrators requested the transfer of the cash balance held as at 17 January 2020 and the sum of £5,394 was received on 30 January 2020.

- 5.1.3 In addition, there was cash on the premises on 17 January 2020 in the sum of £1,248.

## **5.2 Assets remaining to be realised**

### **5.2.1 Deferred Consideration**

The Purchaser is required to pay £10,000 in £1,000 instalments on a monthly basis, on 30<sup>th</sup> day of each month until November 2020. This will be monitored and if any instalments are missed, the full amount remaining to be paid becomes due and payable immediately.

### **5.2.2 Other Receivables**

The Administrators will also carry out the usual checks and reviews of trade and supplier accounts and insurance premiums to ensure that any credit balances or refunds due to the Company are recovered for the benefit of the Administration estate.

An update will be provided to creditors in the six month progress report.

## **6 Investigations**

6.1 The Joint Administrators are required to investigate the affairs of the company and the conduct of the Directors in the period leading up to the Administration. The findings are reported to the Insolvency Service in accordance with the Company Directors' Disqualification Act 1986, and an appropriate report will be filed in due course. The content of the report is confidential.

6.2 An initial investigation into the Company's affairs by the Joint Administrators in accordance with Statement of Insolvency Practice 2 is currently underway. The purpose of these investigations, in addition to supporting the report to the Insolvency Service, is to establish whether there are any potential asset recoveries or conduct which requires further investigation which may lead to any recoveries for the benefit of creditors.

6.3 Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the Company's affairs

## **7 Liabilities**

### **7.1 Secured Creditors**

7.1.1 The Company had not granted any charges over any aspect of its property. Accordingly, there are no secured creditors in this matter.

### **7.2 Preferential Creditors**

7.2.1 Preferential claims arise from arrears of wages and accrued unpaid holiday pay due to former employees of the Company who did not receive their full entitlements on redundancy.

7.2.2 As noted in section 4.1, the Administrators made two redundancies on 22 January 2020. Both leavers have claims for arrears of wages and one has a claim for accrued unpaid holiday pay

which have been submitted to the Redundancy Payments Service ('RPS') for payment from The National Insurance Fund up to the statutory limit of £525 per week.

7.2.3 Preferential claims are estimated to be in the region £3,100 and this includes the amount due to the RPS and additional amounts in excess of the statutory limits paid by the RPS to which the former employees are entitled.

7.2.4 Assuming that realisations and expenses are as anticipated, it is not likely that there will be sufficient funds available for a distribution to preferential creditors.

### **7.3 Unsecured Creditors**

7.3.1 According to the Company's management accounting system, there are some 48 unsecured creditors estimated to total in the region of £902k. Claims received to date currently total £318,462 from 12 creditors.

7.3.2 Assuming that realisations and expenses are as anticipated, it is not likely that there will be sufficient funds available for a distribution to unsecured creditors.

## **8 Prescribed Part**

8.1 In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.

8.2 As there is no floating charge, the Prescribed Part does not apply in this instance.

## **9 Statement of Affairs**

9.1 In accordance with paragraph 47 of Schedule B1 of the Insolvency Act 1986, the Directors were requested to prepare a Statement of Affairs by 17 February 2020.

9.2 A draft version of the Statement of Affairs has been received and requires some amendments in order to comply with the required content. The Administrators are working with the Directors to this end.

9.3 Since a final agreed version of the Statement of Affairs is not yet available, a summary of the Company's financial position at 17 January 2020, together with a list of creditors and details of security held by them is provided at Appendices B and C respectively.

## **10 Receipts & Payments Account**

10.1 A summary of the Administrators receipts and payments for the period from 17 January 2020 to 9 March 2020 is provided as Appendix D. This confirms that the Administrators currently hold funds of £28,682, while Onecall currently hold funds of £23,772, with accrued costs and

VAT to be paid totalling £14,613. These funds are held at Lloyds Bank plc in an interest bearing account.

10.2 An explanation of any payments made to date is provided in Section 18 below.

## **11 Estimated Outcome Statement**

11.1 An Estimated Outcome Statement ('EOS') is provided at Appendix E3 which illustrates the likely outcomes to creditors as noted at Section 7. The EOS is based on the following assumptions:

- The residual trading costs remaining to be discharged amount to no more than £13k;
- The deferred consideration will be realised according to the schedule under the SPA;
- There will be no delays in finalising the lease position in respect of the Company's premises;
- The duration of the Administration will be no more than 12 months and an extension will not be required; and
- The statutory investigations do not give rise to any legal actions.

11.2 The total expected realisations are insufficient to discharge the anticipated costs in full.

## **12 Duration**

12.1 The appointment of the Joint Administrators shall cease to have effect at the end of the period of one year beginning with the date of their appointment. However, pursuant to para 76 of Schedule B1 of the Insolvency Act, 1986 this may be extended by either:

- an application to Court for a specified period, or
- by consent of the creditors for a specified period not exceeding one year.

12.2 It is unclear at present if an extension of the Administration is likely to be sought in this case, but creditors will be kept advised of developments.

## **13 Proposed Exit Route**

13.1 Based on current projections, it is unlikely that there will be sufficient realisations to enable a dividend to unsecured creditors. As such, it is proposed that the Administrators exit the Administration via the dissolution route, by issuing their final report and filing a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986.

13.2 In the event that realisations exceed expectations and an unsecured dividend becomes available, the Administrators reserve the right to exit the Administration via a Creditors Voluntary Liquidation ('CVL') by filing a notice under Paragraph 83 of Schedule B1 of the Insolvency act 1986.

13.3 If a CVL is the most appropriate exit route then it is proposed that the Administrators, Patrick Alexander Lannagan and Conrad Alexander Pearson, (or if appropriate their successors) be appointed as Joint Liquidators. However, in accordance with paragraph 83(7) of Schedule B1

of The Insolvency Act 1986, and Rule 3.60 of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person to act as Liquidator provided that the nomination is made after the receipt of these proposals and before the deemed decision for their approval, which is 27 March 2020.

