



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

1 Company details

Company number 0 0 9 3 4 2 5 6

Company name in full Johnson Security Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Andreas

Surname Arakapiotis

3 Administrator's address

Building name/number Mountview Court

Street 1148 High Road

Post town Whetstone

County/Region London

Postcode N 2 0 0 R A

Country

4 Administrator's name ①

Full forename(s)

Surname

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 5	^m 0	^m 8	^y 2	^y 0	^y 2	^y 0
To date	^d 0	^d 4	^m 0	^m 2	^y 2	^y 0	^y 2	^y 1

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 2	^d 6	^m 0	^m 3	^y 2	^y 0	^y 2	^y 1
-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

**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 **Antonis Stylianou**

Company name **Kallis & Company**

Address **Mountview Court**

1148 High Road

Post town **Whetstone**

County/Region **London**

Postcode **N 2 0 0 R A**

Country

DX

Telephone **020 8446 6699**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

**Important information**

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

**Where to send**

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

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

**Further information**

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

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Johnson Security Limited (“the Company”) – In Administration

ADMINISTRATOR’S PROGRESS REPORT TO CREDITORS

For the six months ending 4 February 2021

STATUTORY INFORMATION

Company name:	Johnson Security Limited
Court name and reference:	High Court 000462 of 2020
Registered office:	Mountview Court 1148 High Road Whetstone London N20 0RA
Former registered office:	Orchard Industrial Estate Toddington Gloucestershire GL54 5EB
Registered number:	00934256
Administrator’s name;	Andreas Arakapiotis
Administrator’s address:	Mountview Court 1148 High Road Whetstone London N20 0RA
Administrator’s date of appointment:	5 February, 2020

EXECUTIVE SUMMARY

This report provides information on the progress of the Administration since my last Progress Report dated 2 September 2020.

A summary of key information in this report is detailed below:

Proposals

The administrator’s proposals were circulated to creditors and were due to be deemed approved. A request to hold a meeting was received from the landlord, Elesa Estates Limited, and given it represented a requisite majority, a meeting was duly convened and held.

At the meeting, the landlord put forward the following modifications for the approval of the administrator’s proposals subject to the following conditions:

1. That the Company be placed into compulsory liquidation
2. That no payment be made to Cashflow Creators;
3. That the administrator’s fees be capped at £60,000;

The first modification was accepted by the Administrator, but modification two and three were not,

therefore the proposals were deemed duly rejected.

In my last report, I advised that I proposed making an application to court for further direction. In the period since my last report I have been liaising with my solicitors for further legal advice on the matter and an application will shortly be made to place the Company into Compulsory Liquidation.

Extension of the Administration Period

Notice was provided to all known creditors on 14 January 2021 of our intention to extend the administration by a period of twelve months to 4 February 2022. Notice seeking deemed consent was provided with a final time for any objections of 23.59 on 1 February 2021.

We confirm that no objections to this decision procedure were received and notice of the same was sent to Companies House and deemed to be delivered to Companies House on 4 February 2021.

The Administration is now due to close on 4 February 2022.

Fee Approval

I sought approval from creditors to agree the basis of my remuneration on a time costs basis at the total of £102,423 at a "blended" rate of £229.80 per hour. Unfortunately the basis of my remuneration was rejected by creditors.

Asset Realisations

Assets realised in this reporting period total £48,039.72. Further details are provided in the "Assets" section below.

Expenses Paid

The total of expenses paid in the reporting period is £76,749.75. Further details are provided below in the "Administrator's Expenses" section below. It should be noted that since receiving counsel's advice as to the ranking of the landlord's claim in the administration, no expenses have been paid.

Matters outstanding

- Receipt of outstanding book debts
- Receipt of the balance of the deferred consideration for the sale of business and assets
- Receipt of the balance in respect of the assigned debts
- Make an application to court for the Compulsory Liquidation of the Company

ADMINISTRATOR'S ACTIONS SINCE LAST PROGRESS REPORT

There is certain work that I am required by the insolvency legislation to undertake in connection with the Administration that provides no financial benefit for the creditors. A description of the routine work undertaken since my appointment as Administrator contained in Appendix 2.

