

# AM10

## Notice of administrator's progress report



Companies House

WEDNESDAY



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A12

30/08/2017

#377

COMPANIES HOUSE

### 1 Company details

Company number 0 3 0 9 1 9 8 7

Company name in full D Dyer Realisations Ltd (formerly Dickie Dyer Ltd)

#### → Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Francis Gavin

Surname Savage

### 3 Administrator's address

Building name/number 8a Carlton Crescent

Street Southampton

Post town SO15 2EZ

County/Region

Postcode

Country

### 4 Administrator's name <sup>①</sup>

Full forename(s) Gary Paul

Surname Shankland

#### ① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address <sup>②</sup>

Building name/number 8a Carlton Crescent

Street Southampton

Post town SO15 2EZ

County/Region

Postcode

Country

#### ② Other administrator

Use this section to tell us about  
another administrator.

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**6** Period of progress report

From date	<sup>d</sup> 0	<sup>d</sup> 1	<sup>m</sup> 0	<sup>m</sup> 3	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7
To date	<sup>d</sup> 2	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7

**7** Progress report

☒ I attach a copy of the progress report

**8** Sign and date

Administrator's  
signature

Signature

X *F. G. Savage*

X

Signature date	<sup>d</sup> 2	<sup>d</sup> 9	<sup>m</sup> 0	<sup>m</sup> 8	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7
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AM10

Notice of administrator's progress report



**Presenter information**

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

Contact name	Chris Tate								
Company name	Begbies Traynor (Central) LLP								
Address	8a Carlton Crescent								
	Southampton								
Post town	SO15 2EZ								
County/Region									
Postcode	<table><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>								
Country									
DX									
Telephone	023 8021 9820								



**Checklist**

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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



**Important information**

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



**Where to send**

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

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



**Further information**

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

Francis Gavin Savage and Gary Paul Shankland appointed joint administrators on 1 March 2017

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.

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## **D Dyer Realisations Ltd (Formerly Dickie Dyer Ltd) (In Administration)**

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Final Progress Report of the joint administrators

Period: 01 March 2017 to 29 August 2017

### **Important Notice**

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	D Dyer Realisations Ltd (formerly Dickie Dyer Ltd) (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 1 March 2017
"the administrators", "we", "our", "us"	Francis Gavin Savage and Gary Paul Shankland both of Begbies Traynor (Central) LLP, 8a Carlton Crescent, Southampton, SO15 2EZ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act.

# 2. STATUTORY INFORMATION

Name of Company	D Dyer Realisations Ltd (formerly Dickie Dyer Ltd)
Trading name(s):	Abbirko
Date of Incorporation:	16 August 1995
Company registered number:	03091987
Company registered office:	8a Carlton Crescent, Southampton, SO15 2EZ

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators:	Francis Gavin Savage, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 8a Carlton Crescent, Southampton, SO15 2EZ and Gary Paul Shankland, a Licensed Insolvency Practitioner of Begbies Traynor (London) LLP, 8a Carlton Crescent, Southampton, SO15 2F7.
Date of appointment:	1 March 2017
Date of resignation:	N/A
Court:	High Court of Justice, Chancery Division, Companies Court
Court Case Number:	001660 of 2017
Person(s) making appointment / application:	The Company
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	There have been no extensions to the administration period.

### 4. PROGRESS DURING THE PERIOD

#### Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 01 March 2017 to 29 August 2017.

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

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

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 3.

#### General case administration and planning

The type of work undertaken which falls into this category consisted of:

- Administrative tasks such as filing, general correspondence with creditors and other third parties and dealing with general case enquiries which do not fall into the below categories;
- Preparation and ongoing review of case budget;
- Undertaking case reviews and deciding on case strategy; and
- Correspondence with directors re lease position.

This work is traditionally of no financial benefit to the creditors but is necessary in administering the administration.

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

The Insolvency Act and Rules require IPs to undertake certain work when discharging their statutory duties. In this case this work can be summarised as follows:

- Statutory notifications and reports to creditors (including SIP16 report);
- Preparation of our proposals to creditors;
- Statutory notifications to Companies House;
- Statutory notifications in the London Gazette;
- Calculation and application of statutory bond; and
- Correspondence with HMRC, Auditors and other relevant parties.

Whilst this work is of no financial benefit to the creditors, it is required by law that we undertake this work.

