

AM10

Notice of administrator's progress report



Companies House

For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1	Company details	
Company number	1 1 9 4 5 1 0 8	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	IC Realisations 2021 Limited	
2	Administrator's name	
Full forename(s)	Andrew	
Surname	Little	
3	Administrator's address	
Building name/number	4th Floor	
Street	Cathedral Buildings	
Post town	Dean Street	
County/Region	Newcastle upon Tyne	
Postcode	N E 1 1 P G	
Country		
4	Administrator's name ^①	
Full forename(s)	Gillian Margaret	① Other administrator Use this section to tell us about another administrator.
Surname	Sayburn	
5	Administrator's address ^②	
Building name/number	4th Floor	② Other administrator Use this section to tell us about another administrator.
Street	Cathedral Buildings	
Post town	Dean Street	
County/Region	Newcastle upon Tyne	
Postcode	N E 1 1 P G	
Country		

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6 Period of progress report

From date	^d 0	^d 3	^m 0	^m 6	^y 2	^y 0	^y 2	^y 2
To date	^d 0	^d 1	^m 1	^m 2	^y 2	^y 0	^y 2	^y 2


7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X  X

Signature date	^d 0	^d 1	^m 1	^m 2	^y 2	^y 0	^y 2	^y 2
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AM10

Notice of administrator's progress report



Presenter information

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

Contact name **Andrew Little**

Company name **Begbies Traynor (Central) LLP**

Address **4th Floor**

Cathedral Buildings

Post town **Dean Street**

County/Region **Newcastle upon Tyne**

Postcode **N E 1 1 P G**

Country

DX

Telephone **0191 2699820**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

Andrew Little and Gillian Margaret Sayburn appointed joint administrators on 3 December 2021

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.

IC Realisations 2021 Limited Formerly known as Invisible Creations Limited (In Administration)

Final Progress Report of the joint administrators

Period: 3 June 2022 to 1 December 2022

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. 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.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	IC Realisations 2021 Limited - Formerly known as Invisible Creations Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 3 December 2021
"the administrators", "we", "our", "us"	Andrew Little of Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG and Gillian Margaret Sayburn 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:	IC Realisations 2021 Limited - Formerly known as Invisible Creations Limited
Trading name(s):	Invisible Creations
Date of Incorporation:	13 April 2019
Company registered number:	11945108
Company registered office:	Eden Point, Three Acres Lane, Cheadle Hulme, Cheadle, SK8 6RL

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators:	Andrew Little, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG and Gillian Margaret Sayburn, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 4th Floor, Cathedral Buildings, Dean Street, Newcastle upon Tyne, NE1 1PG
Date of appointment:	3 December 2021
Date of resignation:	Not applicable
Court:	Business and Property Court in Newcastle
Court Case Number:	000138 of 2021
Person(s) making appointment / application:	The Directors, Eden Point, Three Acres Lane, SK8 6RL
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.
Type of Proceedings:	The proceedings will be COMI proceedings, as defined by the Insolvency (England and Wales) Rules 2016 (as amended)
Extensions of the administration period	There have been no extensions to the administration period.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 3 June 2022 to 1 December 2022 and the whole period of the administration.

The only receipt in the period relates to bank interest received of £0.24.

Administrators time costs of £20,690 have been charged in the period. We have paid £16,862 in respect of these administrators costs with the balance remaining in debtors pending a VAT reclaim.

£110 has been paid Marsh Ltd for the Insolvency Practitioners' bond.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

In the period from 3 June 2022 to date we have continued to communicate with the purchaser of the business in respect of ongoing sales and the potential realisation of deferred consideration in excess of

the minimum guaranteed £10,000. The sales values of the goods in accordance with the agreement have not been significant and, subject to final review, it is unlikely that any additional deferred consideration will become payable.

We have also continued to communicate with EON in respect of the tripartite agreement and the removal of the Company from the agreement together with any additional income generated prior to the administration. No further funds were received in the period. A final review is to be undertaken in the liquidation.

The remaining debtors were contacted. Unfortunately, no further realisations have been possible due to counterclaims and evidence received to show the amounts were not due.

We have also continued to manage the case and, in the period, an interim report was produced and the statutory records maintained. These have not brought any financial benefit to creditors.

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

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 3. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment.

The details below relate to the work undertaken in the period of the report only. Our previous report contains details of the work undertaken since our appointment.

General case administration and planning

We have maintained records to demonstrate how the case has been administered and to document the reasons for any decisions that affect the case. We have also carried out reviews of the case. There was no financial benefit to creditors however this work is necessary to ensure the case is administered in the correct manner.