In addition, my staff and I have spent time in dealing with the following:

- We have continued to pursue the book debts outstanding from Easy Invoice Finance Limited ("EIF") and liaised with EIF to confirm the correct amounts due. I am pleased to advise that these were not received in the reporting period, payment of the outstanding book debts has now been received. Details of this will be provided in my next report.
- I have continued to liaise with my solicitors in order to reach an agreement with the landlord on rent payable on the licence to occupy
- I have monitored and pursued when necessary payment in respect of the deferred consideration
- My staff and I have continued paying any outstanding trading expenses, where funds have permitted

- I have obtained advice from my solicitors and considered making an application to Court for directions in respect of my rejected proposals and non-approval of my pre-appointment fees and expenses, and my Administrator's remuneration.

RECEIPTS AND PAYMENTS ACCOUNT

My Receipts & Payments Account for the period from 5 August 2020 to 4 February 2021 is attached at Appendix 1.

The balance of funds are held in an interest bearing estate bank account. I can confirm that interest totalling £30.85 has been received on the account, of which £11.67 was received in the reporting period.

ASSETS

As advised in my previous report, the assets and business of the Company were sold to Obelix Systems Limited ("the Purchaser"), a Company connected with one of the Directors, Michael Usen on 3 April 2020.

The assets were sold for £188,460.74. The sale consideration for the sale of the assets, excluding the assigned debts, was agreed to be received in 12 deferred payments of £7,000 per month. There is currently £20,000 still to be paid in this regard.

The deferred consideration for the book debts was being paid at £5,000 per week. To date a total of £70,000 has been received in this regard, of which £53,604.17 relates to post appointment book debts and £16,395.83 relates to pre appointment book debts

However, no payments have been received in this respect in the reporting period.

An outline of the different types of asset sold and the amount received to date, is shown below:

Asset category	Sale Consideration £	Sale Consideration £
Plant, Machinery, Warehouse & General Equipment	28,500	28,500
Bespoke Components & Sundry Stock	34,000	34,000
Goodwill & Forward Orders	22,500	2,500
Assigned Debts	103,460.74	70,000
Total	188,460.74	135,000

Debtors

The Company had outstanding book debts as at the date of Administration in the amount of £241,995.87, of which £67,005.22 was assigned to the purchaser as part of the assets and business sale. Majority of the unassigned book debts were to be collected by Easy Invoice Finance Limited ("EIF"). No collection fee was charged by EIF in this regard.

A breakdown of the current book debt position is as follows:

Book Debts as at 5/2/20	241,308.69
Book Debts Received to date	115,987.32
Assigned to Purchaser	<u>67,005.22</u>

		<u>(182,992.54)</u>
		58,316.15
Funds collected by EIF	35,852.80	
Uncollectable	<u>14,285.03</u>	
		(50,137.80)
Total Outstanding		<u><u>8,178.40</u></u>

Licence Fee

In line with the assurances made from the landlord, the purchaser has paid me a total of £36,000 representing the licence fee of £6,000 per month that the purchaser was in the understanding had been agreed. A total of £36,000 has been paid the landlord.

Cash at Bank

The remaining closing balance of £467.64 has been received in the reporting period.

Business Rates Refund

A business rates refund of £560.41 has been received from Tewkesbury Borough Council in the reporting period.

TRADING ACCOUNT

As stated the Company traded whilst in Administration, under the control of the Administrator for the period from 05 February 2020 to 03 April 2020.

Costs and Expenses of trading

A total of £22,223.33 has been paid in the reporting period, which includes wages, wages and heat & light. The following trading expenses remain to be paid:

- PAYE – £57,210.22
- Landlord's Claim - £178,110.33

At the time the sale of the business was entered into, a licence to occupy was granted to the purchaser. The terms of the licence was such that a licence fee of £6,000 per month was payable. This was agreed with the landlord's knowledge.

The term of the licence to occupy was such that in the event any additional claim was made by the landlord, the purchaser would be liable.

Unfortunately, even up to today's date, the purchaser has been unable to negotiate terms with the landlord for a new lease.

The sale of the business was concluded on 3 April 2020. Following the meeting of creditors which took place on 12 May 2020 the landlord issued invoices claiming the full rent and service charges on 27 May 2020. The legal advice received at the time was that the landlord was estopped from claiming this rent on the basis that he was in agreement with the licence fee. In any event, any amounts claimed by the landlord from the Company in administration will be subsequently claimed from the purchaser.