#### Investigations

The type of work undertaken which falls into this category consisted of:

- Discharging our duties under the Company Directors Disqualification Act 1986;
- Investigating the Company's books and records; and
- Corresponding with other third parties with regards to our investigations.

This work has been undertaken in accordance with statutory requirements and also with a view to maximising recoveries for the benefit of creditors.

#### Realisation of assets

##### **Pre-packaged sale of the business and assets**

The business and assets of the Company consisting of Intellectual Property, Goodwill, Shares held in Abbirko UK Ltd, Plant and Equipment, Stock and Contracts were sold to Powerbox International Limited by way of a pre-packed sale on 1 March 2017 for the sum of £336,000.00. Further details of the pre-pack are provided in our SIP16 report to creditors at Appendix 4.

Messrs Lester Aldridge solicitors were engaged to assist with the sale of the business and assets who were paid on the basis of their time costs incurred.

To date we have received £75,000.00 in respect of shares held in Abbirko UK Ltd and £113,000.00 in respect of Intellectual Property and Goodwill. Both of these receipts are secured assets subject to a fixed charge in favour of HSBC Bank Plc whom was owed £100,400.00.



We have received £6,882.72 of book debts which are subject to an invoice finance agreement in favour of HSBC Invoice Finance (UK) Ltd ("HSBCIF") who were owed £35,931.52 after recoveries made from debtor collections. The balance of HSBCIF's debt was settled from floating charge realisations (see below) after which the remaining book debts were re-assigned to the Company.

We have received £13,000.00 for Plant and Machinery, £134,999.00 for stock, and £1.00 for contracts from Powerbox International Ltd, as per the pre-pack sale agreement.

We have received a sum of £19.92 for uncharged book debts £1,094.40 from a third party. There has also been a rates refund of £7.62 and bank interest (gross) received of £43.40 during the period covered by this report.

No further realisations have been made.

During the period covered by this report our time has been spent dealing with the following matters:

- Completing the sale of the business and assets to Powerbox International Limited;
- Corresponding with our solicitors Lester Aldridge;
- Corresponding with HSBC Invoice Finance (UK) Ltd in respect of the book debt collections and re-assignment of the book debt ledger;
- Book debt collections including reconciliation of accounts; and
- Corresponding with our agent in respect of debtors who have failed to pay;

This work has been undertaken to ensure that recoveries are maximised and the creditors' position is protected and therefore directly benefits the creditors.

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

The type of work undertaken which falls into this category consisted of:

- Correspondence with and reporting to the unsecured creditors; and
- Lodging creditor claims.

This work is required in order to ensure that all creditors' rights are properly dealt with accordingly in the course of the administration.

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

The type of work undertaken which falls into this category consisted of:

- Correspondence with HM Revenue & Customs;
- Deregistering the Company for VAT; and
- Performing statutory pension checks.

This work has not been of any financial benefit to creditors however was undertaken in order to ensure that all taxes and pension matters have been dealt with appropriately.

## 5. OUTCOME FOR CREDITORS

### **Secured creditors**

There were two unsatisfied mortgages in place, details of which are as follows:

HSBC Bank PLC ("HSBC") – a fixed and floating charge debenture was granted in favour of HSBC on 29 January 2009. Lester Aldridge have confirmed that the HSBC debenture containing fixed and floating charges was valid. HSBC were owed the sum of £100,400.00, which has now been repaid in full.

HSBC Invoice Finance (UK) Ltd ("HSBCIF") – a fixed charge over the Company's book debts granted in favour of HSBCIF on 12 February 2013. HSBCIF were owed in the region of £162,367.00 as at the date of appointment which has now been repaid in full.

### **Preferential creditors**

There are no known preferential claims.

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

Details of how the prescribed part is calculated have previously been provided in our statement of proposals.

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

### **Unsecured creditors**

There are sufficient realisations for a dividend to be paid to the unsecured creditors which will be paid by the subsequently appointed liquidators.

### **Exit from administration**

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

## 6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as approved by the initial meeting of creditors held on 28 March 2017.

## 7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

I would refer you to Section 4 of this report for details of our action undertaken since appointment as Administrators on 01 March 2017.

