

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

SATURDAY



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COMPANIES HOUSE

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1 Company details

Company number O C 3 2 3 9 0 9

Company name in full NEUMANS LLP

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Court details

Court name HIGH COURT OF JUSTICE, CHANCERY DIVISION
BIRMINGHAM DISTRICT REGISTRY

Court case number 8 2 3 4 o f 2 0 1 7

3 Administrator's name

Full forename(s) FINBARR THOMAS

Surname O'CONNELL

4 Administrator's address

Building name/number 25 MOORGATE

Street

Post town LONDON

County/Region

Postcode E C 2 R 6 A Y

Country UNITED KINGDOM

AM22

Notice of move from administration to creditors' voluntary liquidation

5 Administrator's name ①

Full forename(s) HENRY ANTHONY

Surname O'CONNELL

① Other administrator
Use this section to tell us about another administrator.**6 Administrator's address ②**

Building name/number 25 MOORGATE

Street

Post town LONDON

County/Region

Postcode E C 2 R 6 A Y

Country

② Other administrator
Use this section to tell us about another administrator.**7 Appointor/applicant's name**

Give the name of the person who made the appointment or the administration application.

Full forename(s) SIRWA

Surname SABIR

8 Proposed liquidator's name

Full forename(s) FINBARR THOMAS

Surname O'CONNELL

Insolvency practitioner number 7 9 3 1

9 Proposed liquidator's address

Building name/number 25 MOORGATE

Street

Post town LONDON

County/Region

Postcode E C 2 R 6 A Y

Country UNITED KINGDOM

AM22

Notice of move from administration to creditors' voluntary liquidation

10 Proposed liquidator's name ^①

Full forename(s) HENRY ANTHONY

Surname SHINNERS

Insolvency practitioner number 9 2 8 0

① Other liquidator

Use this section to tell us about another liquidator.

11 Proposed liquidator's address ^②

Building name/number 25 MOORGATE

Street

Post town LONDON

County/Region

Postcode E C 2 R 6 A Y

Country

② Other liquidator

Use this section to tell us about another liquidator.

12 Period of progress report

From date d 1 d 2 m 0 m 3 y 2 y 0 y 1 y 8

To date d 0 d 6 m 0 m 9 y 2 y 0 y 1 y 8

13 Final progress report☒ I have attached a copy of the final progress report.**14 Sign and date**

Administrator's signature

Signature

X

Signature date d 0 d 6 m 0 m 9 y 2 y 0 y 1 y 8

X

**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 **FINBARR THOMAS O'CONNELL**

Company name **SMITH & WILLIAMSON**

Address **25 MOORGATE**

Post town **LONDON**

County/Region

Postcode **E C 2 R 6 A Y**

Country

DX

Telephone **020 7131 4452**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

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Neumans LLP (in administration)

Joint administrators' final progress report

6 September 2018



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1. Glossary

Abbreviation	Description
the LLP	Neumans LLP
the Administrators/Joint Administrators	Finbarr Thomas O'Connell and Henry Anthony Shinnars
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
SOA	Statement of Affairs
EOS	Estimated Outcome Statement
ETR	Estimated to realise
WIP	Work In Progress
CFA	Conditional Fee Arrangement
PVA	LLP Voluntary Arrangement / Partnership Voluntary Arrangement (If appropriate)
CVL	Creditors' Voluntary Liquidation (If appropriate)
HMRC	HM Revenue & Customs
the Landlord	HKA
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
LAA	Legal Aid Authority
SRA	Solicitors Regulation Authority
NOI	Notice of Intention to appoint an Administrator
Prescribed Part	See note 9.2 of this report
Supervisor	Supervisor of a CVA
Nominee	Nominee of a CVA

2. Introduction

This report provides an account of the administration of the LLP since the last progress report and a summary of the outcome of the administration of the LLP. It should be read in conjunction with our proposals and any previous reports. By way of reminder, we, Finbarr Thomas O'Connell and Henry Anthony Shinnars, of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the LLP on 12 September 2017.

Statutory information in respect of the LLP and the administration is set out at Appendix I.

This is our final report in the administration, as it is our intention to convert the administration to Creditors Voluntary Liquidation ("CVL").

3. Administrators' proposals

As previously advised the administrators must perform their functions with the purpose of achieving one of the following objectives:

1. Rescuing the LLP as a going concern; or
2. Achieving a better result for the LLP's creditors as a whole than would be likely if the LLP were wound up without first being placed into administration; or
3. Realising property in order to make a distribution to one or more secured or preferential creditors.

The objective pursued in this case was the second objective and our strategy for this was set out in our proposals, which were approved on 21 November 2017 by the unsecured creditors.

Our strategy as set out in our proposals was implemented as follows:

Following a review of the LLP's financial position, as well as the circumstances leading to the cessation of trade, it became apparent to the joint administrators that it would not be possible to rescue the LLP as a going concern.

