

## The Insolvency Act 1986

**Administrator's progress report****Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986**

Name of Company

Northwind Leisure Limited

Company number

SC211791

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

I/We (a)  
Gary Paul Shankland  
Begbies Traynor (London) LLP  
31st Floor  
40 Bank Street  
London  
E14 5NR

Kenneth Wilson Pattullo  
Begbies Traynor (Central) LLP  
Second Floor, Excel House  
30 Sample Street  
Edinburgh  
EH3 8BL

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

from

to

(b) Insert date(s)

(b) 2 November 2016

(b) 1 May 2017

Signed

Joint Administrator(s)

Dated

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

Gary Paul Shankland  
Begbies Traynor (London) LLP  
Second Floor, Excel House  
30 Sample Street  
Edinburgh  
EH3 8BL

DX Number

0141 222 2230  
DX Exchange

TUESDAY



\*S681KN2A\*

SCT

13/06/2017

#73

COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at:-  
**Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF**  
**DX 235 Edinburgh / LP 4 Edinburgh-2**

Gary Paul Shankland and Kenneth Wilson Pattullo were appointed joint administrators on 2 November 2015.

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.

---

## **Northwind Leisure Limited (In Administration)**

---

Progress report of the joint administrators pursuant to Rule 2.38 of The Insolvency (Scotland) Rules 1986

Period: 2 November 2016 to 1 May 2017

## **Important Notice**

This 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.

---

## **Contents**

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of administrators
- ☐ Progress during the period
- ☐ Estimated outcome for creditors
- ☐ The administrators' remuneration and disbursements
- ☐ Assets that remain to be realised
- ☐ Other relevant information
- ☐ Conclusion
- ☐ Appendices
  - 1. Account of receipts and payments and estimated outcome statement
  - 2. Time costs and expenses

---

## 1. INTERPRETATION

<b><u>Expression</u></b>	<b><u>Meaning</u></b>
"the Company"	Northwind Leisure Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 2 November 2015.
"the administrators", "we", "our", "us"	Gary Paul Shankland of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR and Kenneth Wilson Pattullo of Begbies Traynor (Central) LLP, Second Floor, Excel House, 30 Sempie Street, Edinburgh, EH3 8BL
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (Scotland) Rules 1986 (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	Northwind Leisure Limited
Trading name(s):	Northwind Leisure Limited
Date of Incorporation:	9 October 2000
Company registered number:	SC211791
Company registered office:	c/o Begbies Traynor (Central) LLP, Third Floor West, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators:	Gary Paul Shankland, a Licensed Insolvency Practitioner of Begbies Traynor (London) LLP, 31st Floor, 40 Bank Street, London, E14 5NR and Kenneth Wilson Pattullo, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Second Floor, Excel House, 30 Semple Street, Edinburgh, EH3 8BL
Date of administrators' appointment:	2 November 2015
Date of administrators' resignation:	N/A
Court:	Court of Session
Person(s) making appointment / application:	Santander UK PLC, 2 Triton Square, Regent's Place, London, NW1 3AN
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.
EC Regulation on Insolvency Proceedings:	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period:	The administration period was extended with the consent of the secured creditor for a period of 12 months until 1 November 2017.

## 4. PROGRESS DURING THE PERIOD

### **Receipts & Payments Account**

Attached at Appendix 1 is the joint administrators' abstract of receipts and payments and estimated outcome statement ("EOS") for the period from 2 November 2016 to 1 May 2017.

#### *RECEIPTS*

### **Freehold Land & Property**

For the purposes of the EOS attached at Appendix 1, the joint administrators have amended their estimate of the realisable value of the freehold property to £3,810,000 which is considered to be a *worst case scenario valuation*.

As advised in the proposals, the term of the lease presently in place is four years from 2 July 2013 and it is therefore set to determine on 1 July 2017. At this stage, no agreement to extend the lease has been reached with the tenant. However, the joint administrators and their agents have been in correspondence with the current tenant with regard to extending the lease.

### **Rental**

Rent in the sum of £263,358 has been received during the period of this report in respect of the periods 28 November 2016 to 27 February 2017 and 28 February 2017 to 27 May 2017.