Notwithstanding this, the landlord continued to claim the full amount from the administration. In light of

the claim and the legal advice being received, I instructed specialist counsel to advise on the position. The advice was that the landlord was able to claim the full amount of rent as an expense of the administration.

Following the advice received, we contacted the landlord and the purchaser in order to come to a tripartite agreement. Ultimately, any sums due to the landlord were able to be claimed from the purchaser. These talks proved fruitless.

Accordingly, the position is now as follows. There is a claim in the administration of £178,110.33 in respect of unpaid rent which ranks as an expense of the administration. On this basis, the administration is insolvent and will now need to proceed into liquidation. This is on the assumption no recovery can be made from the purchaser in this regard.

It will be the liquidator's duty to realise any outstanding sums due in respect of the deferred consideration and whatever sums can be recovered under the terms of the licence to occupy. The liquidator will then distribute the funds realised to the expense creditors of the administration. As it can be seen at Appendix 3, the estimated outcome for the expense creditors of the administration is 48p in the £.

Creditors should note that to-date, the administrator has not been paid for any work undertaken whatsoever. In order to maximise realisations to creditors, I propose acting as liquidator of the Company and limiting my fees for the liquidation to £5,000 plus VAT and disbursements.

In the event that any creditor has an objection to this course of action, please let me have such an objection within the next 21 days.

Trading Outcome

There is currently a total trading loss of £191,982.41. This figure is subject to change once payment in respect of the trading invoices that have been assigned to the Purchaser has been received, and the outstanding trading expenses have been paid.

LIABILITIES

Secured Creditors

An examination of the Company's mortgage register held by the Registrar of Companies, showed that the Company has granted the following charges:

1. A fixed and floating charge by RBS Invoice Finance Limited ("RBS") created on 15 January 2015. Although this is still shown as outstanding on the Registrar of Companies records, the agreement with RBS was terminated in January 2020 and there were no amounts owed to RBS.
2. A fixed and floating charge by Easy Invoice Finance Limited ("EIF") created on 17 January 2020. However, by the making of Administration order, no funds had been drawn from EIF therefore there are no amounts due to them.

The legislation requires that if the Company has created a floating charge after 15 September 2003, a prescribed part of the Company's net property (i.e. the money that would otherwise be available to the charge holder) should be ring-fenced for distribution to unsecured creditors. In this case, as per the explanations provided above, the prescribed part provisions do not apply.

Preferential Creditors

In accordance with the Director's statement of affairs a total of £166,057.93 were anticipated in preferential creditors. This was based on the scenario where all employees would be made redundant. As a result of the trading and subsequent sale of business on a going concern basis, many jobs were saved therefore claims totalling £34,137.91 have been received.

Non-preferential unsecured Creditors

The statement of affairs included 208 non-preferential unsecured creditors with an estimated total liability of £5,772,633.42, of which £ is owed to HMRC. I have received claims from 79 creditors at a total of £5,125,025.59. HMRC's claim has not yet been received. I have not received claims from 81 creditors with original estimated claims in the statement of affairs of £2,263,033.60.

DIVIDEND PROSPECTS

Preferential creditors – A dividend to preferential creditors is unlikely.

Fixed and Floating charge creditors – There are no amounts outstanding to fixed and floating charge creditors, therefore a dividend is not applicable.

Non-preferential unsecured creditors – There are insufficient funds to enable the payment of a dividend to unsecured creditors.

INVESTIGATION INTO THE AFFAIRS OF THE COMPANY

Within three months of my appointment as Administrator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.)

Wrongful Trading

I have been reviewing a possibility of a claim against the Directors under the provisions of Section 246ZB of the Insolvency Act, 1986 ("the IA"), on the basis that the Directors knew or ought to have known that there was no reasonable prospect that the Company would avoid going into insolvent administration.

In the period since my last report have documents, such as the minutes in respect of the meetings held by the management team, to determine the extent of the Directors' knowledge of the Company's financial position and whether they knew or ought to have known that there was no reasonable prospect that the Company could avoid being placed into insolvent administration.

My investigations concluded that there does not seem to be sufficient evidence to support any claims against the Directors for wrongful trading.

Within three months of my appointment as Administrator, I am required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I would confirm that my report has been submitted.