In light of the above, the joint administrators took steps to pursue the second objective, as highlighted above. From the outset, a strategy was developed to engage with the former fee earners of the LLP with a view to maximising returns from the LLP's primary asset, being its book debt / work in progress ledger ("WIP").

At this stage in proceedings, the joint administrators anticipate that there will be sufficient funds to allow a distribution to creditors once the WIP / debtor collection exercise has been finalised.

Having considered all options available in terms of exiting the administration, it has been concluded that a conversion to CVL now represents the appropriate route.

The outcome to creditors is impossible, at present, to estimate with any certainty due to the receivables being largely subject to Conditional Fee Arrangements ("CFAs"), although we have set out the broad range we believe that outcome will fall into. Moreover, the timing of the eventual outcome as regards each CFA case is also difficult to anticipate with any accuracy. Whilst this is the case, the Estimated Outcome Statement ("EOS") at appendix VI, indicates that, based on current projections, it is possible that a distribution will be made to unsecured creditors other than by virtue of the Prescribed Part.

As you may be aware, a distribution of this nature cannot be made from within the Administration, unless permission of the court has been granted. Moreover, the joint administrators have concluded that there would be no additional merit in extending the administration, once their statutory duties having been fulfilled.

The move to CVL will facilitate the continuation of the asset realisation process whilst limiting costs arising from the enhanced frequency of statutory reporting requirements which administrators are obliged to adhere to.

In light of the above, and in accordance with the approved proposals, we will shortly file a notice with the Registrar of Companies which will effectively bring the appointment of the joint administrators to an end and will move the LLP automatically into CVL. As outlined in the approved proposals, the joint administrators will become the joint liquidators of the CVL, so that a distribution can be made at the appropriate time.

4. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period since our last report, being 11 March 2018, which includes cumulative figures for the whole of the period of the administration from 12 September 2017.

The receipts and payments account also includes a comparison with the designated member's SOA values.

4.1 WIP / Debtor realisations

To date, the Joint Administrators have made realisations from debtors and WIP in the sum of £352,154. This has been achieved with the cooperation of certain former fee earners of the LLP and after carrying out very substantial amounts of work. These receipts were credited to our solicitor's client account.

Since the joint administrators' last report, we have continued to work towards maximising realisations from all open cases, including but not limited to the several CFAs. It is anticipated that the total recoveries will range from between £780,000 and £2.43 million.

As mentioned in our last progress report, due to the majority of the receivables being subject to CFAs, recoveries will continue to fluctuate, depending on the circumstances and outcomes of the various cases.

The SRA, further to discussions with our legal advisors and former fee earners involved with the live CFA cases, continue to assert a statutory charge over the assets of the LLP, which is claimed to rank ahead of any registered charges and the costs of the administration. Details of the claim for costs to be applied by the SRA can be found in the EOS, and in the notes thereto, at Appendix VI.

The level of the SRA's costs is currently the subject of discussion and negotiation. Until the SRA cost position has been finalised, the Joint Administrators are unable to determine the dividend prospects to the remaining creditor categories.

Significant work is still to be undertaken in respect of the debtor / WIP ledgers recovery exercise, before any conclusions can be drawn on the ledgers' full recoverability. However, based on the present forecasts, the joint administrators consider it appropriate to commence the transition to CVL.

4.2 Chattel assets

In order to safeguard the assets of the LLP, independent RICS qualified valuation agents Wyles Hardy & Co Ltd ("Wyles Hardy") were instructed to undertake a valuation of the assets that remained at the premises.

A physical inspection of the LLP's assets was undertaken on 20 September 2017, from which a valuation report has been produced. The majority of the furniture assets have been deemed as having no net value due to the uneconomical costs of removal which would be incurred, in the event of a sale.

The sum of £4,516 has since been recovered and the balance of funds received in respect of the sale of chattel assets has now been transferred to the administration bank account.

5. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for Business, Energy & Industrial Strategy on the conduct of all those persons who were members of the LLP at the date the LLP entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential we are unable to disclose their content.

Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting of creditors or as a response to our request to complete an investigation questionnaire. Our investigations revealed a number of issues which are under investigation.

Furthermore, we remain aware that additional creditors' concerns may arise once the LLP has transitioned into CVL and a full review of any new information will be carried out upon receipt.

6. Pre-administration costs

Pre-administration costs are defined as fees charged and expenses incurred by the Joint Administrators or another person qualified to act as an insolvency practitioner before the LLP entered administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the LLP entered administration.

The basis of our pre-administration costs was set out in our engagement letter with the LLP dated 16 August 2017 and in the Administrators' Proposals. Our costs were charged on a time cost basis.

Our total time costs in assisting the LLP prior to our appointment as Joint Administrators are £13,486.25.