### **Dilapidations**

In the event that the current tenant does not remain in occupation by virtue of an extension of the existing lease, it is anticipated that dilapidations will be payable by the departing tenant. However, the value of any such dilapidations will remain uncertain until such a time as the tenant has vacated the property and the joint administrators' agents have properly inspected the property.

### **Bank Interest Gross**

Bank interest in the sum of £175 has accrued on funds held in the administration bank account during the period of this report.

#### *PAYMENTS*

### **Joint Administrators' Fees & Disbursements**

The sums of £30,370 and £20 have been paid in respect of the joint administrators' fees and disbursements respectively during this period.

Please see Section 6 for full details.

### **Irrecoverable VAT**

VAT of £5,862 has been paid in respect of the costs of the administration and is not recoverable.

## 5. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment were detailed in the proposals.

### **Secured creditor**

The amount owed to Santander UK PLC ("the Bank") at the date of appointment, per the director's statement of affairs, is in the region of £5.5m. Interest continues to accrue on the outstanding balance. Creditors may recall that the Company granted a floating charge, debenture (containing fixed and floating charges) and standard security to the Bank.

It is still anticipated that there will be a shortfall to the Bank in respect of the Company's indebtedness to it although this may change in due course when the freehold land and property is sold.

Interim distributions have been made to the Bank under their floating charge totalling £520,000, of which £160,000 was distributed during the period of this report, after setting aside the prescribed part of net property (see below).

### **Preferential creditors**

As previously advised, there are no known preferential creditors.

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

The proposals detailed how the calculation of the prescribed part is to be made. As advised above, distributions have been made to the Bank under its floating charge and it is anticipated that further floating charge distributions will be made. A distribution will be made to the unsecured creditors of the Company from the prescribed part in due course.

As noted in the EOS attached at Appendix 1, it is presently estimated that the net property will total £861,554 and the prescribed part will be £175,311. After the deduction of the joint administrators' fees and costs associated with dealing with the adjudication of unsecured creditors' claims and the distribution of the prescribed part, it is estimated that approximately £160,000 will be available to unsecured creditors.

As noted above, the costs arising in relation to the advertising and declaration of any dividend from the prescribed part together with the costs of the adjudication of the claims of unsecured creditors is payable from the prescribed part. You will note from the attached EOS that the joint administrators have been paid the sum of £3,690 to date in respect of their time costs incurred in the processing of unsecured creditor claims and liaising with the respective creditors, of which £1,080 was paid during the period of this report.

### **Unsecured creditors**

At this stage it is not anticipated that a dividend will be paid to unsecured creditors other than by virtue of the prescribed part detailed above.

On 9 December 2016, the joint administrators wrote to all known and possible creditors advising of their intention to declare a first interim dividend to the unsecured creditors of the Company (from the prescribed part).

To date, unsecured intercompany creditor claims have been received totalling £1,037,490 and unsecured trade creditor claims have been received totalling £699,860. A further unsecured creditor claim was received in the sum of £2,170,000, though it remains uncertain whether the claim is actually against the Company or one of its associates.

The joint administrators have taken steps to adjudicate on the unsecured creditor claims received to date and have taken legal advice where appropriate. One claim, falling into the category of *trade creditor claims*, has been formally accepted to date totalling £645,527. Correspondence continues between the joint administrators and the other claimants with regard to the substantiation of the respective claims. Although some time has passed since the original notice of intention to declare a dividend, the joint administrators consider, because of the level of the unsubstantiated claims, that the claimants should be afforded sufficient time to compile full details of their claims, taking account of the nature of the reasons for some of the delays, the details of which the joint administrators do not consider themselves to be at liberty to disclose.

## 6. THE ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

As previously reported, the joint administrators' remuneration is fixed by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor for attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy, details of which accompanied the *Statement of Proposals of the Joint Administrators for Achieving the Purpose of the Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.25 of the Insolvency (Scotland) Rules 1986*.

The relevant resolutions were approved by the secured creditor on 24 February 2016 pursuant to Rule 2.39 of the Insolvency (Scotland) Rules 1986.