## **14 Decisions required from the Creditors**

- 14.1 As noted earlier, in accordance paragraph 49 of Schedule B1 to the Insolvency Act 1986, the Joint Administrators' Proposals must be approved by a decision of the creditors. In order to assist creditors with making this decision, the Proposals are summarised below:
- That the Joint Administrators continue to realise the deferred consideration and any other receivables as outlined in Section 5;
  - That the Joint Administrators continue to investigate, and if appropriate, pursue any claims that an office holder and /or the Company may have under The Companies Act or Insolvency Act against any parties concerned with the affairs of the Company as disclosed in Section 6;
  - That, if there are sufficient funds, the Joint Administrators make a distribution to the preferential creditors;
  - That, in the event that there are insufficient funds available to pay a dividend to unsecured creditors, the Joint Administrators propose conclude the Administration by filing a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, and the Company will be dissolved three months thereafter.
  - That, in the event there are sufficient funds to pay a distribution to unsecured creditors, the Joint Administrators conclude the Administration and place the Company into Creditors' Voluntary Liquidation, with the appointment of Patrick Lannagan and Conrad Alexander Pearson (or if appropriate, their successors) as Joint Liquidators. In accordance with section 231 of the Insolvency Act 1986, the Joint Liquidators are to act jointly and severally.
- 14.2 At the same time as seeking a decision from the creditors regarding their Proposals, the Joint Administrators are also required to invite the creditors to form a Creditors' Committee. Details of the functions of the committee are provided in the next section. Creditors can provide their decision in respect of the approval of the Proposals and their requirement for a committee on the voting form which is being issued under separate cover.
- 14.3 In the event that creditors decide not to form a committee, the Joint Administrators request additional decisions from the creditors in respect of the following matters:
- (i) The approval of the pre-Administration costs as set out in **Section 16** below;
  - (i) The approval of the Administrators' remuneration as set out in **Section 17** below; and
  - (ii) The approval of the Administrators' category 2 disbursements as set out in **Section 19** below
- 14.4 These decisions are set out in detail on the voting form which has been issued to creditors under separate cover. Creditors should indicate on the voting form their decision by deleting either approved or rejected (as appropriate) and returning the signed voting form back to this office by post or by e-mail, to the addresses provided on the voting form. A proof of debt must have



also been submitted in respect of all voting forms, otherwise the voting form will marked as invalid. **The deadline for voting forms and proofs of debt is 27 March 2020.**

- 14.5 Creditors can request that a physical meeting is convened if, within five business days from the date of delivery of the notice of the decision procedure 10% of the value of the creditors, 10% of the number of the creditors, or 10 creditors reply to the Administrators to request a physical meeting. In the event that a physical meeting is convened, the decision procedure currently in place will be superseded.

## 15 The Creditors' Committee

- 15.1 The function of a committee is to assist the Administrators in discharging their duties and to receive information from time to time on the conduct of the Administration and the implementation of the proposals. Where appropriate, the Administrators will seek the committee's sanction to proposed actions.
- 15.2 A Creditors' Committee can only be formed if sufficient creditors are willing to be members of the committee. The committee must be formed of at least three, but not more than five eligible members.
- 15.3 Further information on the role of the committee, its formation and eligibility to act is provided in the guide entitled "Creditors' Committees and Commissioners – A Guide for Creditors" which is available to download from the website <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/> or which is available upon request.

## 16 Pre-Administration Costs

- 16.1 The pre-Administration costs total £15,872.52 plus VAT. A summary of the costs incurred is provided in the table below:

Firm	Fees (£)	Disbursements (£)	Description of work undertaken
Mazars LLP	9,278.00	Nil	<p>Attending an initial meeting with the Directors and their advisors to review the Company's financial position, to discuss the options available and to explain the Administration procedure.</p> <p>Attending further meetings with the Directors and their advisors for the purpose of reviewing the Company's accounting records, preparing cash flow forecasts and other financial information.</p> <p>Strategy discussions with the landlords of the premises/land.</p> <p>Correspondence with key creditors.</p> <p>Liaising with agents regarding the Company's asset values.</p> <p>Discussions and meetings with legal advisors regarding the Administration process.</p> <p>Preparation and review of formal documentation regarding the Administrators' appointment including</p>

			consents to act, a report to Court regarding the proposed strategy and statutory paperwork in relation to the Administrators' appointment. Court attendance regarding the Administrators' appointment. These fees are on a time-cost basis and equate to 29.70 hours at a blended hourly rate of £373.91.
Knights plc - Solicitor	3,717.60	946.67	Instructed to prepare board minutes, statutory paperwork relating to the appointment of the Administrators, file documents at Court, liaising with Counsel regarding the Court hearing, attendance at the Court hearing regarding Administrators' appointment and serve documents on any relevant parties. These fees have been incurred on a time-cost basis.
JPS Chartered Surveyors - Agent	1,900.00	30.25	Instructed to attend site to undertake an inventory of the Company's assets and prepare a valuation report. These fees have been incurred on a fixed fee basis.
Total	14,895.60	976.92	

- 16.2 The costs of Mazars LLP were approved by the Directors in an engagement letter dated 20 December 2019. The engagement letter also provided Mazars LLP with the authority to engage solicitors and agents to assist the Company. These costs were incurred before the Company entered Administration but with a view to it doing so in order to further the achievement of the administration objective. No payments on account have been made to date against these costs.
- 16.3 At the Court hearing on 17 January 2020, the Judge ordered that the following pre-Administration costs be paid as an expense of the Administration:
- the legal costs of the application;
  - the costs of preparation of the report to Court dated 2 January 2020; and
  - the costs of the petitioning creditor.
- 16.4 Accordingly, approval has already been granted for the following payments to be made in respect of costs incurred prior to Administration from the Administration estate:
- the costs of Knights plc totalling £4,664.27 plus VAT;
  - the costs of Mazars LLP totalling £1,496 plus VAT (note that these costs are restricted to the time costs relating to the 2 January 2020 report provided in support of the application); and
  - the sum of £1,212 including VAT payable to Ward Hadaway Solicitors (acting for the petitioning creditor).
- 16.5 The pre-Administration costs payable to JPS Chartered Surveyors are not yet approved. Approval of these costs is not part of the Proposals and agreement of the costs will be sought from the Creditors' Committee, or where a committee is not formed, from the creditors. If approval is received, the payment of JPS Chartered Surveyors' costs of £1,930.25 plus VAT will be treated as an expense of the Administration.