On 19 December 2017 this amount, in respect of pre-administration costs, was approved by the creditors' committee.

7. Administrators' remuneration

The creditors' committee approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration, limited to £200,060 for the first 12 months of the administration. This approval was granted following the Joint Administrators having provided a fees' and expenses' estimate to members of the creditors' committee who subsequently gave their approval to it at a meeting held on 20 February 2018.

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
12 September 2017 to 11 March 2018	469.45	151,795.75	323.35	Nil
12 March 2018 to 2 September 2018	196.55	67,782.00	344.86	Nil
Total	666.00	219,577.75	329.70	Nil

Attached as Appendix III, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the Appendix.

As detailed above and as shown in Appendix IV, a cumulative time analysis of the administrators' time costs since appointment, the joint administrators' costs to 2 September 2018 are £219,577.75. The administrators' approved fee estimate for their time costs is currently £200,060.

To date, the Joint Administrators have not drawn any remuneration.

As shown in the above paragraph, the Administration period's time costs exceed the approved fees and costs estimate, therefore the joint liquidators will contact the Committee under separate cover with details of a revised fee estimate in due course.

For the avoidance of doubt, the Committee will remain unchanged as the LLP transitions into CVL.

A copy of "A Creditor's Guide to Administrator's Fees", as produced by the ICAEW, is available free on request or can be downloaded from their website as follows:

<http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

Details of our charge out rates and policies in relation to the use of staff are provided at Appendix V.

As noted above the unpaid balance of the administrators' remuneration totals £219,577.75, from which £200,060 has been duly approved. It is our intention that this, subject to the necessary additional approvals being granted by the Committee, will be drawn as an expense of the succeeding liquidation when sufficient funds become available.

8. Administration expenses

8.1 Subcontractors

We have not utilised the services of any subcontractors in this case.

8.2 Professional advisers

On this assignment we have used the professional advisers listed below. We have also indicated alongside the basis of our fee arrangement with them, which are subject to review on a regular basis.

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred			
		in current period	Costs paid in current period	Total costs incurred	Total costs paid
		£	£	£	£
Mischon de Reya LLP (legal advice regarding recovery of assets and general advice in regard to the administration)	Hourly rate and disbursements	63,949.74	Nil	143,949.74	Nil
Wyles Hardy & Co (agents to assist in the disposal of LLP assets)	Hourly rate and disbursements	Nil	4,012.39	4,012.39	4,012.39

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred			
		in current period	Costs paid in current period	Total costs incurred	Total costs paid
		£	£	£	£
Cubism Law (legal advice regarding recovery of debtors / WIP ledgers)	Hourly rate and disbursements	90,040.00	Nil	244,834.00	Nil

8.3 Administrators' disbursements

Details of administrators' disbursements that have been incurred and/or paid in the current period together with the cumulative totals for the period of the administration are set out below.

Description	Costs incurred in current period	Costs paid in current period	Total costs incurred	Total costs paid
	£	£	£	£
Statutory advertising	Nil	Nil	79.50	Nil
Administrators' bonds	Nil	Nil	140.00	Nil
Licence costs	635.33	Nil	635.33	Nil
Storage costs	931.23	Nil	931.23	Nil
Total	1,566.56	Nil	1,786.06	Nil

8.4 Category 2 disbursements (see appendix V, page 18)

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We have not incurred and/or paid any Category 2 disbursements in the period of the administration and it is not envisaged that any Category 2 disbursements will be incurred.

In accordance with SIP 9, Remuneration of Insolvency Office Holders, the Joint Administrators will seek approval to draw Category 2 disbursements should they be incurred, in accordance with Smith & Williamson's disbursement recovery policy.

8.5 Policies regarding use of third parties and disbursement recovery

Appendix V provides details of Smith & Williamson LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of disbursements.

9. Outcome for creditors

An Estimated Outcome Statement (“EOS”) as at 2 September 2018 is attached at Appendix VI

The outcome for each class of creditor is set out below.

9.1 Charged and secured creditors

Clydesdale Bank Plc (“the Bank”) holds a debenture containing fixed and floating charges over the LLP’s assets. At the date of the administration, their debt was estimated at £220,000 and a claim has since been submitted for £223,715. Interest has been, and continues to be, added until the liability is paid in full.

In the period covered by this report, no payments have been made to the Bank.

It is claimed that in an intervention scenario, the SRA takes a proprietary charge over any assets or future recoveries, to the point that the costs of the intervention are settled in full. It is claimed that these costs rank in priority to all other classes of creditor and the costs of the administration. The Joint Administrators are currently in discussions with the SRA in respect of their costs and how they are to be dealt with.

The final outcome as regards realisations remains uncertain at this stage, with many of the CFAs included within the LLP’s debtor / WIP ledger having not been concluded. A breakdown of the scenarios for the secured creditor can be found within the EOS and it is estimated that that the Bank will receive payment in full out of the assets of the LLP in the Best Case and Average Case scenarios but not under the Worst Case scenario.