Compliance with the Insolvency Act, Rules and best practice

We have filed the 6 month report at Companies House. We have continued to review the Insolvency Practitioners bonds in place. We have continued to carry out bank reconciliations. There was no financial benefit to creditors but the reports are a statutory requirement and the other work is good practice to ensure the case is administered correctly.

Realisation of assets

We have continued to attempt to collect book debts and to ensure all realisations under the Eon framework have been received. We have liaised with PROCare Shower and Bathroom Centre in respect of the deferred consideration which is due after the expiry of 12 months, based on sales values achieved.

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

We have received employee claims and these will be processed following the move to liquidation. We have also received a claim from HM Revenue and Customs in respect of unpaid PAYE and National Insurance contributions. We have continued to deal with unsecured creditor claims. Claims will be adjudicated following the move to creditors voluntary liquidation. This has been of financial benefit to creditors as a dividend will be declared.

Other matters which includes seeking decision of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

We have maintained records sufficient to produce a Corporation Tax return for the period of administration. We applied for VAT deregistration immediately following appointment.. Confirmation of the deregistration was received on 10 November 2022. A VAT reclaim will be submitted and the funds will be received within the subsequent liquidation.

5. OUTCOME FOR CREDITORS

Secured creditor

There is no secured creditor.

Preferential creditors

There have been sufficient realisations to pay a dividend to the preferential creditors. We estimate there are preferential claims of £7,349.07. A dividend of 100p in the £ will be paid in the subsequent liquidation.

Secondary preferential creditors

Further to a 100p/£ distribution to the preferential creditors, we are anticipating making a distribution of 100p/£ to HM Revenue & Customs as secondary preferential creditors in the subsequent liquidation. We have received a claim from HR Revenue & Customs in the sum of £4,958.08 of which £3,518.01 is claimed as secondary preferential. The balance of £1,440.07 will be included with the unsecured creditors claims.

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

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, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

Unsecured creditors

There are sufficient realisations for a dividend to be paid to the unsecured creditors which will be paid by the subsequently appointed liquidators. We have not, as yet, adjudicated on the unsecured creditors claims and therefore have not estimated the return to this class of creditors.

Exit from administration

Once the Notice of move from administration to creditors' voluntary liquidation (Form AM22) has been registered at Companies House (which we anticipate shortly), our appointment as administrators will cease to have effect and the Company will be deemed to be subject to creditors' voluntary liquidation with the former administrators acting in the capacity as joint liquidators of the Company.

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as deemed approved by decision of creditors via deemed consent procedure.

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

The work undertaken during the administration has been detailed above and in our interim progress report for the period to 2 June 2022.

8. REMUNERATION & EXPENSES

Our remuneration has been fixed by reference to time properly spent by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate of £30,690.

We are also authorised to draw expenses, including expenses for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 3 June 2022 to 1 December 2022 amount to £8,121.00 which represents 22.4 hours at an average rate of £362.54 per hour.

Our time costs for the whole period of the administration amount to £36,360 which represents 116.1 hours at an average rate of £313.18 per hour.

The following further information in relation to our time costs and expenses is set out at Appendix 3:

- ☐ Time Costs Analysis for the period 3 June 2022 to 1 December 2022
- ☐ Begbies Traynor (Central) LLP's charging policy

Time Costs Analysis

The Time Costs Analysis for the period of this report attached at Appendix 2 shows the time spent by each grade of staff on the different types of work involved in the case, and gives the total costs and average hourly rate charged for each work type. An additional analysis is also attached which details the time costs for the entire period for which we have administered the liquidation.

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

To 1 December 2022, we have drawn the total sum of £26,862.00 on account of our remuneration, against total time costs of £36,360.00 incurred since the date of our appointment. In addition to the time costs information disclosed at Appendix 2 for the period since our last progress report, our previous progress report contained details of the time costs we had incurred as at the date of that report.

What was the anticipated payment for administering the case in full and did the joint administrators receive that payment?

We estimated that the cost of administering the case would be in the region of £30,690, and subsequently you provided approval for us to draw our remuneration up to that level. We anticipated that the remuneration actually drawn would be in the region of £30,690 based on the value of assets to realise and the estimated costs to be discharged.

Details of what remuneration has been drawn is detailed above. All additional costs incurred over and above what has been approved are to be written off.

The costs that were incurred from the date of our appointment to 3 June 2022 amount to £28,239. Details of the costs incurred during the period of this report are stated above.

The information provided in section 4 above relates to the work undertaken during the period of this report. We have set out below details of the work undertaken prior to the period covered by this report so as to avoid any repetition:

General case administration and planning

We have maintained records to demonstrate how the case has been administered and to document the reasons for any decisions that affect the case. We have also carried out reviews of the case. There was no financial benefit to creditors however this work is necessary to ensure the case is administered in the correct manner.