Total remuneration approved to 24 February 2017 in accordance with the approved resolution in respect of remuneration amounts to £81,450. Remuneration in respect of this resolution has been drawn in the sum of £68,370 to date, of which the sum of £3,690 is deductible from the prescribed part as mentioned in Section 5 of this report.

Total time spent to 1 May 2017 on this assignment amounts to 299.6 hours at an average composite rate of £300 per hour resulting in total time costs to 1 May 2017 of £89,880.

During the period of this report, being 2 November 2016 to 1 May 2017, time spent on this assignment amounts to 60 hours at an average composite rate of £300 per hour resulting in time costs for this period of £18,000.

Details of the Category 2 disbursements and disbursements which should be treated as Category 2 disbursements, drawn during the administration in accordance with the approval obtained, were provided in the narrative summary of time costs incurred attached to the joint administrators' previous progress reports. These totalled £84.60. No Category 2 disbursements or disbursements which should be treated as such have been incurred or drawn during the period of this report.

A narrative summary of the Category 1 disbursements which have been drawn during the period are included at Appendix 2 within the narrative summary of time costs.

The following further information as regards time costs and expenses is set out at Appendix 2:

- ❑ Begbies Traynor's policy for re-charging expenses/disbursements
- ❑ Begbies Traynor's charge-out rates
- ❑ Narrative summary of time costs incurred
- ❑ Table of time spent and charge-out value for the period 2 November 2016 to 1 May 2017.

In accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986, the joint administrators' claim for remuneration and outlays has been determined by the secured creditor as follows:



**For the period 2 November 2015 to 21 February 2016:**

- Pre-administration fees in the total sum of £1,890 exclusive of VAT and outlays in the sum of £226.87 as detailed in the statement of pre-administration costs contained in the letter to the secured creditor dated 23 February 2016.
- Pre-administration costs payable to Addleshaw Goddard LLP and Brodies LLP totalling £2,752 exclusive of VAT.
- Post appointment fees of £42,810 exclusive of VAT, together with expenses and disbursements of £255.05, exclusive of VAT, as detailed in the letter sent to the secured creditor dated 23 February 2016.

**For the period 22 February 2016 to 1 May 2016:**

- Post appointment fees of £9,480 exclusive of VAT, as detailed in the letter sent to the secured creditor dated 10 June 2016.

**For the period 2 May 2016 to 21 October 2016:**

- Post appointment fees of £14,670 exclusive of VAT, as detailed in the letter sent to the secured creditor dated 25 October 2016.

**For the period 22 October 2016 to 24 February 2017:**

- Post appointment fees of £14,490 exclusive of VAT, as detailed in the letter sent to the secured creditor dated 27 February 2017.

To date, fees of £68,370 have been drawn in respect of the above determination, of which the sum of £30,370 was drawn during the period of this report.

A copy of 'A Creditors Guide to Administrators' Remuneration (Scotland)' 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](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the guide, please contact one of the joint administrators' offices and a copy will be sent to you.

## **7. ASSETS THAT REMAIN TO BE REALISED**

As creditors will be aware from this report and the joint administrators' previous progress report, the Company's freehold property has not yet been sold as the joint administrators continue to assess their strategy in respect of the lease in place in respect of the freehold property.

As a consequence of the above, the value of future rental income is uncertain and the prospect of any claims against the current tenant in respect of dilapidations is also uncertain.

## **8. OTHER RELEVANT INFORMATION**

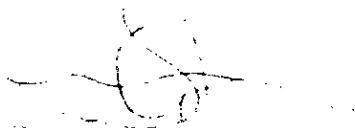
### **Extension of the administration**

As previously advised, the administration was extended, with the agreement of the secured creditor, to 1 November 2017.

It is likely that the administration will need to be extended further in order to enable sufficient time to negotiate the extension of the current lease or commence marketing the property and, in this regard, consent of the court will likely be sought in the near future to further extend the period of the administration.

## 9. CONCLUSION

In the event that consent of the court to extend the administration is sought, the joint administrators will report again shortly before that time. Alternatively, the joint administrators will report again at the conclusion of the administration.