9.2 Prescribed Part

Section 176A of the Insolvency Act 1986 makes provision for a share of the LLP’s net property to be set aside for distribution to unsecured creditors in priority to the floating charge holder. The LLP’s net property is the balance that remains after preferential creditors have been paid and which would then otherwise be available for satisfaction of the claims of any holder of a debenture secured by a floating charge. The funds set aside in this way are referred to as the Prescribed Part.

The amount of the Prescribed Part is calculated as follows:

- 50% of the net property up to £10,000, plus
- 20% of the net property over £10,000
- up to a maximum Prescribed Part of £600,000.

The LLP granted a floating charge to Clydesdale Bank Plc on 30 September 2008. Accordingly, we are required to set aside a Prescribed Part fund for unsecured creditors out of the LLP’s net floating charge property.

Based on present information, we are unable to confirm the value of the LLP’s net floating charge property. We will be able to provide clarity on this position in due course when future asset realisation estimates become clearer. The EOS at Appendix VI shows an estimated value of for the Prescribed Part, for illustrative purposes only.

9.3 Preferential creditors

The LLP’s potential preferential creditor liability is currently uncertain due to the circumstances surrounding the departure of staff from the LLP at the end of June 2017, following the SRA’s intervention. To date, one claim has been received and processed by the RPS

The Joint Administrators are monitoring the position and expect preferential claims to be made at a later stage and they have made a provision of £25,000 in the EOS for these amounts. This estimate will be amended to an actual figure as claims are made and dealt with.

9.4 Unsecured creditors

In accordance with the designated member's SOA, it was estimated that total unsecured creditor claims would be in the region of £200,000.

At present, we have received claims totalling £1,732,395 from 35 creditors. The joint administrators have not yet commenced any form of adjudication process of these claims. It will be for the joint liquidators to undertake this exercise, at the appropriate juncture.

10. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at:

www.smithandwilliamson.com/rrsgdpr

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the LLP's data subjects which was provided to you by the LLP or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

11. Ending the administration

This is our final report as joint administrators and covers the period ended 6 September 2018. However, our appointment as joint liquidators will only take effect once the Registrar of Companies registers the notice to this effect. Consequently, there may be additional matters arising during this hiatus period. The joint liquidators will provide creditors with information relating to any such matters.

Inevitably, any time costs for supplementary work after 2 September 2018 will not have been disclosed in the analysis attached as Appendix III. Whilst these costs will not be drawn without the relevant approvals having been granted, creditors should be aware that these costs will be accounted for once in office as joint liquidators and a breakdown provided in the first progress report.

The administrators will be discharged from liability under P98(3) of Sch B1 following registration of the notice of the move from administration to liquidation by the Registrar of Companies.

12. Creditors' rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Finbarr Thomas O'Connell or Henry Anthony Shinnars in the first instance. If the matter is not resolved to your

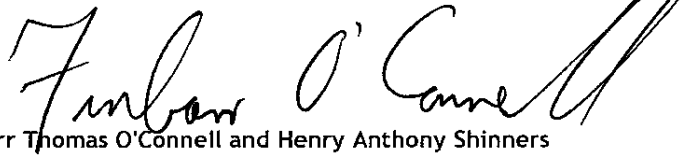
satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

i) Email: insolvency.enquiryline@insolvency.gsi.gov.uk

ii) Telephone number: +44 300 678 0015

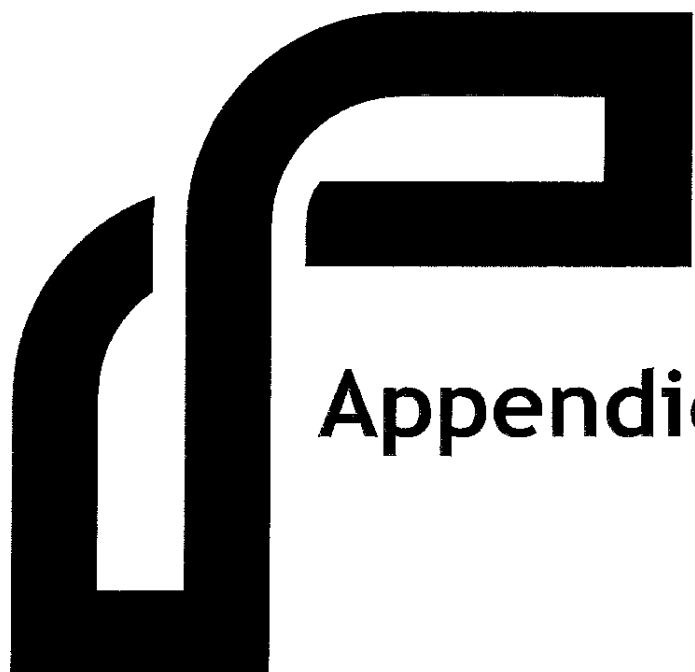
iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.