## **17 Basis of Administrators' remuneration**

- 17.1 In accordance with rule 18.16 of the Insolvency (England and Wales) Rules 2016, the basis of the Joint Administrators' remuneration may be fixed:
- a as a percentage of the value of the property with which the Administrators are required to deal; or
  - b by reference to the time properly given by the Administrators and their staff in attending to matters arising the Administration; or
  - c as a set amount; or
  - d as a combination of any one or more of the above.
- 17.2 As noted earlier, the creditors' committee is required to approve the Administrators' remuneration; however, where a committee is not formed, a decision in this regard is to be sought from the creditors. Having considered the nature of the work involved in concluding the matters remaining per the Proposals, the Administrators request that their fees be approved on the basis of time properly spent in dealing with these matters.
- 17.3 Where a time-cost basis is sought, the Administrators are required to provide creditors with additional information including:
- o Details of the work already undertaken and why that work was undertaken prior to the approval of the fee basis;
  - o Details of the work yet to be undertaken and why that work is required;
  - o Whether the work which has or will be undertaken provides a financial benefit to creditors;
  - o Details of the rates of the staff proposed to work on this engagement; and
  - o Details of the anticipated time each part of the work will take to conclude and the costs of the work
- 17.4 This additional information is contained in the Fees Information Pack ('the Fees Pack') at Appendix E.
- 17.5 Creditors will note that the Fees Estimate totals £61,693.50 plus VAT, albeit that the Administrators currently expect, based on the estimated outcome statement at Appendix E3, that the level of fees drawn will be limited by the funds available. On current estimates, this is likely to be in the region of £26,468 plus VAT. The Fees Estimate of £61,693.50 acts as a cap for the Administrators remuneration and they are unable to take any additional fees without the approval of the creditors' committee (if one is appointed) or the creditors. If the Fees Estimate is exceeded or if the Administrators believe it is likely to be exceeded, they will revert to creditors again.
- 17.6 On the basis that a fair proportion of the work required to be undertaken has already occurred, the Administrators do not expect to request an increase to the Fees Estimate; however, the Fees Estimate assumes that the Administration will remain open for 12 months; that there will be no significant additional tasks to be undertaken beyond those set out in Appendix E2 and will not require an extension to the period of Administration.

- 17.7 This firm's Rates and Disbursements policy is included within the Fees Pack at Appendix E5 and may be subject to change as charge out rates may increase over the period of the administration of the case, in common with other professional firms. Details of any changes will be provided as part of the reporting throughout the life of the case. All staff that work on the case, including the cashiers, support and any secretarial staff charge their time directly to the assignment in 6 minute units.
- 17.8 Creditors can find additional information relating to Administrator's fees in a copy of the publication "A creditors guide to Administrators' Fees" which is available to download from <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/guide-to-administrators-fees/> or alternatively will be provided free of charge upon written request to this office.
- 17.9 In the event that the Company moves from Administration to Liquidation, details of the proposed Liquidation costs will be provided a commencement of the Liquidation.
- 17.10 **Costs already incurred**
- 17.10.1 As noted in the Fees Pack, the Administrators have already undertaken work on this case prior to seeking fee approval, so as to complete tasks to statutory deadlines, to secure the assets and continue to trade the business in the short term, to market the opportunity to acquire the business and complete a sale as a going concern, preserving jobs and minimising creditor claims in furtherance of the Administration objective.
- 17.10.2 Appendix E1 provides a summary of the Administrators' time costs to date with a comparison to the Fees Estimate. To date, 113.50 hours have been spent dealing with the administration of this case, at a total cost of £30,731.00 representing an average hourly rate of £270.76.
- 17.10.3 The Detailed Fees Estimate at Appendix E2 explains what work has already been done in respect of these costs incurred as well as work that is yet to be done.

## **18 Expenses**

- 18.1 The Estimated Outcome Statement ('EOS') at Appendix E3 and the Expense Estimate at Appendix E4 within the Fees Pack provide details of the expenses that the Administrators consider will be, or are likely to be incurred on this matter, together with an explanation as to why it is necessary to incur each expense. Including the Administrators' remuneration and pre-Administration costs, the expenses are anticipated to total £82,507.53.
- 18.2 Expenses already incurred but not yet paid comprise as follows:

Category	Amount (£)
Management agent's fee	750.00
Solicitors fees	5,276.50
Statutory advertising	94.50

## 19 Disbursements

19.1 Some of the expenses detailed in the Estimated Outcome Statement are likely to be paid by this Firm in the first instance and re-charged to the estate. Such disbursements fall into two categories as follows:

- *Category 1 disbursements:* These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.
- *Category 2 disbursements:* These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the administrator or his firm, and that can be allocated to the case on a proper and reasonable basis.

19.2 Details of this firm's disbursement charging policy is provided in the Rates and Disbursements policy at Appendix E5 within the Fees Pack.

19.3 Disbursements incurred but not yet paid are as follows:

Category	Amount (£)	Type of Disbursement
Marketing costs	28.33	Category 1
Specific bond premiums	202.50	Category 1
Mileage	18.46	Category 2

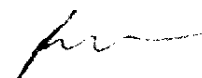
## 20 Future Reports

20.1 A progress report covering the first six months of the Administration will be circulated to creditors during July 2020.