Compliance with the Insolvency Act, Rules and best practice

We have filed the appointment documents at Companies House, advertised the Administration in the London Gazette and notified creditors. We have put the Insolvency Practitioners' bonds in place and have reviewed these. We have opened a bank account and carried out reconciliations. There was no financial benefit to creditors but the reports are a statutory requirement and the other work is good practice to ensure the case is administered correctly.

Investigations

We have undertaken a review of the trading of the Company prior to administration. We have also considered the conduct of the Company's directors and made an appropriate submission to the Department for Business, Energy and Industrial Strategy. There is no financial benefit to creditors but an administrator is required to undertake an investigation.

Realisation of assets

Time has been spent liaising with Natwest in relation to the cash at bank. Additionally, time has been spent chasing book debts. This is of financial benefit to creditors as more funds have been made available as a result of this work. Ongoing debt collection including realisations from Eon under the framework agreement are still outstanding. The sale agreement with PROCare Shower and Bathroom Centre also included an amount of deferred consideration based upon the sales of the Company's designs in the 12 months following the sale.

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

We have submitted employee claims to the Department for Business, Energy and Industrial Strategy. Employees will benefit financially as their claims should be processed. We have dealt with creditor claims and enquiries as appropriate. There was no financial benefit to creditors however there is a requirement of an insolvency practitioner to communicate with creditors.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

We have prepared a Corporation Tax return and VAT return. This will not benefit creditors financially but we are required to continue to account to HM Revenue & Customs in respect of taxable income and expenditure whilst we are in office as administrators.

As can be seen from the information above, our remuneration basis has been exceeded, but not materially. We are therefore satisfied that our remuneration proposal did provide a fair and reasonable reflection of the work that has been carried out.

Category 1 Expenses

To 1 December 2022, we have also drawn expenses in the sum of £8,376.35

Category 2 Expenses

No Category 2 expenses have been drawn during the period of this report.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2021' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides

Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

9. EXPENSES

A statement of the expenses incurred and discharged by us during the period of this progress report is attached at Appendix 4. A cumulative statement of expenses also appears at Appendix 4 which details the expenses incurred since the date of our appointment.

Creditors will recall that we estimated that the expenses of the administration would total £4,750. That estimate has not been exceeded and we are satisfied that we provided creditors with an accurate reflection of the likely expenses at the time approval was sought.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

11. ASSETS THAT REMAIN TO BE REALISED

It is the position that the following assets have yet to be realised and will be dealt with by the joint liquidators once they are in office:

Deferred consideration following the sale to PROCare Shower and bathroom Centre.

Confirmation that no further receipts are due under the framework agreement with Eon.

12. OTHER RELEVANT INFORMATION

Use of personal information

Please note that although the administration is being concluded, in discharging our remaining 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.

13. CONCLUSION

We seek the date of our discharge to coincide with the date on which our appointment as administrators ceases to have effect.

A handwritten signature in black ink, appearing to read 'Andrew Little', followed by a horizontal line.

Andrew Little
Joint Administrator

Date: 1 December 2022

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 3 June 2022 to 1 December 2022 and the whole period of the Administration

**IC Realisations 2021 Limited Trading As: Formerly known as Invisible Creations Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 03/06/2022 To 01/12/2022 £	From 03/12/2021 To 01/12/2022 £
	ASSET REALISATIONS	
	Bank Interest Gross	0.24
25,300.00	Cash at Bank	38,496.93
1.00	Commercial Records	1.00
16,000.00	Debtors	52.79
1,998.00	Domain Name / Website	1,998.00
999.00	Goodwill	999.00
10,000.00	Minimum Deferred Consideration	NIL
5,001.00	Property Rights/Patents	5,001.00
1.00	Social Media Accounts	1.00
2,000.00	Tangible fixed assets	2,000.00
	0.24	48,550.36
	COST OF REALISATIONS	
	Accountancy Fees	250.00
	Administrators' Fees	26,862.00
	Administrators Pre Appointment Fee	5,500.00
	Agents Expenses	500.00
	Legal Disbursements	73.90
	Legal Fees	7,343.00
	Specific Bond	110.00
	Statutory Advertising	99.45
	(16,972.00)	(40,738.35)
	PREFERENTIAL CREDITORS	
(2,500.00)	Employees re Arrears/Hol Pay	NIL
(7,500.00)	RPO re Arrears/Holiday Pay	NIL
	NIL	NIL
	SECONDARY PREFERENTIAL CREDITORS	
(4,958.00)	HMRC	NIL
	NIL	NIL
	UNSECURED CREDITORS	
(627,169.65)	Trade Creditors	NIL
	NIL	NIL
	DISTRIBUTIONS	
(182.00)	Ordinary Shareholders	NIL
	NIL	NIL
(581,009.65)	(16,971.76)	7,812.01
	REPRESENTED BY	
	Bank 1 Current	910.74
	Vat Payable	(2,000.00)
	Vat Receivable	8,901.27
		7,812.01

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals approved by decision of creditors via a deemed consent procedure.