**Gary Shankland**  
Joint Administrator

Dated: 10/1/19

# ACCOUNT OF RECEIPTS AND PAYMENTS AND ESTIMATED OUTCOME STATEMENT

Period: 2 November 2016 to 1 May 2017

Northwind Leisure Ltd - In Administration  
Receipts and Payments and Estimated Outcome Statement as at 1 May 2017

			£	£	£
3,000,000	<b>Assets subject to fixed charge</b>				
	Freehold Property - Kingsway Centre	1	-	3,810,000.00	3,810,000.00
			-	3,810,000.00	3,810,000.00
	<b>Less:</b>				
	Legal fees & disbursements	2	-	(15,000.00)	(15,000.00)
	Agents' fees - sale	2	-	(28,575.00)	(28,575.00)
	Agents' fees - lease negotiations	2	-	-	-
	Property repairs / Holding costs	2	-	(50,000.00)	(50,000.00)
	Joint Administrators' Fees & Disbursements	2	-	(40,000.00)	(40,000.00)
	Irrecoverable VAT	3	-	(26,715.00)	(26,715.00)
			-	(160,290.00)	(160,290.00)
(5,497,092)	Santander UK Plc	4	-	(5,305,457.00)	(5,305,457.00)
	<b>Shortfall as regards Fixed Charge Holder</b>		-	<b>(1,655,747.00)</b>	<b>(1,655,747.00)</b>
	<b>Assets subject to floating charge</b>				
11,509	Cash at Bank	5	-	-	-
213,892	Rent	6	607,414.16	263,358.38	131,679.19
	Dilapidations	12	Uncertain	Uncertain	Uncertain
	Bank Interest Gross		416.61	175.12	408.27
			607,830.77	263,533.50	132,087.46
	<b>Less:</b>				
	Pre-Appointment Legal Fees and Disbursements		(1,196.35)	-	(1,782.65)
	Legal Fees & Disbursements	7	(637.50)	-	(24,362.50)
	Joint Administrators' Pre-Appointment Fees		(1,890.00)	-	(1,890.00)
	Joint Administrators' Fees	7	(35,390.00)	(29,290.00)	(20,320.00)
	Joint Administrators' Disbursements	7	(263.89)	(19.98)	(2,216.13)
	Bank Charges		(5.00)	-	(95.00)
	Corporation Tax	8	-	-	Uncertain
	Storage Costs		-	-	(250.00)
	Statutory Advertising		(191.25)	-	(208.75)
	Specific Bond		(70.00)	-	(90.00)
	Court Fees		(15.00)	-	Uncertain
	Irrecoverable VAT		(7,913.80)	(5,862.00)	(9,828.01)
			(47,572.79)	(35,171.98)	(59,153.04)
	<b>Amount available to preferential creditors</b>		<b>560,257.98</b>	<b>228,361.52</b>	<b>72,934.42</b>
	<b>Less: preferential creditors</b>				-
	<b>Net property</b>	9			861,553.93
	<b>Estimated prescribed part of net property</b>	7			(175,310.79)
	Joint Administrators' Fees (associated with the prescribed part)		(2,610.00)	(1,080.00)	(12,920.00)
	Prescribed part payable to unsecured creditors		-	-	(161,310.79)
	<b>Available to Santander UK Plc under floating charge</b>				686,243.14
	Amount due to Santander UK Plc	10			(1,655,747.00)
	<b>Deficit as regard Santander UK Plc</b>				(969,503.86)
	Distribution to Santander UK Plc under floating charge	11	(360,000.00)	(160,000.00)	(526,243.14)
	<b>Unsecured Trade Creditors</b>	9			(899,860.00)
	<b>Unsecured Contingent Creditor</b>				(2,170,000.00)
	<b>Unsecured Associated Creditors</b>				(1,037,490.00)
					(3,907,350.00)
	<b>Estimated Deficit as regard creditors</b>				(4,715,543.07)
	<b>Shareholders</b>				(204,901.00)
	<b>Estimated Deficit as regard shareholders carried down</b>				<b>(4,920,444.07)</b>