Should you have any queries in relation to this matter, please do not hesitate to contact Victoria Stewart at this office.

Yours faithfully

For and on behalf of Tre Ciccio Ramsbottom Ltd



**Patrick Lannagan**

Joint Administrator

Dated 9 March 2020

*Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: [www.mazars.co.uk/Legal-and-privacy](http://www.mazars.co.uk/Legal-and-privacy). The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.*

**Tre Ciccio Ramsbottom Ltd - In Administration****Identification Details****Details relating to the Company**

<b>Company name</b>	Tre Ciccio Ramsbottom Ltd
<b>Previous names</b>	N/A
<b>Trading name</b>	Tre Ciccio
<b>Company number</b>	11451969
<b>Registered office</b>	c/o Mazars LLP, One St Peters Square, Manchester, M2 3DE
<b>Previous registered office</b>	Tre Ciccio Centro, 2-4 Paradise Street, Ramsbottom, Bury, Lancashire BL0 9BS
<b>Trading address</b>	16-18 Market Place, Ramsbottom, Bury, BL0 9HT
<b>Court</b>	High Court of Justice, Business & Property Courts in Manchester, Company & Insolvency List
<b>Court reference</b>	000004 of 2020

**Details relating to the Joint Administrators**

<b>Date of appointment</b>	17 January 2020
<b>Joint Administrators</b>	Patrick Alexander Lannagan and Conrad Alexander Pearson, Both of Mazars LLP IP No(s) 009590 and 102595
<b>Joint Administrators' functions</b>	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
<b>Joint Administrators' address</b>	Mazars LLP, One St Peters Square, Manchester, M2 3DE
<b>Appointed by</b>	the Court
<b>Joint Administrator's contact telephone number</b>	+44(0) 161 238 9200

**Tre Ciccio Ramsbottom Ltd - in Administration**
**Summary of Financial Position as at 17 January 2020**

<b>Assets</b>			
	Leasehold Improvements, Fittings & Equipment	739,157	
	Stock	7,826	
	Rent Deposit	18,630	
	Inter-Company Debtors	<u>100,000</u>	
			865,613
<b>Creditors</b>			
	Current liabilities	545,295	
	Long term liabilities	<u>356,864</u>	
			(902,159)
<b>Net Assets / (Liabilities)</b>			<u>(36,546)</u>

**Tre Ciccio Ramsbottom Ltd - in Administration**  
**List of Creditors**

<b>Creditor name</b>	<b>Address</b>					<b>Amount (£)</b>
ACS UK Group Ltd	ACS UK Group Ltd	9 West Bank	Chorley	Lancs	PR7 1JF	3,168.00
Individual creditor						2,190.78
Alliance Disposables Ltd	Alliance House	Marshfield Bank	Crewe	CW2 8LY		2,489.53
Amato Food Products Ltd	6 St. Andrews Square		Manchester		M1 2NS	60,616.24
Barclaycard	Barclaycard House		1234 Pavilion Drive	Northampton	NN4 7SG	1.00
BGS Utilities	Lovell House	Birchwood Park				810.00
BOC	Unit 6 Peninsular Park Road	Off Bugsby Way	Charlton	London	SE7 7TZ	351.75
British Gas Business	c/o Baker Tilly Creditor Services LLP	6th Floor Salisbury House	31 Finsbury Circus	London	EC2M 5SQ	16,639.92
Bury Council	Town Hall	Knowsley Street	Bury	BL9 0SW		3,492.00
Centurion Catering Services Limited	17 Harley St	Liverpool	19 8DS			252.00
CER Group	19 Astley Hall Drive	Ramsbottom	BL0 9DF			17,600.00
Clearline Drains Ltd	Unit 25 The Annex	River Park Trading Estates	River Park Road	Manchester	M40 2XP	570.00
Crown Services N W Ltd	First Floor		243 Bolton Road	Salford	M6 7HP	330.00
Datacabling Installations Ltd	Prospect House	Lumbfoot, Stanbury	Keghley	West Yorkshire	BD22 0EY	3,439.20
DJD Technical & Maintenance Services Ltd	4 Four Row	Birdsedge	Huddersfield	HD8 8XP		18,971.63
Fresh Start Waste Ltd	c/o Atradius Collections		3 Harbour Drive	Cardiff Bay	CF10 4WZ	1,683.24
FTS Fire Extinguishers Ltd	Unit 19 Kendal Business Park	Appleby Road	Kendal	Cumbria	LA9 6ES	3,840.00
G&O Foods Limited	105 Station Road	North Reddish	Stockport	Cheshire	SK5 6ND	140,090.34
H M Revenue & Customs	Debt Management	Enforcement & Insolvency Service	Box 9 1SH			109,516.90
H G Stephenson Limited	c/o Ward Hadaway Law Firm	Sandgate House	102 Quayside	Newcastle Upon Tyne	NE1 3DX	27,092.09
Intouch Fire and Security Ltd	21B Salmon Fields Business Village	Oldham	OL2 6HF			1,020.00
IWOCA	247 Tottenham Court Road	London	W11 7QX			35,000.00
Johnson & Swarbrick	Swainson House Farm	Goosnargh Lane	Goosnargh	Preston	PR3 2JU	3,984.15
Legionellase Services (UK) Ltd	Grosvenor Court	Lea Hall Enterprise Park	Wheelhouse Road	Rugeley	WS15 1LH	486.84
Mercury Support Limited	First Floor, Knutsford Townhouse Business Centre	98 King Street	Knutsford	Cheshire	WA16 6HQ	1,059.60
Mono Alarm Installations	Brierley House	335 Manchester Road East	Little Hulton	M28 9AR		1,048.80
My Fish Company	Unit 10, Harbour Industrial Estate	Henderson Road	Fleetwood	Lancs	FY7 7PA	2,517.26
OSS Security Systems Ltd	Security House 32A Bridge Road	Liverpool	L18 5EG			906.00
P Hanson Joinery Ltd	The Moquette Shed	Shaw Hill Lane	Halifax	HX3 9ET		7,164.50
Pennine Fire & Safety Limited	Pleasant Street	Blackburn	BB2 1UF			51.71
PHS Group	Block B, Western Industrial Estate	Caerphilly	CF83 1XH			6,902.16
PPL PRS	Mercury Place	St. George Street	Leicester	LE1 1QG		1,604.05
Pro-Clean UK	Unit 9, Wortley Business Park	Wortley Court	Leeds	LS12 4WE		34,713.43
Rammy News						108.30
Rodehalgh Chartered Accountants	Guardian House	42 Preston New Road	Blackburn	BB2 6AH		120.00
Seed Electrical Ltd	Unit 23	Carrock Road	Croft Business Park	Wirral	CH62 3RA	165.07
Smart Jones Limited	Quantum House	32 Mellor Road	Cheadle Hulme	Cheshire	SK8 5AU	2,736.00
SSE	PO Box 514	Baskingstoke	RG1 8WS			347.93
Individual creditor						6,457.88
The Coffee Advocates	78B Ground Floor	King Street	Knutsford	WA16 6DX		3,308.70
Tony Reynolds & Loca Shading Designs	6 Knights Park		Hussey Road	Shrewsbury	SY1 3TE	6,212.00
Tre Ciccio Altrincham Ltd - in Administration	c/o Mazars LLP	One St Peters Square	Manchester	M2 3DE		356,864.00
UKOS Plc	7-8 Enterprise Way	Maxted Close	Hemel Hempstead	Herts	HP2 7YJ	245.69
Ultra Cooling Limited	Unit 14, Christie Street Industrial Estate	Christie Street	Stockport	Cheshire	SK1 4LR	13,839.20
Viking Direct	501 Beaumont Leys Lane	Leicester	LE4 2BN			24.47
VinoBuono Ltd UK	38 Warren Road	Stockport	SK3 8HG			613.20
Water Plus	Water Plus Payments	PO Box 12459	Harlow	CM20 9PH		1,259.70
Winterhalter Limited	Winterhalter House	Roebuck Way	Knowhill	Milton Keynes	MK5 8WH	255.11