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).

The Company was running out of cash and in immediate danger of ceasing to trade. The directors had looked at all available options to generate additional working capital, including a request to the existing shareholders. As a result of the failure to address this fundamental working capital problem, it is not possible to rescue the Company as a going concern.

By looking to sell the trade and assets of the business it is likely that the results for creditors will achieve the objective of paragraph 3(1)(b) as there would be enhanced realisations for creditors over and above a sale of assets from liquidation.

Details of proposals

We consider that this objective has already largely been achieved due to the sale of the trade and assets to PROcare Shower and Bathroom Centre Limited ("PROcare") immediately following our appointment on 3 December 2021. We consider that being able to make the sale and introducing the purchaser to E.On Energy and the Homes For Living project will achieve a better return to creditors generally as an alternative to an immediate cessation of trade and liquidation of the Company. This transaction has significantly enhanced the prospects for the preferential and secondary preferential creditors.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to monitor and review the deferred consideration. Once we have concluded that a distribution to the unsecured creditors will be achievable we would look to move to creditors voluntary liquidation as soon as practicable. The principal matters to deal with in this respect are:

- Collection of outstanding book debts;

- Monitor the sales of the Company's products by PROcare which would provide the deferred consideration;
- Assist with the novation of any supplier agreement with E.On Energy, Homes for Living project

Following these events we propose to finalise distributions to the preferential and secondary preferential creditors.

Exit from Administration

Creditors' Voluntary Liquidation

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
- (b) 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

On present information, if the Company receives only the minimum guaranteed deferred consideration, we consider that the Company will have insufficient property to enable a

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

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.

Contingency Plan – extending the administration

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

APPENDIX 3

TIME COSTS AND EXPENSES

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This policy 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 creditors' decision being made for the office holder to be remunerated on a time cost basis. Best practice guidance* requires that such information should be disclosed to those who are responsible for approving the basis of an office holder's remuneration. Within our fee estimate creditors can see how we propose to be remunerated.

In addition, this policy applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance* indicates that such charges should be disclosed to those who are responsible for approving the basis of 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 their 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 in 6 minute units 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

Expenses are payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements, which are expenses that are initially paid by the office holder's own firm, but which are subsequently reimbursed from the estate when funds are available.

Best practice guidance classifies expenses into two broad categories:

- *Category 1 expenses (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 expenses (approval required)* - Items of expenditure that are directly related to the case and either:
 - (i) 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; or

(ii) are items of expenditure which are payable to an associate of the office holder and/or their firm.

Shared or allocated costs (pursuant to (i) above)

The following expenses include an element of shared or allocated cost and are charged to the case (subject to approval).

- Car mileage which is charged at the rate of 45 pence per mile.

Payments anticipated to be made to associates (pursuant to (ii) above)

Services provided by other entities within the Begbies Traynor group

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

Instruction of Eddisons Commercial Limited to provide a valuation of the Company's tangible assets and assist in the disposal process. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

Eddisons Commercial Limited estimate that their charges for providing the services will be between £5,000 and £25,000.

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

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

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.

General Office Overheads.

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 expense*:

- ☐ Telephone and facsimile
- ☐ Printing and photocopying
- ☐ Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

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

Grade of staff	Charge-out rate (£ per hour) 1 January 2022 until further notice
Partner	545
Director	490
Senior Manager	435
Manager	380
Assistant Manager	275
Senior Administrator	240
Administrator	195
Junior Administrator	155
Cashier	155
Secretarial	155

Prior to 31 December 2021, the following rates applied:

Grade of staff	Charge-out rate (£ per hour)
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Cashier	140
Secretarial	140

Time is recorded in 6 minute units.