Finbarr Thomas O'Connell and Henry Anthony Shinnors

Joint Administrators

Date: 6 September 2018



Appendices

I Statutory information

Relevant Court	High Court of Justice, Chancery Division, Birmingham District Registry
Court Reference	8234 of 2017
Trading Name(s)	Neumans
Trading Addresses	11 Pilgrim Street, London, EC4V 6RN
Former Name(s)	Sabir Selby LLP (ending 17 October 2008)
Registered Office	25 Moorgate, London, EC2R 6AY
Registered Number:	OC323909
Joint Administrators	Finbarr Thomas O'Connell and Henry Anthony Shinnars both of 25 Moorgate, London, EC2R 6AY (IP Nos 7931 and 9280) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.
Contact details	25 Moorgate, London, EC2R 6AY, jack.mcginley@smithandwilliamson.com , 020 7131 4452.
Date of Appointment	12 September 2017

II Receipts and payments account

Receipts and payments account to 2 September 2018

Neumans LLP
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs		12/03/2018 to 02/09/2018	12/09/2017 to 02/09/2018
£		(£)	(£)
	ASSET REALISATIONS		
	Furniture & Equipment	4,516.05	4,516.05
Uncertain	Book Debts	-	22,153.64
	Petty Cash	-	34.32
Uncertain	Office Equipment	-	-
	Bank Interest Gross	10.05	12.02
		<u>4,526.10</u>	<u>26,716.03</u>
	COST OF REALISATIONS		
	Agents/Valuers Fees	3,689.05	3,689.05
	Agents/Valuers Disbursements	<u>323.34</u>	<u>323.34</u>
		<u>4,012.39</u>	<u>4,012.39</u>
	SECURED CREDITORS		
220,000.00	Clydesdale Bank Plc	-	-
Uncertain	SRA	-	-
		<u>-</u>	<u>-</u>
	UNSECURED CREDITORS		
(200,000.00)	Trade & Expense Creditors	-	-
		<u>-</u>	<u>-</u>
<u>(440,000.00)</u>	Net Receipts/(Payments)	<u>513.71</u>	<u>22,703.64</u>
	REPRESENTED BY		
	Interest Bearing C/A	614.45	22,804.38
	VAT Receivable / (Payable)	<u>(100.74)</u>	<u>(100.74)</u>
		<u>513.71</u>	<u>22,703.64</u>

Notes and further information required by SIP 7

- The Joint Administrators' remuneration has been approved by the creditors' committee.
- Funds in relation to post intervention recoveries made are being held by Mishcon de Reya LLP in a designated client account and therefore are not referenced in the receipts and payments account shown above. However, these recoveries are shown in the EOS at Appendix VI.
- No payments have been made to us from outside the estate.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.

- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable.

III Time analysis for the period

From 12 March 2018 to 2 September 2018

Neumans LLP
Breakdown of time spent by Smith & Williamson LLP employees
for the period 12 March 2018 to 2 September 2018

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	0.00	0.00	1.75	14.35	0.00	16.10	3,781.89	234.90
Cashiering general including bonding	0.00	0.00	0.00	0.00	0.45	0.45	131.50	292.22
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary	8.00	0.00	7.75	4.20	0.05	20.00	7,679.43	383.97
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.00	0.00	0.00	0.35	0.00	0.35	77.00	220.00
Protection of company records (incl electronic)	0.00	0.00	0.00	4.20	0.00	4.20	927.18	220.76
Insurance & general asset protection	0.00	0.00	0.00	0.80	0.00	0.80	184.00	230.00
Filing, file and information management	0.00	0.00	0.00	0.25	0.00	0.25	55.00	220.00
Pre-appointment non creditor tax	0.00	0.00	0.50	0.00	0.00	0.50	182.50	365.00
Agents and advisers general	0.00	0.00	1.25	0.00	0.00	1.25	448.75	359.00
Director/manager review, approval and signing	0.00	0.00	1.00	0.00	0.00	1.00	350.00	350.00
Other	0.00	0.00	0.00	0.35	0.00	0.35	77.00	220.00
Investigations								
Statutory books and accounting records review	0.00	0.00	0.00	1.20	0.00	1.20	264.00	220.00
Investigation of legal claims	51.75	0.00	0.00	0.00	0.00	51.75	26,085.00	504.06
Filing Investigations	0.00	0.00	0.00	1.20	0.00	1.20	276.00	230.00
Director/manager review, approval and signing	0.00	0.00	0.50	0.00	0.00	0.50	182.50	365.00
Realisation of assets								
Fixed charge Property (land and buildings)	0.00	0.00	0.00	0.45	0.00	0.45	103.50	230.00
Debtors subject to invoice discounting/factoring	0.00	0.00	0.00	0.40	0.00	0.40	92.00	230.00
Debtors not financed (includes reassigned debtors)	14.00	0.00	4.25	40.30	0.00	58.55	16,724.00	285.64
Other chattel assets	0.00	0.00	0.00	0.60	0.00	0.60	132.00	220.00
Completion of work in progress	0.00	0.00	1.00	0.00	0.00	1.00	350.00	350.00
Liaising with agents (general)	0.00	0.00	1.00	0.00	0.00	1.00	350.00	350.00
Other	0.00	0.00	0.75	0.00	0.00	0.75	273.75	365.00
Creditors								
Fixed charge creditors	0.00	0.00	0.00	3.05	0.00	3.05	687.50	225.41
Floating charge creditors	0.00	0.00	5.75	0.70	0.00	6.45	2,229.75	345.70
Employees & pension (other) (incl Jobcentre/CSA etc)	0.00	0.00	0.00	0.40	0.00	0.40	88.00	220.00
Unsecured creditors	0.40	0.00	2.00	14.70	0.00	17.10	4,170.50	243.89
Creditors' committee	0.00	0.00	2.00	4.15	0.00	6.15	1,613.00	262.28
Director/manager review, approval and signing	0.00	0.00	0.75	0.00	0.00	0.75	266.25	355.00
Total	74.15	0.00	30.25	91.65	0.50	196.55	£67,782.00	£344.86