**Tre Ciccio Ramsbottom Ltd trading as Tre Ciccio - in Administration**  
**Joint Administrators' Trading Account**  
**To 09/03/2020**

S of A £	£	£
<b>POST APPOINTMENT SALES</b>		
Dry Sales	25,819.66	
Wet Sales	<u>14,874.48</u>	
		40,694.14
<b>OTHER DIRECT COSTS</b>		
Purchases	11,647.03	
Direct Labour	15,000.00	
Consumables	<u>669.66</u>	
		(27,316.69)
<b>TRADING EXPENDITURE</b>		
Rents	0.00	
Rates	0.00	
Utilities	291.48	
Telephone & Broadband	0.00	
Insurance	308.00	
Management Fees	5,174.57	
Bank Charges	0.00	
Repairs & Maintenance	150.00	
Sundry Expenses	753.78	
Ransom Payments	<u>330.60</u>	
		(7,008.43)
<b>TRADING SURPLUS/(DEFICIT)</b>		<u>6,369.02</u>

**Tre Ciccio Ramsbottom Ltd trading as Tre Ciccio - in Administration**  
**Joint Administrators' Summary of Receipts & Payments**  
**To 09/03/2020**

S of A £	£	£
<b>ASSET REALISATIONS</b>		
Goodwill & Intellectual Property	2.00	
Business Information & Contracts	2.00	
Fixtures, Fittings & Equipment	19,996.00	
Stock	5,000.00	
Cash at Bank	5,393.80	
Cash in Hand	1,247.60	
Licence Fee	0.00	
Sundry Refunds	0.00	
Trading Profit / (Loss)	6,369.02	
Bank Interest Gross	0.00	
	<u>                    </u>	38,010.42
<b>COST OF REALISATIONS</b>		
Insurance of Assets	170.24	
	<u>                    </u>	(170.24)
		<u><b>37,840.18</b></u>
<b>REPRESENTED BY</b>		
VAT Receivable		2,425.16
Current Bank Account		28,681.97
VAT Payable		(8,064.30)
Funds Held by Onecall		23,771.60
Purchase Ledger Accruals		(8,974.25)
		<u><b>37,840.18</b></u>

Strictly Private and Confidential

**Tre Ciccio Ramsbottom Ltd - In Administration**

**FEES INFORMATION PACK**

**Contents**

**Appendix**

<b>E1</b>	<b>Fee Estimate</b>
<b>E2</b>	<b>Detailed Fee Estimate</b>
<b>E3</b>	<b>Estimated Outcome Statement</b>
<b>E4</b>	<b>Expense Estimate</b>
<b>E5</b>	<b>Rates and Disbursements policy</b>

## FEES ESTIMATE

The Joint Administrators' total Fees Estimate as at 9 March 2020 to conclude this matter is £61,693.50. A breakdown of how these costs are expected to be split between the different areas of work the Administrations and their staff have and are likely to perform on this case is set out below:

Description of Work	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)
Administration & Planning	20.40	5,291.50	259.39
Taxation	14.30	3,842.50	268.71
Investigations	19.50	4,849.50	248.69
Realisation of Assets	36.70	11,063.00	301.44
Trading	21.20	7,076.50	333.80
Employees	5.70	1,754.50	307.81
Creditors	17.20	3,780.00	219.77
Reporting	60.00	13,840.00	230.67
Cashiering	19.20	4,297.00	223.80
Statutory & Compliance	23.80	5,899.00	247.86
<b>Total</b>	<b>238.00</b>	<b>61,693.50</b>	<b>259.22</b>

At Appendix E2 is a detailed summary of the work that has already been undertaken and the future work that is anticipated, together with an explanation as to why the various tasks are required.