PRE-ADMINISTRATION COSTS

The Board of Directors instructed me to assist them in placing the Company in administration on 17 January 2020. They agreed that I should be paid my pre-administration costs on a time cost basis estimated at £10,000. My actual time costs incurred in the period of administration was £12,638.00 representing 41.10 hours at a blended charge out rate of £307.49.

The total expenses incurred in the pre-administration period total £10,108.88. This relates to solicitor's fees in connections with the administration application.

To seek approval of pre-administration costs I called a meeting of the Company's creditors, as it was requisitioned following my delivery of my Proposals. At this meeting creditors were asked to vote on my – pre-Administration costs and expenses. I can advise that Creditors voted against this.

I am seeking a decision from creditors approve the payment of my pre-appointment fees and to authorise the payment of expenses incurred in the pre-administration period.

ADMINISTRATOR'S REMUNERATION

I sought approval from creditors to agree the basis of my remuneration on a time costs basis at the total of £102,423 at a "blended" rate of £229.80 per hour. Unfortunately the basis of my remuneration was rejected by creditors.

My total time costs to 4 February 2021 amount to £135,221.50 representing 604 of hours work at a blended charge out rate of £224.00 per hour, of which £25,459.50 has been incurred since 5 August 2020 representing 125.60 hours at £204.00. Details of my time costs are attached under Appendix 5.

Taking into account the above, I am now seeking approval of my fee on a fixed fee basis of £60,000 in respect of all the work that has been carried out to date and in respect of any future work.

Although this does not reflect the time costs incurred to date, I am proposing a new fee basis after taking into account the assets realised to in the Administration to date, those anticipated to be realised and all the total costs of the Administration.

To assist you in your consideration of my request for an increase in my fees I enclose a receipts and payments account showing the current position in the Administration.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/helpsheets/>. Once you access the link, scroll down to "Getting involved: Administrations" for the relevant details.

A copy of 'A Creditors Guide to Liquidators' Fees' also published by R3 can be accessed at <http://www.kallis.co.uk/downloads> by clicking the link underneath "Insolvency Office Holders' Fees. Please note that there are different versions of these Guidance Notes, and in this case please refer to "Guide to Administrator's Fees" under "Version 4- issued April 2017".

Kallis Insolvency Practitioners' fee policy, which is enclosed with this report in Appendix 4, can also be accessed at <http://www.kallis.co.uk/downloads> by clicking the link underneath "Kallis Insolvency Practitioners' Fee Policy".

ADMINISTRATOR'S EXPENSES

Category 1 expenses do not have to be approved, but when reporting to the creditors during the course of the Administration the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences.

I have incurred total expenses of £109,887.53 since my appointment as Administrator, of which £9,850.50 has been incurred in the reporting period.

I have paid £70,848.68 to date, of which £18,526.42 has been paid in the reporting period.

I have incurred the following expenses in the period since my appointment as Administrator:

Type of expense	Amount incurred/ accrued in the	Amount incurred/ accrued to date
-----------------	------------------------------------	-------------------------------------

	reporting period £	£
Bonding		720.00
Gazetting		191.00
Postage		82.35
Travel expenses		236.40
Management Liability Insurance		2,352.00
Open Cover Insurance	530.00	4,773.42
Barclaycard		2,707.24
Evolve IS		2,100.00
Irwin Mitchell, solicitors	9,320.50	54,320.50
Cash Flow Creators		15,286.12
PDS Valuers		27,118.50
Total	9,850.50	109,887.53

I have not incurred any category 2 disbursements in the reporting period.

Below is a comparison of the actual expenses incurred with the original estimate:

Nature of expense	Estimated expenses	Expenses incurred to date
Bonding	720.00	720.00
Gazetting	95.50	191.00
Postage	249.34	82.35
Travel expenses	236.40	236.40
Storage of accounting records	Uncertain	-
Management Liability Insurance	2,352.00	2,352.00
Open Cover Insurance	-	4,773.42
Barclaycard	2,707.24	2,707.24
Evolve IS	3,050.00	2,100.00
Irwin Mitchell, solicitors	35,000.00	54,320.50
Obelix Systems Limited	23,528.40	-
Cash Flow Creators	15,000.00	15,286.12
PDS Valuers	27,118.50	27,118.50
Total	110,057.38	109,887.53

As at 4 August 2020, as you can see from the information provided in this report, the expenses I have incurred in this matter have exceeded the total expenses I estimated I would incur.