Staff Grade	Consultant/Partner	Director	Srct Mngr	Mgr	Asst Mngr	Srct Admin	Asst Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	1.8		1.6			2.4		5.8	2,057.00	354.66
	Administration	0.9							1.2	603.00	506.67
	Total for General Case Administration and Planning:	2.7		1.6			2.4		7.0	2,660.00	380.71
	Appointment										0.00
	Banking and Bonding	0.2					0.5	0.5	2.9	540.00	186.21
Compliance with the Insolvency Act, Rules and best practice	Case Closure										0.00
	Statutory reporting and statement of affairs	3.5					4.0		7.5	2,867.50	383.33
	Total for Compliance with the Insolvency Act, Rules and best practice:	3.7					4.5	0.5	10.4	3,227.50	310.34
	GDRA and investigations										0.00
	Total for investigations:								2.7	1,471.50	545.00
Realisation of assets	Debt collection	1.8									0.00
	Property, business and asset sales	1.1							1.6	672.00	545.00
	Retention of Title/Third party assets								1.1	599.50	545.00
	Total for Realisation of assets:	2.7							2.7	1,471.50	545.00
	Trading										0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Total for Trading:										0.00
	Secured										0.00
	Others						1.0		1.0	195.00	195.00
	Creditors committee										0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:						1.0		1.0	195.00	195.00
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors										0.00
	Meetings	0.5							0.5	272.50	545.00
	Other										0.00
	Tax					0.3			0.8	289.50	361.88
	Litigation										0.00
Total for Other matters:	Total for Other matters:	0.5	0.5			0.3			1.3	592.00	452.31
	Total hours by staff grade:	9.8		1.6		6.3	8.0	0.5	22.4		
	Total time cost by staff grade £:	5,232.00	98.00	805.00		72.00	1,560.00	70.00		8,121.00	
	Average hourly rate £:	545.00	495.00	380.00	0.00	240.00	195.00	140.00			352.54
	Total fees drawn to date £:									20,862.00	

Staff Grade	Case planning	Consultant/Partner	Director	Sr Mnggr	Mnggr	Asst Mnggr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Administration	4.2			4.6			7.6			16.6	5,267.00	317.29
	Administration	0.9	0.6		0.4			5.3			7.2	1,836.00	255.28
	Total for General Case Administration and Planning:	5.1	0.6		5.2			12.9			23.8	7,103.00	298.53
	Appointment	1.1					0.3	14.1			15.2	3,012.00	198.16
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding	0.7						2.2	2.2	5.4	10.8	1,913.50	177.18
	Case Closure								1.5		1.5	210.00	140.00
	Statutory reporting and statement of affairs	17.7			2.5			4.6			25.0	10,735.00	428.40
	Total for Compliance with the Insolvency Act, Rules and best practice:	19.5			2.5		0.3	21.1	3.7	5.4	52.5	15,870.50	302.30
Investigations	COOA and investigations							3.6			3.6	630.00	175.00
	Total for Investigations:							3.6			3.6	630.00	175.00
Realisation of assets	Debt collection	8.6						4.3			13.1	5,212.50	397.90
	Property, business and asset sales	4.1									4.1	2,084.50	508.41
	Retention of Title/Third party assets	1.6						0.3			1.9	844.50	444.47
	Total for Realisation of assets:	14.5						4.6			18.1	8,141.50	450.38
Trading	Trading												0.00
	Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured												0.00
	Others	1.6			0.5			8.4			10.7	2,593.50	239.58
	Creditors committee												0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	1.6			0.5			8.4			10.7	2,593.50	239.58
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors												0.00
	Meetings	2.4									2.4	1,213.00	505.42
	Other										2.3	410.50	178.48
	Tax			0.5			0.3	0.3		0.6	1.7	426.00	250.59
	Litigation												0.00
	Total for Other matters:	2.4		0.5			0.3	2.6		0.6	6.4	2,049.50	320.23
	Total hours by staff grade:	43.3		0.5	8.2		0.6	53.2	3.7	6.0	116.1		
	Total time cost by staff grade £:	21,918.50		217.50	2,865.00		139.50	9,540.00	543.50	846.00		38,366.00	
	Average hourly rate £:	506.20		435.00	351.83		232.50	179.32	148.89	140.00		313.18	
	Total fees drawn to date £:											26,882.00	

STATEMENT OF EXPENSES FOR THE PERIOD

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Bond	Marsh	110.00	110.00	Nil
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
Nil				

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Agents Expenses	Tile Bridge Services Limited	£500.00	£500.00	Nil
Legal Fees	Ward Hadaway LLP	£7,343.00	£7,343.00	Nil
Legal Disbursements	Ward Hadaway LLP	£73.90	£73.90	Nil
Accountancy Fees	Magma Chartered Accountants	£250.00	£250.00	Nil
Statutory Advertising	Courts Advertising	£99.45	£99.45	Nil
Specific Bond	Marsh Limited	£110.00	£110.00	Nil
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
None				