

The Insolvency Act 1986

Administrator's progress report

Name of Partnership Chipatiso & Co Solicitors LLP	Partnership number OC344710
In the High Court of Justice, Chancery Division Manchester District Registry	Court case number 573 / 2010

(a) Insert full name(s) and
address(es) of
administrator(s)

I (a) Daryl Warwick, consultant of Robson Scott Associates Limited, 49 Duke Street,
Darlington, County Durham, DL3 7SD

(b) Insert dates

administrator(s) of the above company attach a progress report for the period

from

to

(b) 12 March 2010

(b) 11 September 2010

Signed

Daryl Warwick
Administrator

Dated

5/10/10

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Chipatiso & Co Solicitors LLP – In Administration
Administrator's Progress Report

CHIPATISO & CO SOLICITORS LLP - IN ADMINISTRATION

ADMINISTRATOR'S PROGRESS REPORT

COVERING THE PERIOD FROM 12 MARCH 2010 TO 11 SEPTEMBER 2010

**Robson Scott Associates Limited
47/49 Duke Street
County Durham
DL3 7SD**

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1. Details of Appointment

Date of Appointment	12 March 2010
Court Reference	High Court of Justice, Chancery Division Manchester District Registry No 573 of 2010
Administrator	Daryl Warwick Robson Scott Associates Limited 47/49 Duke Street, Darlington, County Durham, DL3 7SD
Authorising Body	Institute of Chartered Accountants in England & Wales
Appointed by	The appointment was made on the application of the partnership's partners pursuant to Paragraph 22(2) of Schedule B1 of the Insolvency Act 1986

The EC Regulations on Insolvency Proceedings apply to this report and that these proceedings will be main proceedings as defined in article 3 (1) of the EC Regulations

2. Statutory Information

Pursuant to R2 47 of the Insolvency Rules 1986, as amended, the Administrator is required to submit a report to creditors covering the period of six months following the Administration order

The statutory details of the Partnership are attached at Appendix 1

3. Purpose of the Administration

Following my appointment as Administrator, I took control of the business and assets of the Partnership with a view to establishing a strategy to meet the prioritised objectives of the proposed Administration as follows

- a Rescue the Partnership as a going concern, or
- b Achieve a better result for the Partnership's Creditors as a whole than would be likely if the Partnership were to be wound up (without first being in Administration), or
- c Realise property in order to make a distribution to one or more secured or preferential creditors

The Partnership financial projections were reviewed and tested against potential further loss of customers. It was concluded that the Partnership was not able to be rescued as a going concern

When considering b), it was decided to market the assets to ascertain saleability and market value. The assets were advertised for sale from January to March 2010 on IP-bid.com, a specialist platform to advertise insolvent businesses.

Two expressions of interest were received, and sales packs were forwarded to the two interested parties who decided not to move forward to offer.

4. Conduct of the Administration

The Partnership entered into Administration on 12 March 2010 and Daryl Warwick, a consultant Insolvency Practitioner for Robson Scott Associates Limited, was appointed as Administrator.

Upon appointment, there was insufficient cash to fund trade, and as staff salaries were due to be paid, there was no prospect of sufficient funds being received in time to cover these as well as any on-going expenses.

An offer to purchase the office equipment, work in progress and goodwill for £190,000 was received from Chipatiso Associates LLP, a business consisting of some of former management of the Partnership.

The purchaser has retained the employees of the partnership, thus reducing the potential for employee claims to increase the liabilities of the business. The former partner, Pamela Chipatiso, is also working under a consultancy agreement with the new owner of the business.

As the offer for the business exceeded the valuations carried out by independent agents and valuers, JPS Chartered Surveyors, and Duru Management Consultancy, the offer was accepted and the sale completed on 24 March 2010. The consideration is payable in 35 equal instalments payable from 1 April 2010. It was secured by way of a debenture over the purchasing LLP, and a personal guarantee from Babatunde Abiloye.

It was envisaged that as part of the transfer of the business, the Legal Services Commission ("LSC") contract would be novated to the purchasing business. However, as of to date, the LSC have refused to novate the contract. They have also frozen the work in progress and debtor payments due to Chipatiso Associates LLP, which has had a detrimental effect on the business of the new LLP, which is experiencing cash flow problems. I am working with the new LLP and the LSC to find a resolution. To date no payments have been made under the agreement, and I will review my position regarding security dependant on how negotiations with the LSC progress.

I have sought counsel's opinion with regard to the monies due from the LSC, and they have suggested that if no substantial progress is made with the LSC within 1 month of providing files for review, I should consider commencing legal action for the recovery of the outstanding sums.

5 Administrator's Receipts & Payments

A summary of the Administrator's receipts and payments for the period to date is attached at Appendix 3

6 Prescribed Part

As the Partnership has no outstanding liabilities to its debenture holder, Section 176 (A) of the Insolvency Act 1986, as amended, does not apply in this matter

7. Administrator's Remuneration & Disbursements

A Creditors' Guide to Administrator's Fees has not been appended to this report but is available from the following website www.r3.org.uk. If however you do not have access to the internet and require a hard copy to be posted to you, please contact my office

Time costs in respect of work carried out prior to our appointment have been incurred. These are not recoverable and in effect will be written off.

At a meeting held on 26 May 2010 creditors approved my proposals to draw fees on a time cost basis.

I have drawn no fees for acting as Administrator against post Administration time costs of £26,060.90. Attached at Appendix 4 is a time analysis of these costs in accordance with SIP 9.

Details of the rates at which disbursements are charged are attached at Appendix 5.