The reasons I have exceeded the expenses estimate are due to the solicitor's costs incurred as a result of the ongoing dispute with the landlord.

There have also been expenses incurred in respect of the open cover insurance I have had to obtain on the Company assets. This was not included in my estimate.

FURTHER INFORMATION

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question) request further details of the Administrator's remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Administrator's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

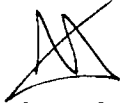
To comply with the Provision of Services Regulations, some general information about Kallis &

Company can be found at www.kallis.co.uk/legal.

SUMMARY

I intend to make an application to court for the Compulsory Winding Up of the Company. I will wait for a period of 21 days for any objections to this, and anticipate making an application shortly thereafter.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Orkida Aliaj by email at orkida@kallis.co.uk, or by phone on 020 8446 6699.

A handwritten signature in black ink, appearing to be 'Andreas Arakapiotis', written over a horizontal line.

Andreas Arakapiotis
ADMINISTRATOR

The affairs, business and property of the Company are being managed by the Administrator, Andreas Arakapiotis. The Administrator acts as an agent of the Company and contract without personal liability.

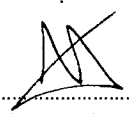
Johnson Security Limited - in Administration

Summary of Administrator's Receipts and Payments
for the period 05/08/2020 to 04/02/2021

Receipts	Statement of Affairs	05/02/2020 to 04/08/2020	From 05/08/2020 to 04/02/2021 £	From 05/02/2020 to 04/02/2021 £
Lease	Nil	-	-	-
Plant, Machinery & General Equipment	14,000.00	14,000.00	14,500.00	28,500.00
Office Furniture & Equipment	1,450.00	-	-	-
Vehicle Assembly	1,250.00	-	-	-
Bespoke Components & Sundry Stocks	3,000.00	14,000.00	20,000.00	34,000.00
Sale Consideration re Pre-appt Book Debts	-	53,604.17	-	53,604.17
Book Debts	193,596.70	115,987.00	-	115,987.31
Licence Fee (Rent)	-	24,000.00	12,000.00	36,000.00
Goodwill and Order Stock	Uncertain	2,000.00	500.00	2,500.00
Business Rates Refund	-	-	560.41	560.41
Cash at Bank	86,000.00	86,000.00	467.64	86,467.64
Western Power Rental	-	21.04	-	21.04
WIP	-	-	-	-
Bank Interest Gross		19.78	11.67	30.85
Total	<u>299,296.70</u>	<u>309,631.99</u>	<u>48,039.72</u>	<u>357,671.42</u>
Payments				
Trading Loss		169,759.08	22,223.33	191,982.41
Cashflow Specialists		15,286.12	-	15,286.12
Credit Card Payments		2,707.24	-	2,707.24
Licence Fee (Rent)		-	36,000.00	36,000.00
Agents/Valuers Fee			10,000.00	10,000.00
Legal Fees		31,549.50	2,183.00	33,732.50
Management Liability Insurance		2,352.00	-	2,352.00
Open Cover Insurance		4,243.42	-	4,243.42
Statutory Advertising		191.00	-	191.00
Travel Expenses		236.40	-	236.40
ERA Services		-	2,100.00	2,100.00
Total		<u>226,324.76</u>	<u>72,506.33</u>	<u>298,831.09</u>
Receipts less Payments		<u>83,307.23</u>	<u>(24,466.61)</u>	<u>58,840.33</u>

Represented by:

Vat Control Account	6,430.63
VAT Payable	(7,200.00)
VAT Receivable	14,813.84
Cash at Bank	44,795.86
Total	<u>58,840.33</u>