Explanation of major work activities undertaken

- Notification of appointment to all known creditors of the LLP
- Liaising with creditors with regard to the administration
- Statutory tasks required following appointment, such as advertising the appointment, opening bordereau etc.
- Work to recover WIP and debtors
- Dealing with various insurance matters with both the pre and post appointment insurers
- Statutory / other investigations and the recovery of assets
- Notifying the bank of Joint Administrators appointment
- Dealing with the collection of third party assets

- Liaising with the SRA and intervention agents Devonshires Solicitors
- Attending site to obtain books and records, including forensic data imaging of servers and computers
- Engaging solicitors to act in relation to the recovery of debts
- Undertaking detailed review of the LLP's electronic books and records
- Undertaking statutory processes to transition LLP from administration to CVL
- Maintaining communications and holding periodic meetings with the creditors' committee
- Investigating the circumstances leading to the insolvency of the LLP and any potential claims against any party which might benefit the creditors of the LLP.

IV Cumulative time analysis

From 12 September 2017 to 2 September 2018

Neumans LLP
Breakdown of time spent by Smith & Williamson LLP employees
for the period 12 September 2017 to 2 September 2018

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	2.25	0.00	7.75	50.05	0.00	60.05	14,860.89	247.48
Initial post-appointment notification letters, including creditors	0.85	0.00	0.00	2.15	2.00	5.00	1,068.00	213.60
Cashiering general including bonding	0.00	0.00	0.00	0.35	1.45	1.80	471.50	261.94
Job planning reviews and progression (inc 6 month reviews and planning meetings, checklist & diary)	14.55	0.00	26.25	14.35	0.05	55.20	19,652.43	356.02
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.00	0.00	0.00	0.80	0.00	0.80	176.00	220.00
Protection of company records (incl electronic)	0.00	0.00	0.50	26.05	0.00	26.55	5,909.18	222.57
Insurance & general asset protection	0.00	0.00	0.00	10.00	0.00	10.00	2,208.00	220.80
Filing, file and information management	0.00	0.00	0.25	0.40	0.00	0.65	166.50	256.15
Pre-appointment non creditor tax	0.00	0.00	0.50	0.00	0.00	0.50	182.50	365.00
Agents and advisers, general	0.00	0.00	5.75	0.00	0.00	5.75	2,023.75	351.96
Director / manager review, approval and signing	0.25	0.00	3.00	0.00	0.00	3.25	1,175.00	361.54
Other	6.50	0.00	0.50	11.25	0.00	18.25	5,900.00	323.29
Investigations								
Directors correspondence & conduct questionnaires	0.00	0.00	0.00	2.60	0.00	2.60	572.00	220.00
Creditor & shareholder complaints	0.00	0.00	0.00	0.40	0.00	0.40	88.00	220.00
Statutory books and accounting records review	0.00	0.00	0.00	3.60	0.00	3.60	792.00	220.00
Investigation of legal claims	97.10	0.00	0.00	0.55	0.00	97.65	48,881.00	500.57
SIP2 and SIP4 obligations (inc CDDA86 forms)	0.20	0.00	0.50	0.00	0.00	0.70	275.00	392.86
S235/6 hearings & applications	5.25	0.00	0.00	0.00	0.00	5.25	2,625.00	500.00
Filing - Investigations	0.00	0.00	0.00	1.75	0.00	1.75	397.00	226.86
Director / manager review, approval and signing	0.00	0.00	1.00	0.00	0.00	1.00	357.50	357.50
Realisation of assets								
Fixed charge Property (land and buildings)	0.00	0.00	0.00	1.55	0.00	1.55	345.50	222.90
Debtors subject to invoice discounting/factoring	0.00	0.00	0.00	0.40	0.00	0.40	92.00	230.00
Debtors not financed (includes reassigned debtors)	24.25	0.00	5.25	70.65	0.00	100.15	28,876.00	288.33
Other chattel assets	0.00	0.00	0.00	8.80	0.00	8.80	1,936.00	220.00
Financed assets (only if equity-otherwise creditors, incl HP and leasing)	0.00	0.00	0.00	5.25	0.00	5.25	1,155.00	220.00
Completion of work in progress	0.00	0.00	2.00	5.55	0.00	7.55	1,921.00	254.44
Liaising with agents (general)	0.00	0.00	1.50	0.00	0.00	1.50	325.00	350.00
Other	0.00	0.00	4.25	2.05	0.10	6.40	1,980.25	309.41
Creditors								
Fixed charge creditors	0.00	0.00	0.00	8.70	0.00	8.70	1,930.50	221.90