**Notes**

- As advised in the proposals, marketing proposals have been prepared by two firms of agents. The realisable value of the property remains uncertain at this stage, due to the uncertainty around the potential of the tenant renewing or extending the lease. For illustrative purposes we have included what we understand to be the value in a worst case scenario.
- The costs of dealing with the freehold property are difficult to estimate because of the uncertainty surrounding the likelihood of the tenant renewing or extending the lease, together with the timing of any potential sale of the freehold property. It is therefore possible that the costs estimated above could be significantly higher or lower than the estimate suggests.
- It appears that the Company was not registered for VAT purposes and therefore VAT is to be written off as a cost of the administration.
- The sum outstanding to Santander UK Plc according to the director's estimated statement of affairs is £5,497,092. However, we understand this value to now be £5,305,457.
- The cash at bank was held in a bank account with Santander UK Plc and has been offset against the Company's debt due to them.
- The total estimated realisable value of the Company's rental income is calculated based on a determination of the current lease on 1 July 2017 and includes a small sum extending past that date. However, this could increase depending on whether the lease is extended or a new lease is entered into.
- The professional fees of the joint administrators, their solicitors and their agents are dependent on the possible extension of or entry into a new lease. It is therefore possible that the costs estimated above may be significantly higher or lower than suggested.
- Corporation tax may be payable. However, the quantum is uncertain at this stage.
- This may increase if the lease is extended or a new lease is entered into.
- The sum outstanding to Santander UK Plc under its floating charge assumes that the bank takes account of what it is anticipated it will receive under its fixed charge in line with the above estimate. This is for illustrative purposes only.
- Interim distributions have been made to Santander UK Plc under its floating charge.
- In the event that the current tenant does not remain in occupation, it is anticipated that the joint administrators will have a dilapidations claim against the existing tenant. However, the quantum of any such claim is uncertain and is subject to a full inspection of the premises.

N.B. The above does not include the costs of any subsequent liquidation of the Company

---

## TIME COSTS AND EXPENSES

- a. Begbies Traynor's policy for re-charging expenses/disbursements;
- b. Begbies Traynor's charge-out rates;
- c. Narrative summary of time costs incurred; and
- d. Table of time spent and charge-out value for the period from 2 May 2016 to 1 May 2017.

## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance<sup>2</sup> requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### **OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

### **EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting
- Car mileage is charged at the rate of 45 pence per mile.
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in Scotland

<sup>2</sup> Ibid 1

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### **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 Edinburgh and London offices for this assignment are £300 as advised in the proposals.

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units.

Northwind Leisure Limited

**SUMMARY OF TIME COSTS AND EXPENSES**

This summary, which should be read in conjunction with the main body of the progress report and the attached Time Cost Analysis, is intended to provide sufficient information to enable the body responsible for the approval of the joint administrators' fees to consider the level of their fees and expenses in the context of the case.

**What work has been done, why was that work necessary and what has been the financial benefit (if any) to creditors?**

Details of the types of work that generally fall into the headings mentioned below are available on the joint administrators' firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings the joint administrators have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but they 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.

*General case administration and planning & Compliance with the Insolvency Act, Rules and best practice*

Time spent in relation to these categories falls broadly under *case planning, administration, appointment, banking/bonding and statutory reporting/statement of affairs*.

*Administration*, although not directly resulting in any financial benefit to creditors, enables the joint administrators and their staff to ensure that the files are kept in good order so that they can pursue the objective of the administration efficiently. *Administration* also relates to sending e-mails (both internal and external), sending letters and other sundry tasks.

*Banking and bonding* relates to the administration of the Company's administration bank account (including the making of payments and processing of receipts) and the taking out and periodic review of the joint administrators' specific penalty bond which is a legal requirement for all acting administrators.

The time spent in relation to *Statutory reporting and statement of affairs* relates to time incurred in relation to the last progress report. Statutory reporting is a requirement of the Act and, although not of any financial benefit to creditors, enables creditors to understand the strategy and likely outcome of the administration. The relevant form was also filed at Companies House in order to extend the period of the administration.

*Realisation of assets*

Time incurred in relation to the *realisation of assets* in this case comprises predominantly the following tasks:

- Liaising regularly with solicitors and agents with regard to the freehold premises and the related lease;
- Liaising with the current tenant with regard to their intentions going forward;
- Reviews of the lease and the terms therein; and
- Raising invoices and collecting rent from the tenant under the terms of the lease.