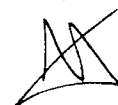


 Andreas Arakapiotis
 Administrator

Johnson Security Limited - in Administration

**Summary of Administrator's Trading Receipts and Payments for the period
05/08/2020 to 04/02/2021**

Receipts	From 05/02/2020 to 04/08/2020	From 05/08/2020 to 04/02/2021	From 05/08/2020 to 04/02/2021
	£	£	£
Sales	81,527.36	-	81,527.36
Sale Consideration re post-appt Book Debts	16,395.83	-	16,395.83
Total	<u>97,923.19</u>	<u>-</u>	<u>97,923.19</u>
Payments			
Direct Labour	90,404.81	1,660.25	92,065.06
Direct Expenses	6,032.67	-	6,032.67
Materials	5,361.62	-	5,361.62
Indirect Labour	1,200.00	-	1,200.00
Rent	67,503.63	-	67,503.63
Heat & Light	2,903.20	8,786.20	11,689.40
Telephone	3,133.00	-	3,133.00
Fuel	3,877.59	-	3,877.59
Delivery Cost	2,150.00	-	2,150.00
Sundry Expenses	595.77	-	595.77
Postage	104.68	-	104.68
Vehicle Rental	3,924.78	-	3,924.78
IT Services and Charges	698.70	-	698.70
HR Costs	750.00	-	750.00
Inbound Call Centre	730.84	-	730.84
Admin Salaries	74,979.12	-	74,979.12
Accounting Systems	690.31	-	690.31
Pension	-	11,776.88	11,776.88
Internet	2,641.55	-	2,641.55
Total	<u>267,682.27</u>	<u>22,223.33</u>	<u>289,905.60</u>
Receipts less Payments	<u>(169,759.08)</u>	<u>(22,223.33)</u>	<u>(191,982.41)</u>



.....
Andreas Arakapiotis
Liquidator

Appendix 2

1. Administration

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder (and their managers). It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Maintaining electronic case files.
- Supervising the work of advisors instructed on the case to assist in dealing with pension schemes; obtaining reports and updates from them on the work done; and checking the adequacy of the work done.
- Dealing with all routine correspondence and emails relating to the case.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing 6 monthly progress reports to creditors and members.
- Filing returns at Companies House.
- .

2. Financials

- Maintaining and managing the office holder's estate bank account.
- Maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns

3. Creditors

Employees - The office holder needs to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). The office holder is required to undertake this work as part of their statutory functions.

Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

- Corresponding with employees regarding their claims.
- Supervising the work of advisors instructed on the case to assist in dealing with employee claims; obtaining reports and updates from them on the work done; and checking the adequacy of the work done.
- Liaising with the Redundancy Payments Office regarding employee claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

Johnson Security Limited - (In Administration)
Estimated Outcome Statement as at 26/03/2021

	Notes	£	£
Current Receipts			
Current Cash at bank		99,661.69	
Outstanding Receipts			
Book Debts	1	0.00	
Sale Consideration for Book Debts		33,460.74	
Deferred Consideration		20,000.00	
Claim against Purchaser for Rent		Uncertain	
VAT Receivable		14,044.47	
			167,166.90
Expenses			
Postage		82.35	
Bonding		720.00	
Liquidator's fees	2	5,000.00	
Liquidator's expenses		300.00	
			6,102.35
Available for Admin Expense Creditors			161,064.55
Administration Expense Creditor			
PAYE		57,210.22	
Rent		178,110.33	
Agents fees		17,118.50	
Solicitors Fees		70,000.00	
Solicitors Costs pre-app		10,108.88	
Other unaccounted sundry expenses		3,000.00	
			335,547.93
Outcome to Expense Creditors			48.00 p in the £

Notes:

1. A reconciliation of the Book Debts as follows shows that there is £22,463.36 of outstanding book debts to collect. From a review of these book debts we consider it unlikely that there will be any realisation. For the purpose of this outcome statement, these have been given a NIL balance.

Book debts as at 5th February 2020	241,308.69
Less:	
Received	151,840.11
Assigned	67,005.22
	<u>218,845.33</u>
Outstanding	22,463.36

2. Liquidator's fees are proposed to be charged at a fixed rate of £5,000 plus VAT and are subject to approval by creditors.

PRACTICE FEE RECOVERY POLICY FOR KALLIS & COMPANY

Introduction

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/helpsheets/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) and can be accessed at <http://www.kallis.co.uk/downloads>. Alternatively a hard copy may be requested from Kallis & Company, Mountview Court, 1148 High Road, London N20 0RA. Please note, that we have provided further details in this policy document.

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration drawn. If approval has been obtained for remuneration on a time costs basis, i.e. by reference to time properly spent by members of staff of the practice at our standard charge out rates, the time incurred will also be disclosed, whether drawn or not, together with the average, or "blended" rates of such costs. Under the legislation, any such report must disclose how creditors can seek further information and challenge the basis on which the fees are calculated and the level of fees drawn in the period of the report. Once the time to challenge the office holder's remuneration for the period reported on has elapsed, then that remuneration cannot subsequently be challenged.