8. Future Conduct of the Administration

The Administrator will continue to manage the affairs, business and property of the Partnership to achieve the purpose of the Administration. This will also include, but not be limited to:

- Realising any other assets that come to light
- Finalising and making payment of any Administration liabilities
- Agreeing preferential and unsecured creditor claims
- Conducting investigations into the conduct of the partners, and reporting the outcome of the investigations
- Dealing with statutory reporting and compliance obligations
- Dealing with employee claims and queries

Also, at the meeting held on 26 May 2010, creditors approved the following resolution,

'Once the purpose(s) of the Administration have been achieved the Administrator will apply to the court for leave to agree creditors' claims and distribute any available funds accordingly. Thereafter the partnership will be dissolved.'

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In the unlikely event that once all assets have been realised, there are no funds available to enable a distribution to the unsecured creditors, I propose filing a notice at court for the dissolution of the partnership '

As it is not yet clear what the final position will be in respect of the funds realised, I am unable to confirm a timescale for the conclusion of the administration and will report again to creditors once the outstanding matter have been concluded, and at least within the next 6 months

9. Next Report

The Administrator is required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised

Signed

 Dated 5/10/10

Chipatiso & Co Solicitors LLP – In Administration
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APPENDIX 1
STATUTORY INFORMATION & SECURITY

Partnership Number	OC344710
Date of Incorporation	6 April 2009
Registered Office and trading address	612/614 Romford Road, Manor Park, London, E12 5AF
Principal Activity	Solicitors
Partners:	Pamela Mazvita Chipatiso Alexander Oladapo Abiloye (deceased) Babatunde Abiloye
Members Capital	£1 Pamela Mazvita Chipatiso £1 Alexander Oladapo Abiloye (deceased)
Registered Charges	None

Security
As shown above in Registered Charges

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APPENDIX 2
ESTIMATED OUTCOME STATEMENT

	Estimated Realisations & Outcome		
	To Date	Future	Total
Realisations			
Office Equipment	Nil	10,000	10,000
Goodwill	Nil	10,000	10,000
Work in Progress	Nil	170,000	170,000
	Nil	190,000	190,000
Less Costs			
Administrator's Fees	Nil	(58,000)	(58,000)
Legal Fees	Nil	(23,000)	(23,000)
Agents Fees	Nil	(9,000)	(9,000)
Sundry Costs and disbursements	Nil	(4,500)	(4,500)
	Nil	(94,500)	(94,500)
Available for distribution to unsecured non-preferential creditors			
			<u>95,500</u>
Trade Creditors			159,729
HMR&C			157,083
			<u>316 812</u>
Shortfall to creditors			(221,312)

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APPENDIX 3
ADMINISTRATOR'S RECEIPTS & PAYMENTS

All Bank, Cash and Cash Investment Accounts. All Dates

	£	£
ASSET REALISATIONS		
	Nil	
COST OF REALISATIONS		
Accounting Fees		
Administration Fees		
Advertisements		
Legal Fees		
Mileage		
Postage		
Specific Bond		
REPRESENTED BY		
Bank 1 Current	Nil	
		Nil

APPENDIX 4

Details of the basis of the Administrator's remuneration and disbursements charged in accordance with SIP 9

Classification Of Work Function	Other Director	Insol. Practit.	Senior Manager	Manager	Admin	Junior Admin	Cashier	Hours	Average Hourly Rate £	Total Cost £
Administration/ Planning	9 4	3 7	0 0	4 6	1 4	0.0	0 0	19 1	£218 83	£4,179 60
Investigations	7 6	0 0	0 0	4 8	0 0	0 0	0 0	12 4	£211 65	£2,624 40
Realisations/ Contributions	33 6	8 3	0 0	10 5	0 0	0.0	0 0	52 4	£231 05	£12,106 80
Statutory	8 5	7 5	2 5	6 1	0 0	0 0	0 0	24 6	£226 78	£5,578 70
Creditors	3 8	0 0	0 0	0 0	6 0	0.0	0 0	9 8	£160 35	£1,571 40
Total	62.9	19.5	2.5	26.0	7.4	0.0	0.0	118.3	£220.30	£26,060.90

APPENDIX 5

DISBURSEMENT POLICY AND CHARGE OUT RATE

INTRODUCTION

This policy applies where a licensed insolvency practitioner in this firm is seeking appointment, or is currently acting, as an office holder of an insolvent estate and a resolution will be proposed or has been approved authorising fees to be drawn on a time cost basis and category 2 expenses (defined below) to be paid as outlined below

REMUNERATION

Time is charged in 6 minute units Charge out rates per hour are as follows

Insolvency Practitioner	£270	Case Administrator	£108
Other Director	£243	Cashier	£81
Senior Manager	£200		
Manager	£162		

DISBURSEMENTS

Category 1 disbursements are expenses that are directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges Approval is not required for these disbursements

Category 2 disbursements are expenses that are of an incidental nature and cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost Where the cost of the expense incurred is estimated, untraced cost, the charging policy will be based on external costs or opportunity cost They are charged as follows

Car mileage is re-charged at the rate of 50 pence per mile,

Storage of books and records (when not rechargeable as a Category 1 expense) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

Printing and photocopying at 15p per copy,

File set up at £15 00 per file,

Meeting room hire, when not rechargeable as a Category 1 disbursement is charged at £50 for the first half hour, and £25 per half hour thereafter, with a minimum of £50 being payable per meeting

Please note that charge out rates and disbursements are reviewed annually on 1 January and are subject to change