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

Not all of the work which the Administrators are required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that the Administrators must perform this task, or because guidance issued by the Insolvency Service or their regulatory body requires such. However, a large proportion of the work has involved dealing with securing and realising assets, with a view to maximising the funds available to creditors. In this case, assuming realisations are as anticipated in the attached Estimated Outcome Statement, the work is likely to provide a financial benefit to preferential creditors who are expected to receive payment in full.

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**FEES ESTIMATE****Exceeding the Fees Estimate**

The Fees Estimate has been based on previous examples of cases of a similar size and complexity to this case, together with the Administrators' current knowledge of the case and the work which they anticipate will be necessary.

The estimate assumes that this case will remain open for less than 12 months. This assumption has been made as most of the asset realisations are already complete and the remaining work to be undertaken is largely comprised of statutory tasks involved in investigations and conduct reporting and with tax compliance.

In the event that further work is required in addition to that set out in the detailed fee estimate at Appendix E2, or the Administration extends beyond the estimated timeframe, it is likely that the Fees Estimate will be exceeded, at which point the Administrators will consider if it is necessary to seek further approval for an increase in remuneration.

**Costs already incurred**

A significant amount of work has already been undertaken on this case prior to obtaining fee approval due to work to be completed to statutory deadlines, and so as to ensure the security of assets, trade the business while marketing and securing a sale of the Company's business and assets as a going concern in furtherance of the Administration objective.

**COSTS INCURRED TO DATE**

The following table provides details of the Joint Administrators' actual time costs incurred in the current reporting period, compared to the estimated costs as per the Fees Estimate.

Description of Work	Fees Estimate as at 9 March 2020			Actual time costs for the period 17 January 2020 to 9 March 2020	
	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£/hr)	Time incurred (hours)	Total Costs (£)
Admin & Planning	20.40	5,291.50	259.39	12.40	2,976.50
Taxation	14.30	3,842.50	268.71	3.30	642.50
Investigations	19.50	4,849.50	248.69	0.50	209.50
Realisation of Assets	36.70	11,063.00	301.44	32.70	10,073.00
Trading	21.20	7,076.50	333.80	17.20	6,086.50
Employees	5.70	1,754.50	307.81	4.70	1,507.00
Creditors	17.20	3,780.00	219.77	6.20	1,270.00
Reporting	60.00	13,840.00	230.67	25.00	5,090.00
Cashiering	19.20	4,297.00	223.80	4.70	1,037.00
Statutory compliance	23.80	5,899.00	247.86	6.80	1,839.00
<b>Totals</b>	<b>238.00</b>	<b>61,693.50</b>	<b>259.22</b>	<b>113.50</b>	<b>30,731.00</b>
					<b>270.76</b>

**DETAILED FEES ESTIMATE**

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p><b><u>Administration and Planning</u></b></p> <p>Work already undertaken in this category has involved:</p> <ul style="list-style-type: none"> <li>• Case acceptance and ethical reviews;</li> <li>• Completing case strategy notes;</li> <li>• Holding strategy meetings with team members and OneCall;</li> <li>• Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.</li> </ul> <p>Future work that will be undertaken will involve:</p> <ul style="list-style-type: none"> <li>• Holding strategy meetings with team members, solicitors and other advisors;</li> <li>• Documenting decisions;</li> <li>• Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.</li> </ul> <p>This work is necessary to ensure that the case is administered correctly and in line with statutory requirements. The estimate assumes that the case will remain open for less than 12 months.</p> <p>It is not expected that this work will result in a direct financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.</p>	20.40	5,291.50	259.39
<p><b><u>Taxation</u></b></p> <p>Taxation work already undertaken has included:</p> <ul style="list-style-type: none"> <li>• Notifying HM Revenue &amp; Customs ('HMRC') of the Administration</li> <li>• Setting up a new PAYE scheme for the trading period.</li> </ul> <p>Future work to be undertaken in this category includes:</p> <ul style="list-style-type: none"> <li>• Review of the Company's tax position, establishing whether HMRC has any outstanding claims or ongoing investigations (to assist with the Administrators' own investigations).</li> <li>• Review of the Company's VAT position; finalising the pre-appointment VAT account; deregistering the Company for VAT once all of the taxable assets have been sold in line with the VAT regulations.</li> <li>• Preparing post-appointment Corporation Tax and VAT returns, as required by statute.</li> </ul> <p>There is no direct financial benefit to creditors in performing these tasks. However, finalising the pre-Administration position of the Company over all heads of taxes will assist HMRC in finalising their claim. Certain aspects of this work is required by statute.</p>	14.30	3,842.50	268.71
<p><b><u>Investigations</u></b></p> <p>Investigations are required in accordance with Statement of Insolvency Practice 2, so as to identify whether any assets have been dissipated and what recoveries can be made so as to enhance the funds available to distribute. They also assist with Joint Administrators' duty under the Company Directors Disqualification Act 1986.</p> <p>Work already undertaken in this category has included:</p> <ul style="list-style-type: none"> <li>• Issuing questionnaires to creditors and directors and reviewing responses</li> </ul> <p>A summary of the work yet to be concluded includes:</p>	19.50	4,849.50	248.69



## DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> <li>Reviewing the Company's affairs to include a review of the Company's books and records and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business;</li> <li>Correspondence with directors regarding the reasons for the Company's failure;</li> <li>Investigation into any matters notified by creditors;</li> <li>Reporting to the Insolvency Service on the directors' conduct.</li> </ul> <p>This estimate of time costs assumes that there are no adverse findings during these investigations. In the event that this work reveals possible actions, then these may lead to additional realisations but the costs of pursuing these actions are likely to increase. If this arises, further information will be provided to creditors separately.</p>			
<p><b>Realisation of Assets</b></p> <p>Work already undertaken in this category has involved:</p> <ul style="list-style-type: none"> <li>Marketing the business and assets of the Company for sale; dealing with enquiries from interested parties, providing further information as required; appraising offers received.</li> <li>Obtaining the agents view of the offers received;</li> <li>Liaising with the landlords and linking with the interested parties;</li> <li>Liaising with the bank to arrange a sweep of post-Administration receipts from the business accounts to the Administration account;</li> <li>Arranging insurance cover over the Company's assets;</li> <li>Liaising with solicitors to finalise the sale and purchase agreement and the licence to occupy;</li> <li>Requesting information from Barclays Merchant Services;</li> <li>Dealing with ROT claims.</li> </ul> <p>Future actions required in this category include:</p> <ul style="list-style-type: none"> <li>Finalising ROT claims;</li> <li>Monitoring the receipt of deferred consideration instalments;</li> <li>Review of supplier accounts e.g. business rates, insurance for any potential refunds;</li> <li>Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company.</li> </ul> <p>The estimate assumes that there are no rights of action identified during the statutory investigation work and that the case will remain open for less than 12 months. There is a financial benefit for creditors in carrying out this work as it enables to the realisation of funds for the Administration estate.</p>	36.70	11,063.00	301.44
<p><b>Trading</b></p> <p>The business was traded from 17 to 30 January under the control of the Administrators while a purchaser was sought for the business and the going concern sale was progressed. During this period, the following work was undertaken:</p> <ul style="list-style-type: none"> <li>Initially liaise with the management team and preparation of detailed short term trading forecasts</li> <li>Engaging Onecall to manage the day to day running of the restaurant;</li> <li>Assess the payroll costs for non-essential costs and plan strategy for wages;</li> <li>Liaise with the landlord;</li> <li>Liaise with Onecall over trading receipts and payments.</li> </ul> <p>Future work to be undertaken in this category includes:</p> <ul style="list-style-type: none"> <li>Reconciliation of trading account and settlement of trading costs</li> </ul>	21.20	7,076.50	333.80



DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>The work in this category has been required to enable the business to continue to trade while it was marketed for sale to complete a going concern sale. This has ensured that realisations are maximised for the benefit of the Administration estate and so there is a financial benefit for creditors in carrying out this work. There is anticipated to be only a small trading profit arising from this period.</p>			
<p><b>Employees</b></p> <p>The Company employed 31 employees of which 2 employees were made redundant by the Administrators after their appointment. Work that has been required in respect of the employees has included:</p> <ul style="list-style-type: none"> <li>• Preparing and issuing a letter to retained staff</li> <li>• Concluding on redundancies and issuing redundancy letters</li> <li>• Liaising with the RPO to obtain a case reference</li> <li>• Uploading information regarding redundancies via The Insolvency Service Portal and provide further information as requested;</li> <li>• Prepare and issue letters to retained staff following sale to confirm TUPE position;</li> <li>• Review of information for pension scheme details, including online search</li> </ul> <p>Future work to be undertaken in this category will include:</p> <ul style="list-style-type: none"> <li>• Further efforts to identify pension scheme and statutory notifications in respect of pension scheme;</li> <li>• Review of pension contributions to identify any arrears of contributions and facilitating a claim to the Redundancy Payments Service;</li> </ul> <p>This work is required to enable the employees' position to be dealt with appropriately. This estimate above assumes that the work remaining to be undertaken will not be subject to any unnecessary delays.</p> <p>There is a financial benefit in performing this work as ERA claims are paid from The National Insurance Fund in the first instance, ensuring that employees are not financially prejudiced by the insolvency. Ensuring that ERA claims are accurate will assist in the adjudication on preferential claims later in the case.</p>	5.70	1,754.50	307.81
<p><b>Creditors</b></p> <p>It is estimated that there are likely to be in the region of 50 unsecured creditor claims, in accordance with the Company's books and records, although this may increase as the financial position is finalised for the Statements of Affairs. In order to ensure that creditors are dealt with appropriately, the following work has been and will continue to be required:</p> <ul style="list-style-type: none"> <li>• Responding to supplier / creditor queries as they arise</li> <li>• Logging creditor claims received</li> <li>• Dealing with ROT claims</li> </ul> <p>This estimate assumes that there are no more than 50 creditors; that no preparation for claims adjudication is required as there will be insufficient funds available for a dividend to non-preferential creditors and that the case will remain open for less than 12 months. It is not anticipated that there will be any financial benefit to creditors in performing these tasks.</p>	17.20	3,780.00	219.77
<p><b>Reporting</b></p> <p>Work already undertaken in this category has included:</p> <ul style="list-style-type: none"> <li>• Initial statutory notifications of the appointment of Administrators</li> </ul>	60.00	13,840.00	230.67

**DETAILED FEES ESTIMATE**

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> <li>Drafting the Statement of Proposals</li> </ul> <p>Future reporting requirements will require:</p> <ul style="list-style-type: none"> <li>Issuing the Statement of Proposals and details of the decision process;</li> <li>Reporting the outcome of decision procedures</li> <li>Preparing and issuing the six month progress report;</li> <li>Closure reporting</li> </ul> <p>This estimate assumes that the case will remain open for less than 12 months. It is not expected that this work will result in a direct financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.</p>			
<p><b>Cashiering</b></p> <p>Cashiering work is required to ensure that the estate bank account is operated in accordance with guidance issued by the Administrators' regulatory bodies. Work in this regard has already involved:</p> <ul style="list-style-type: none"> <li>Establishing set up of case details on our insolvency software system.</li> <li>Setting up bank accounts, including deposit accounts as necessary.</li> <li>Bank account maintenance, including periodic reconciliations.</li> <li>Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.</li> </ul> <p>Future work is expected to require:</p> <ul style="list-style-type: none"> <li>Bank account maintenance, including periodic reconciliations.</li> <li>Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.</li> </ul> <p>This estimate above assumes that the case will remain open for less than 12 months. It is not expected that this work will result in a direct financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with regulatory guidance.</p>	19.20	4,297.00	223.80
<p><b>Statutory and Compliance</b></p> <p>Statutory and compliance work as required by statute or this form's internal procedures has involved and will require:</p> <ul style="list-style-type: none"> <li>Preparing and lodging statutory appointment documents;</li> <li>Case monitoring and statutory compliance, including internal case reviews;</li> <li>Documenting the outcome of decision procedures;</li> <li>Case bordereau.</li> </ul> <p>This estimate above assumes that the case will remain open for less than 12 months. It is not expected that this work will result in a direct financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.</p>	23.80	5,899.00	247.86
<b>Overall</b>	<b>238.00</b>	<b>61,693.50</b>	<b>259.22</b>