Grade of staff	Current charge-out rate per hour, effective from 01/10/2019
Senior Partner / appointment taker	£420
Partner / appointment taker	£320-340
Senior Manager	£295
Manager	£240
Senior/Case Administrator	£110-150
Support Staff	£100-110

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.

Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in 6 minute units with supporting narrative to explain the work undertaken.

Chargeout Rates

Where necessary and appropriate, members of staff from other departments of the practice will undertake work on a case. They will be charged at their normal charge out rate for undertaking such work.

These charge-out rates charged are reviewed on periodic basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

Administration and Planning; Financials; Investigations; Realisation of Assets; Creditors; Trading; Case specific matters.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we continue to seek time costs for the majority of our cases.

When we seek time costs approval we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

Percentage basis

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the

committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a percentage basis more often. A report accompanying any fee request will set out the potential assets in the case, the remuneration percentage proposed for any realisations and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Fixed fee

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and we now seek remuneration on a fixed fee basis more often. A report accompanying any fee request will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as the expenses that will be, or are likely to be, incurred. Expenses can be incurred without approval, but must be disclosed to help put the remuneration request into context.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances then an increase can only be approved by the Court.

Members' voluntary liquidations and Voluntary Arrangements

The legislation changes that took effect from 1 October 2015 did not apply to members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) or Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

All bases

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

Agent's Costs

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

Solicitors/Legal Advisors; Auctioneers/Valuers; Accountants; Quantity Surveyors; Estate Agents; Other Specialist Advisors.

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Disbursements

In accordance with SIP 9 the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the estate or Kallis & Company; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the estate. These disbursements are recoverable in full from the estate without the prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and Company search fees.

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

It is proposed that the following Category 2 disbursements are recovered:

Room Hire	£50 per hour
Mileage	www.gov.uk/government/publications/rates-and-allowances-travel-mileage-and-fuel-allowances
Storage	£15 per box per annum
Destruction Costs	£5.50 per box

Analysis of Administrator's time costs for the period 05/02/2020 To 04/02/2021



Classification of Work Content

	Partner Hours	Senior Manager Hours	Manager Hours	Senior Hours	Support Hours	Total Hours	Total Cost (GBP)	Average Hourly Rate (GBP)
Administration & Planning	18.40	43.90	65.00	11.20	37.60	176.10	38,280.00	217.38
AD1.1 - Case planning and review	7.50	0.00	6.60	0.00	8.00	22.10	5,094.00	230.50
AD1.2 - Ongoing administration matters	0.80	8.00	32.50	2.10	23.60	67.00	13,076.00	195.16
AD1.3 - Statutory notices & reporting	10.10	35.90	25.90	9.10	6.00	87.00	20,110.00	231.15
Financials	6.70	9.00	1.00	1.90	36.60	55.20	9,202.00	166.70
AD2.1 - Completion and agreement of tax returns	0.00	0.00	0.00	0.30	2.00	2.30	260.00	113.04
AD2.2 - Banking and reconciliations	0.00	2.50	1.00	0.40	33.70	37.60	4,604.00	122.45
AD2.3 - Expense reviews and payments	6.70	6.50	0.00	1.20	0.90	15.30	4,338.00	283.53
Realisation of Assets	31.10	20.10	51.20	4.20	6.00	112.60	28,974.00	257.32
AD3.1 - Dealing with agents, asset and business sales	23.30	3.40	5.40	0.30	0.60	33.00	10,206.00	309.27
AD3.3 - Book debt collection	2.80	15.40	41.50	3.70	2.40	65.80	15,340.00	233.13
AD3.4 - Identifying assets and recovery	0.50	0.90	4.00	0.20	1.50	7.10	1,550.00	218.31
AD3.5 - Dealing with fixed charge assets	0.00	0.00	0.30	0.00	1.50	1.80	252.00	140.00
AD3.6 - Dealing with leasehold and freehold property	4.50	0.40	0.00	0.00	0.00	4.90	1,626.00	331.84
Investigations	1.00	23.10	1.20	0.00	9.80	35.10	8,351.50	237.93
AD4.1 - SIP 2 review & CDDA reports	1.00	0.00	0.80	0.00	4.20	6.00	1,036.00	172.67
AD4.2 - Inventory and record review	0.00	0.00	0.40	0.00	0.00	0.40	96.00	240.00
AD4.3 - Investigations - antecedent transactions/misconduct	0.00	23.10	0.00	0.00	5.60	28.70	7,219.50	251.55
Creditors	4.80	4.60	16.60	15.10	45.40	86.50	13,980.00	161.62
AD5.1 - Communication with creditors	4.10	1.20	10.60	4.30	23.10	43.30	7,514.00	173.53
AD5.2 - Creditors' claims (including Employees' and other preferential creditors')	0.70	3.40	6.00	10.80	22.30	43.20	6,466.00	149.68
Trading	78.50	3.60	27.10	11.40	8.40	129.00	36,434.00	282.43
AD7.1 - Management of operations	78.50	0.00	2.50	10.80	4.20	96.00	29,090.00	303.02
AD7.2 - Accounting for trading	0.00	1.70	21.80	0.00	0.00	23.50	5,640.00	240.00
AD7.3 - On-going employee issues	0.00	1.90	2.80	0.60	4.20	9.50	1,704.00	179.37
Total Hours	140.50	104.30	162.10	43.80	143.80	594.50		227.45
Total Fees (GBP)	48,122.00	26,035.50	38,904.00	5,265.00	16,895.00		135,221.50	