Floating charge creditors	0.00	0.00	8.75	1.35	0.00	10.10	3,422.75	338.89
HP & lease creditors	0.00	0.00	2.00	0.00	0.00	2.00	700.00	350.00
Employees & pension (other) (incl Jobcentre/CSA etc)	0.00	0.00	0.50	8.10	0.00	8.60	1,957.00	227.56
Crown (not RPO etc)	0.00	0.00	0.00	2.05	0.00	2.05	451.00	220.00
Unsecured creditors	2.75	0.00	12.00	53.00	0.00	67.75	17,226.00	254.26
Creditors committee	0.35	0.00	12.00	13.00	0.00	25.35	7,235.00	285.40
Director / manager review, approval and signing	0.00	0.00	1.25	0.00	0.00	1.25	441.25	353.00
Other	71.00	0.00	0.00	0.00	0.00	71.00	35,500.00	500.00
AML - if done post appointment	0.00	0.00	0.00	0.00	0.50	0.50	152.50	305.00
Forensics								
Forensics	0.00	0.00	0.00	36.35	0.00	36.35	5,949.75	163.68
Total	225.30	0.00	95.50	341.10	4.10	666.00	£219,577.75	£329.70



Explanation of major work activities undertaken for the entire administration

Administration and planning

This section of the analysis encompasses the cost of the administrators and their staff in complying with their statutory obligations, and internal compliance requirements. This work includes the following:

- Statutory notifications and advertising
- Dealing with routine correspondence
- Calculating the bonding requirement
- General case planning and administration
- Maintaining physical case files and electronics case details on IPS (case management software)
- Securing the LLP's electronic records, including the time that has been incurred by an agent forensic team in relation to preserving, downloading and imaging from the LLP's server
- Collecting the LLP's physical books and records, and organising storage of these records
- Preparing the administrators' proposals and other statutory reports
- Filing the appropriate documents with the registrar and Court
- Dealing and instructing agents and other professional advisers to assist with the case

Cashiering time:

- Maintaining and managing the administrators' cash book and bank accounts
- Reconciliation of bank accounts

Investigations

This section relates to our statutory obligations to investigate the actions of the designated members of the LLP and to review the LLP's records with a view to making to asset recoveries. This work includes the following:

- Complying with our statutory duties in accordance with the Directors' Disqualification Act 1986
- Reviewing the LLP's books and records in relation to the ongoing investigations
- Liaising with creditors in relation to any concerns raised

Realisation of assets

This section is in relation to the realisation of the LLP's assets. The work includes the following:

- Liaising with the former fee earners of the LLP in order to maximise realisations from the LLP's debtor / WIP ledger
- Liaising with agents in relation to the sale of the LLP's chattel assets
- Engaging in discussions with the SRA to ascertain monies being held and deductions to be applied for the intervention

Creditors

- Dealing with correspondence from Creditors
- Assisting with employee claims to the RPO
- Liaising with the RPO in respect of employee claims

AML / Compliance

Review of Anti-Money Laundering internal requirements and compliance prepared prior to the appointment of the liquidation

- Companies and background searches
- Dealing with queries raised by our compliance department

V Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Smith & Williamson LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers Disbursement recovery

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director as joint office holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services during the administration are set out in the body of this report.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add value to the assignment.

Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements.

Details of any Category 2 disbursements incurred and/or recovered in the administration are set out in the body of this report.