## 8. PRE-ADMINISTRATION COSTS

The following amounts in respect of unpaid pre-administration costs were approved at the initial meeting of creditors held by correspondence on 28 March 2017:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor (Central) LLP	33,908.50	6,781.70	40,690.20
Legal costs	Lester Aldridge LLP	10,400.00	2,080.00	12,480.00
Agents costs	Eddisons Commercial Ltd	4,000.00	800.00	4,800.00
Agents costs	Proudly Associates	425.00	85.00	510.00
<b>TOTAL PRE-ADMINISTRATION COSTS</b>		<b>48,733.50</b>	<b>9,746.70</b>	<b>58,480.20</b>

## 9. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by a resolution of creditors passed by correspondence, by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate. We are also authorised to draw disbursements for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 01 March 2017 to 29 August 2017 amount to £53,175.50 which represents 219.90 hours at an average rate of £241.82 per hour.

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

- ☐ Begbies Traynor (Central) LLP's charging policy
- ☐ Begbies Traynor (Central) LLP's charge out rates
- ☐ Time Costs Analysis for the period 01 March 2017 to 29 August 2017

To 29 August 2017, we have drawn the total sum of £50,185.00 on account of our remuneration, against total time costs of £53,175.50 incurred since the date of our appointment.

As can be seen from the information above, our estimate has not been exceeded. We are pleased to report that we do not anticipate that it is likely to be exceeded if matters progress to conclusion as envisaged.

### Disbursements

To 29 August 2017, we have also drawn disbursements in the sum of £284.80

### **Why have subcontractors been used?**

Messrs Lester Aldridge solicitors were engaged to assist with the appointment of the Administrators and the drafting of the Sale and Purchase Agreement. They have also provided a Security Review and advised on various ad-hoc matters. Lester Aldridge have been paid on the basis of their time costs incurred.

Eddisons Commercial Ltd were engaged to assist with the valuation and marketing of the Company's business and assets. Eddisons Commercial Ltd were paid a fixed fee.

Eddisons Insurance Services Ltd were engaged to advise regarding insurance cover.

Proudley Associates Ltd were engaged to assist with the marketing of the business and assets and were paid on a fixed fee basis.

Menzies accountants were engaged to assist with payroll services. Menzies have been paid on the basis of their time costs incurred.

A B Consulting assisted with copying the Company's server and were paid on a fixed fee basis.

### **Category 2 Disbursements**

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn during the period of this report in accordance with the approval obtained in the total sum of £4,100.00 are set out below:

#### **Disbursements treated as Category 2 disbursements**

<b>Other amounts paid or payable to any party in which the office holder or his firm associate has an interest</b>	
<b>Type and purpose</b>	<b>Amount £</b>
Eddisons Insurance Services Limited, which is a member of the Begbies Traynor group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets.	100.00
Eddisons Commercial Ltd which is a member of the Begbies Traynor group, has provided a valuation of the Company's assets and assisted with marketing these assets for sale. The purpose of obtaining such services was to ensure that we achieved the maximum value for the Company's assets for the benefit of the creditors.	4,000.00
<b>TOTAL</b>	<b>4,100.00</b>

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2017' 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 our office and we will arrange to send you a copy.

## 10. EXPENSES

A statement of the expenses incurred and discharged by us during the period of this progress report is attached at Appendix 4.

Creditors will recall that we estimated that the expenses of the administration would total at least £17,734.20 with several other costs unknown. That estimate has not been exceeded and we do not expect it to be exceeded if matters progress to conclusion as envisaged.

## 11. CREDITORS' RIGHTS

### **Right to request further information**

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

### **Right to make an application to court**

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

## 12. ASSETS THAT REMAIN TO BE REALISED

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

- Book Debts.

## 13. OTHER RELEVANT INFORMATION

### **Report on Directors conduct**

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. We have complied with our duties in this respect.

### **Investigations completed**

As explained in our Statement of proposals we have been investigating the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect. No matters have come to our attention which require further investigation or give rise to any claims.

#### **Connected party transactions**

We are not aware of any connected party transactions.

## **14. CONCLUSION**

Finally, our discharge as administrators was consented to by a resolution passed pursuant to Paragraph 98 of Schedule B1 to the Act. We seek the date of our discharge to coincide with the date on which our appointment as administrators ceases to have effect.

A handwritten signature in black ink, appearing to read 'F. G. Savage', with a stylized, cursive script.