Analysis of Administrator's time costs for the period 05/08/2020 To 04/02/2021



Classification of Work Content	Partner Hours	Senior Manager Hours	Manager Hours	Senior Hours	Support Hours	Total Hours	Total Cost (GBP)	Average Hourly Rate (GBP)
Administration & Planning	0.00	38.80	0.00	10.30	0.00	49.10	10,548.00	214.83
AD1.2 - Ongoing administration matters	0.00	7.40	0.00	1.20	0.00	8.60	1,920.00	223.26
AD1.3 - Statutory notices & reporting	0.00	31.40	0.00	9.10	0.00	40.50	8,628.00	213.04
Financials	0.50	7.70	0.00	1.60	10.50	20.30	3,365.00	165.76
AD2.1 - Completion and agreement of tax returns	0.00	0.00	0.00	0.30	1.60	1.90	212.00	111.58
AD2.2 - Banking and reconciliations	0.00	1.70	0.00	0.10	8.90	10.70	1,399.00	130.75
AD2.3 - Expense reviews and payments	0.50	6.00	0.00	1.20	0.00	7.70	1,754.00	227.79
Realisation of Assets	2.50	16.20	0.00	2.60	0.00	21.30	5,050.00	237.09
AD3.1 - Dealing with agents, asset and business sales	0.00	2.90	0.00	0.30	0.00	3.20	732.00	228.75
AD3.3 - Book debt collection	0.00	12.70	0.00	2.10	0.00	14.80	3,300.00	222.97
AD3.4 - Identifying assets and recovery	0.00	0.60	0.00	0.20	0.00	0.80	168.00	210.00
AD3.6 - Dealing with leasehold and freehold property	2.50	0.00	0.00	0.00	0.00	2.50	850.00	340.00
Investigations	0.00	10.10	0.00	0.00	0.00	10.10	2,842.50	281.44
AD4.3 - Investigations - antecedent transactions/misconduct	0.00	10.10	0.00	0.00	0.00	10.10	2,842.50	281.44
Creditors	0.00	3.60	0.00	11.40	0.00	15.00	2,232.00	148.80
AD5.1 - Communication with creditors	0.00	0.90	0.00	3.10	0.00	4.00	588.00	147.00
AD5.2 - Creditors' claims (including Employees' and other preferential creditors')	0.00	2.70	0.00	8.30	0.00	11.00	1,644.00	149.45
Trading	0.00	3.10	0.00	6.40	0.00	9.50	1,512.00	159.16
AD7.1 - Management of operations	0.00	0.00	0.00	5.80	0.00	5.80	696.00	120.00
AD7.2 - Accounting for trading	0.00	1.20	0.00	0.00	0.00	1.20	288.00	240.00
AD7.3 - On-going employee issues	0.00	1.90	0.00	0.60	0.00	2.50	528.00	211.20
Total Hours	3.00	79.50	0.00	32.30	10.50	125.30		203.91
Total Fees (GBP)	1,020.00	19,498.50	0.00	3,876.00	1,155.00		25,549.50	