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

Smith & Williamson LLP Restructuring & Recovery Services Charge out rates	London office £/hr		Regional offices £/hr	
	From 1/7/18	From 1/7/17	From 1/7/18	From 1/7/17
Partner / Director (from 1 January 2016)	450-520	435-500	360-380	350-375
Associate Director	420	390-410	290-320	295-315
Managers	250-365	250-350	225-310	190-310
Other professional staff	170-320	160-305	140-185	120-180
Support & secretarial staff	90	80-170	60-140	60-135

Notes

1. Time is recorded in units representing 3 minutes or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.



VI Outcome statement

Neumans LLP - In Administration Estimated Outcome Statement as at 2 September 2018

		Current £	Estimated Future High £	Estimated Future Average £	Estimated Future Low £
<u>Asset subject to a floating charge</u>					
Debtor book & WIP	1	352,154	2,430,857	1,524,929	780,000
Chattel assets		4,516	4,516	4,516	4,516
		<u>356,670</u>	<u>2,435,373</u>	<u>1,529,445</u>	<u>784,516</u>
<u>Less:</u>					
SRA - Statutory charge	2		(85,000)	(153,000)	(161,500)
SRA - Capita charges	2		(110,000)	(110,000)	(110,000)
Estimated other monies paid to SRA	2		80,000	80,000	80,000
LAA monies paid to SRA to date	2		<u>120,000</u>	<u>120,000</u>	<u>120,000</u>
			<u>2,440,373</u>	<u>1,466,445</u>	<u>713,016</u>
S&W Pre-appointment fees			(13,486)	(13,486)	(13,486)
Pre-appointment legal fees			(14,652)	(14,652)	(14,652)
Joint Administrators' fees	3		(450,000)	(450,000)	(450,000)
Joint Administrators' expenses			(2,000)	(2,000)	(2,000)
Mishcon de Reya LLP (legal)			(250,000)	(250,000)	(250,000)
Agents			(4,809)	(4,809)	(4,809)
Storage costs			(2,000)	(2,000)	(2,000)
Legal costs of debtor collections	4		(350,000)	(350,000)	(350,000)
			<u>1,353,426</u>	<u>379,498</u>	<u>(373,931)</u>
<u>Less:</u>					
Preferential Creditors	5		(25,000)	(25,000)	(25,000)
Prescribed Part	6		(260,685)	(65,900)	-
		<u>356,670</u>	<u>1,067,741</u>	<u>288,598</u>	<u>-</u>
<u>Estimated cover available to Bank</u>					
Under floating charge: Clydesdale Bank Plc (Prescribed Part added back)			1,328,426	354,498	-
Less amount due to Clydesdale Bank Plc			<u>(223,715)</u>	<u>(223,715)</u>	<u>(223,715)</u>
Surplus after Clydesdale Bank Plc (Amount available to unsecured creditors)			<u>1,104,711</u>	<u>130,783</u>	<u>(223,715)</u>
<u>Unsecured creditors</u>					
Unsecured creditors	7		1,269,584	1,269,584	1,269,584
HMRC			<u>462,812</u>	<u>462,812</u>	<u>462,812</u>
			<u>1,732,396</u>	<u>1,732,396</u>	<u>1,732,396</u>
Estimated dividend to unsecureds (p/£)			0.638	0.075	-

Notes

- 1 Actual and estimated debtor/WIP recoveries (largely CFAs). Costs are to be deducted in respect of professional fees incurred in collecting the balances and in managing the cases.
- 2 The SRA holds a statutory charge which it claims ranks ahead of all other costs, until settled in full. The administrators have still to confirm total costs of the SRA intervention, however, these are estimated to represent a maximum claim in the region of £280k. For the purpose of this EOS, a discount has been applied to this figure to reflect the recent developments made with the SRA in reaching a global settlement as regards the costs of intervention. The Legal Aid Agency ("LAA") has paid c.£120k to the SRA, which will significantly reduce the balance, if any, payable out of the administration with regard to the SRA's costs. The SRA are yet to confirm total monies received from the LAA, or any other source with regard to the LLP's monies as opposed to monies owed to clients of the LLP. Monies due to the LLP from other sources and which have been paid to the SRA, are estimated at £80,000. The Capita charges of £110k represent the estimated costs incurred by the SRA in archiving the files of the LLP.
- 3 This figure is based on our fee estimate for the first 12 months of the administration, which was agreed by the Creditors' Committee, plus an estimate for the remaining period of the administration and the liquidation.
- 4 The debtor realisation costs are an estimate and are not fixed.
- 5 This is an estimated figure; due to incomplete information, we believe there may be a number of former employees yet to submit claims for unpaid holiday pay etc. This figure has reduced due to our anticipation that there will be limited claims made in this respect, as the administration progresses.
- 6 The Prescribed Part deduction is shown for illustrative/timing purposes only.
- 7 This figure is made up of all unsecured claims, excluding HMRC, received so far. For the avoidance of doubt, no formal adjudication of these claims has yet been undertaken.



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

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