**F G Savage**  
Joint Administrator

Date: 29 August 2017

**D Dyer Realisations Ltd (formerly Dickie Dyer Ltd)**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments** APPENDIX 1  
**To 29/08/2017**

S of A £		£	£
	<b>SECURED ASSETS</b>		
75,000.00	Share held in Abbirko UK Ltd	75,000.00	
113,000.00	Intellectual Property & Goodwill	113,000.00	
			188,000.00
	<b>SECURED CREDITORS</b>		
(100,400.00)	HSBC Bank Plc	100,400.00	
			(100,400.00)
	<b>HIRE PURCHASE</b>		
124,976.66	Book Debts	6,882.72	
(162,367.00)	HSBC Invoice Finance (UK) Ltd	(35,931.52)	
			(29,048.80)
	<b>ASSET REALISATIONS</b>		
13,000.00	Plant & Machinery	13,000.00	
134,999.00	Stock	134,999.00	
	Book Debts	19.92	
1.00	Contracts	1.00	
	Rates refund	7.62	
	Bank Interest Gross	43.40	
	Miscellaneous receipts	1,094.40	
			149,165.34
	<b>COST OF REALISATIONS</b>		
	Pre-Admin Fees	33,908.50	
	Administrators' Fees	50,185.00	
	Administrators' Expenses	284.80	
	Accountancy Fees	660.00	
	I.T. Services Fees	350.00	
	Agents/Valuers Fees (1)	510.00	
	Agents/Valuers Fees (2)	4,000.00	
	Legal Fees (Pre-appointment)	10,400.00	
	Legal Fees (Post Appointment)	2,783.50	
	Legal Disbursements	105.50	
	Insurance of Assets	100.00	
			(103,287.30)
	<b>UNSECURED CREDITORS</b>		
(192,911.66)	Trade Creditors	NIL	
(151,822.00)	Directors	NIL	
(7,323.00)	HMRC (non VAT)	NIL	
(34,092.81)	HMRC (VAT)	NIL	
			NIL
	<b>DISTRIBUTIONS</b>		
(100.00)	Ordinary Shareholders	NIL	
			NIL
<b>(188,039.81)</b>			<b>104,429.24</b>

**D Dyer Realisations Ltd (formerly Dickie Dyer Ltd)**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**  
**To 29/08/2017**

<b>S of A £</b>	<b>£</b>	<b>£</b>
<b>REPRESENTED BY</b>		
Vat Receivable		21,203.77
Bank 1 Floating Metro Bank		84,043.78
Vat Payable		(818.30)
Rent Control Account		(0.01)
		<b>104,429.24</b>



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

### **Proposals approved at the initial creditors' meeting held by correspondence**

#### ***Purpose of the Administration***

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above.

We believe that the objective specified in sub-paragraph 3(1)(a), namely to rescue the business as a going concern, is not achievable as a buyer for the Company's share capital could not be found following our marketing of the business.

Consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely "achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)", and sub-paragraph 3(1)(c), namely "to realise property in order to make a distribution to one or more secured or preferential creditors".

We consider that the objective specified in sub-paragraph 3(1)(b), has already largely been achieved following the pre-pack sale of the business and assets. We consider that the pre-pack sale in the context of an administration as an alternative to an immediate cessation of trade and liquidation of the Company has enhanced the prospects for the creditors.

We envisage making sufficient realisations to enable a distribution to the secured creditors as set out above which would satisfy the third objective specified in sub-paragraph 3(1)(c).

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the remaining assets of the Company. The principal matters to deal with in this respect are:

- Realisation of the Company's debtors, once HSBCIF have been repaid in full.

Following these events we propose to move the Company into Creditors Voluntary Liquidation and finalise distributions to the unsecured creditors.

#### ***Exit from Administration***

##### **Creditors' voluntary liquidation**

We confirm that we are of the opinion that the total amount which each secured creditor of the Company is likely to receive will be paid or set aside and that a distribution will be made to the unsecured creditors of the Company which is not a distribution of the prescribed part<sup>1</sup>.

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be

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<sup>1</sup> Insolvency Act 1986, Sch B1, para 83(1)

matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator.

We confirm that as part of our proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude specify issues that may not be resolved in time, e.g. the realisation of contract retentions falling due after the appointment anniversary. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

## **TIME COSTS AND DISBURSEMENTS**

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Begbies Traynor (Central) LLP's charge out rates; and
- c. Time Costs Analysis for the period from 01 March 2017 to 29 August 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>2</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. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>3</sup> indicates 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 and 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 expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(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.