**EXPENSE ESTIMATE**

Estimated expenses as shown in the attached Estimated Outcome Statement are detailed below, together with an explanation as to why those expenses are required:

<b>Type of Expenditure</b>	<b>Requirement for Expenditure</b>	<b>Expense Estimate £</b>	<b>Incurred to date £</b>	<b>Likely future estimate £</b>
<b>Professional advisors' costs</b>				
Legal fees and disbursements	Knights plc have been instructed to prepare legal documentation including a sale and purchase agreement and a licence to occupy and to provide advice on matters arising within the Administration. Their fees are agreed on a time cost basis and the estimate is based on a small amount of further work being required to deal with the premises leases. This firm of lawyers was chosen based on their experience in insolvency matters.	6,276.50	5,276.50	1,000.00
Management agent's fees and disbursements	Onecall Management Ltd were engaged to manage the day to day running of the restaurant, ensuring compliance with all appropriate regulations. This firm was chosen because of their experience in providing this service in an insolvency scenario. Their fees are agreed on a fixed fee basis at a rate of £3,750 plus VAT per week.	5,174.58	5,174.58	-
<b>Other expenses</b>				
Corporation tax	It is likely that corporation tax will be payable in respect of the interest accrued whilst surplus funds are held on an interest-bearing deposit account and on the small trading profit.	300.00	-	300.00
Statutory Advertising	Costs paid to Courts Advertising Ltd for statutory advertising requirements including London Gazette advertisements for notice of the appointment of Administrators. No further advertising is anticipated.	94.50	94.50	-
Records Management Costs	Costs paid to Iron Mountain UK Ltd for the secure storage and destruction of Company records. Records have still to be delivered up to the Administrators, so this is an estimate based on cases of a similar size and complexity, with no unusual GDPR or other compliance requirements	150.00	-	150.00
Insurance of Assets	The Administrators are required to insure the Company's assets until they are disposed of. The cost incurred represents the premium cost of cover during the trading period plus relevant cover post-sale until the leases are disposed of.	478.24	478.24	-

**EXPENSE ESTIMATE**

Pre-Administration costs	<p>The pre-Administration costs total £15,872.52, plus VAT.</p> <p>Knights plc were instructed to prepare the Administration application on behalf of the directors. Their charges in connection with these services are £3,717.60 plus VAT, incurred on a time cost basis and disbursements of £946.67 plus VAT. The Court order confirms that these costs may be paid as an Administration expense.</p> <p>JPS Chartered Surveyors were instructed to provide a valuation report on the Company's assets and prepare an inventory for inclusion in marketing information. Their charges in connection with these services are £1,900.00 plus VAT, incurred on a fixed fee basis and disbursements of £30.65 plus VAT. Approval is being sought for the payment of this cost as an expense of the Administration.</p> <p>Mazars LLP pre-Administration time costs total £9,278.00 plus VAT, of which £1,496 plus VAT was incurred in the preparation of the 2 January 2020 report to Court. The Court order confirms that this cost may be paid as an Administration expense.</p>	8,090.92	8,090.92	-
<b>Mazars Costs</b>				
Joint Administrators' remuneration	Management of the Company's affairs in order to achieve the objective of the Administration. Realising and distributing the Company's assets and performing those tasks required as dictated by statute, best practice and ethical requirements, as set out in Appendix E2.	61,693.50	30,731.00	30,962.50
Joint Administrators' disbursements	<p>Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds.</p> <p>Disbursements incurred to date include:</p> <p><i>Specific bond premiums - £202.50</i></p> <p>Statutory Bordereau cost paid to Marsh Ltd in respect of the value of the assets with which the Administrators are required to deal.</p> <p><i>Marketing costs - £28.33</i></p> <p>A third of the cost of placing details of the acquisition opportunity on the Deal Opportunities site</p> <p><i>Mileage - £18.46</i></p> <p>Mileage cost incurred by the Administrators in travelling to and from meetings at the premises.</p> <p>No future disbursements are anticipated at this stage.</p>	249.29	249.29	-
<b>Total</b>		<b>82,507.53</b>	<b>50,095.03</b>	<b>32,412.50</b>



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**RATES AND DISBURSEMENTS POLICY****Charge-out rates**

Details of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Manager	Administrator	Cashier	Support Staff
Range (£)	440 - 500	390 - 450	245 - 400	160 - 230	100 - 205	90 - 120

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Specialist departments within our Firm, (such as Tax and VAT) may charge a number of hours if and when their expert advice is required. The rate ranges above incorporate these different rates.

**Disbursements**

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into 2 categories as follows:

*Category 1 disbursements:* These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.

*Category 2 disbursements:* These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Joint Administrators or their firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

It is proposed that the following Category 2 disbursements incurred in administering the case be charged:

- Mileage will be charged at relevant Inland Revenue rates, currently 45p per mile.

All other disbursements are to be reimbursed at cost.

The Joint Administrators reserve the right to increase the charges applicable to mileage during the course of the case in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.