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

Time spent liaising with the Company's secured and unsecured creditors with regard to their claims falls into this category.

As detail in Section 5 of the main body of this progress report, the joint administrators have dealt with unsecured creditor claims of significant value in respect of which insufficient evidence has been received to formally agree at this stage. Consequently, significant time has been incurred in liaising with these creditors and the solicitors in respect of the adjudication of the creditors' claims.

### **Time Costs Analysis**

For details of authority for payment of the joint administrators' time costs and expenses sought by the joint administrators to date, together with details of the time costs in respect of which they have drawn against, please see Section 6 of the main body of this report.

### **Expenses**

Details of all of the disbursements incurred during the period of the joint administrators' appointment:

	£
Telephone	2.26
Postage	54.67
Specific Penalty Bond	144.25
Mileage	84.60
<b>TOTAL</b>	<b>263.89</b>

The sum of £1.91 remains outstanding in respect of the above disbursements and the balance of £261.98 has been drawn, of which the sum of £19.98 was drawn during the period of this progress report.

### **Category 2 Disbursements**

In accordance with the resolution obtained in relation to disbursements as detailed in the main body of this report, the only Category 2 disbursement which has been charged to the case to date relates to mileage totalling £84.60 as detailed above.

### **What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?**

All potentially significant work remaining to be done in the administration is detailed below.

### Compliance with the Insolvency Act, Rules and best practice

The joint administrators are required to continue to administer the Company's administration bank account, managing all receipts and payments and allocating them as required.

Further statutory progress reports will also need to be produced by the joint administrators to comply with the Act. This will also likely include a request to court to further extend the period of the administration.

### Realisation of assets

The joint administrators will continue to issue rental invoices to the tenant and collect rent due to the Company so long as the lease continues.

The joint administrators, in conjunction with their agents, will also continue to negotiate with the tenant regarding its future occupation of the Company's freehold property should it wish to do so, as well as dealing with a sale of the freehold premises in due course.

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

The joint administrators will be required to make further distributions to the Bank and finalise the adjudication of the unsecured creditor claims ahead of making a dividend/dividends from the prescribed part as detailed in the main body of this progress report.

*It will also be necessary to continue to liaise with the secured creditor and unsecured creditors.*

Please note that the above work remaining to be done should not be viewed as exhaustive but is merely included within this report to give creditors some guidance as to the nature of the future time charges likely to be incurred by the joint administrators and their staff.

**How much will this further work cost?**

For the purposes of the EOS, the joint administrators have estimated that, in addition to the time costs of £89,880 incurred up to 1 May 2017, future time charges will be incurred totalling approximately £49,120.

This estimate is dependent on a number of factors, including but not limited to the outcome of the negotiations as regard the extension of the lease.

**Expenses**

It is difficult to estimate expenses that might be incurred. However, the attached EOS provides an estimated breakdown of future expenses, together with explanatory notes.



SP9: Notional Costs of Company Liquidation - 01NOV014DM - Top Costs Array - From 02/11/2016 To 01/06/2017													
Category	Sub-category	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0	1.1	1.2
General Case Administration and Planning	Case planning												
	Administration						0.6	0.7					
	Total for General Case Administration and Planning:						0.6	0.7					
	Appointment												
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding												
	Case Closure												
	Statutory reporting and statement of affairs						0.9	1.1					
	Total for Compliance with the Insolvency Act, Rules and best practice:						0.9	1.1					
Investigations	CDDA and investigations												
	Total for Investigations:												
	Debt collection												
	Property, business and asset sales						5.8	3.9					
Realisation of assets	Retention of Title/Third party assets												
	Total for Realisation of assets:						5.8	3.9					
	Trading												
	Total for Trading:												
Dealing with all creditors claims (including employees), correspondence and distributions	Secured						2.2						
	Others						1.5	3.6					
	Creditors committee												
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:						3.7	3.6					
Other matters which includes meetings, tax, litigation, pensions and travel	Meetings												
	Other												
	Tax												
	Litigation												
Total for Other matters:	Total for Other matters:												
	Total hours by staff grade:						11.0	9.3					
	Total time cost by staff grade:						3,300.00	2,780.00					
	Average hourly rate £:						300.00	300.00					