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<sup>2</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>3</sup> Ibid 1

*Expenses which should be treated as Category 2 disbursements (approval required)* – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

***Services provided by other entities within the Begbies Traynor group***

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

Instruction of Eddisons Commercial Limited to provide a valuation of the business assets and assisting with the marketing of the business and assets. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

Eddisons Commercial Limited estimate that their charges for providing the services will be £4,000.

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

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

Instruction of Eddisons Insurance Services Limited to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £300.00 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides. In accordance with standard insurance industry practice, Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

(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 Southampton office as at the date of this report are as follows:

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour) 1 May 2011 – until further notice</b>
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	60 -110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

SIP9 Dickie Dyer Limited - Administration - 25DI116ADM : Time Costs Analysis From 01/03/2017 To 29/08/2017

Staff Grade	Case Planning	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator	Junior Administrator	Support	Total Hours	Time Cost £	Average Hourly rate £
General Case Administration and Planning	1.0		4.0							5.0	1,635.00	327.00
	13.0		23.6		1.6		1.2	17.4	16.1	72.9	18,526.00	228.07
Total for General Case Administration and Planning:	14.0		27.6		1.6		1.2	17.4	16.1	77.9	19,161.00	234.42
Compliance with the Insolvency Act, Rules and best practice	1.0									1.0	365.00	365.00
Banking and Bonding					5.3				14.4	19.7	2,670.50	135.56
Case Closure					0.7		0.3			1.0	184.00	184.00
Statutory reporting and statements of affairs	7.0		18.3		14.2		0.6	11.8		51.9	12,726.00	245.24
Total for Compliance with the Insolvency Act, Rules and best practice:	8.0		18.3		20.2		0.9	11.8	14.4	73.6	16,977.50	217.09
Investigations	1.5		1.7		0.3			2.2		5.7	1,423.00	249.85
Total for Investigations:	1.5		1.7		0.3			2.2		5.7	1,423.00	249.85
Realisation of assets												
Debt collection			8.6		0.3			0.3		9.2	2,760.50	300.05
Property, business and asset sales	4.0		3.0		0.2					7.2	2,551.00	354.31
Retention of Third/Third party assets	2.0		4.3		2.7			0.6		9.6	2,764.50	282.09
Total for Realisation of assets:	6.0		15.9		3.2			1.1		26.2	8,078.00	308.24
Trading												
Total for Trading:												
Dealing with all creditors claims (including employees), distributions	8.5		4.2							12.7	4,859.50	382.69
			2.1		0.7			7.5		10.3	1,619.50	157.23
Other												
Creditors committee												
Total for Dealing with all creditors claims (including employees), distributions:	8.5		6.3		0.7			7.5		23.0	6,278.00	273.00
Other matters which includes meetings, tax, litigation, permissions and travel												
Staking decisions of creditors including meetings:			1.5							1.5	465.00	310.00
Other	2.0		1.4		1.2			4.4		9.0	1,954.00	217.11
Tax	0.5		1.1		0.5			0.9		3.0	740.00	246.67
Litigation												
Total for Other matters:	2.5		4.0		1.7			5.3		13.5	3,169.00	234.40
Total hours by staff grade:	46.5		73.6		27.7		2.1	45.3	30.5	219.9		
Total time cost by staff grade:	15,987.50		22,878.00		5,678.00		293.00	4,982.00	3,355.00			
Average hourly rate £:	345.90		310.00		205.00		138.00	110.00	110.00			
Total fees drawn to date £:											90,185.00	

## STATEMENT OF EXPENSES FOR THE PERIOD

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Legal fees	Lester Aldridge	2,783.50	2,783.50	Nil
Legal disbursements	Lester Aldridge	105.50	105.50	Nil
Accountancy Fees	Menzies LLP	660.00	660.00	Nil
I.T. Services	A B Consulting	350.00	350.00	Nil
Statutory advertising	Courts Advertising	84.60	84.60	Nil
Bond	AUA	74.25	74.25	Nil
Bond	Marsh	105.00	105.00	Nil
Miscellaneous	Expenses	20.95	20.95	Nil
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Insurance premium paid to Eddisons	Eddisons Insurance Services Ltd	100.00	100.00	Nil