

AM10

Notice of administrator's progress report



Companies House

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COMPANIES HOUSE

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1 Company details

Company number 0 2 0 3 9 2 0 9

Company name in full Thomas Barnes & Sons PLC

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Ian

Surname McCulloch

3 Administrator's address

Building name/number 1 Winckley Court

Street Chapel Street

Post town Preston

County/Region

Postcode P R 1 8 B U

Country

4 Administrator's name ①

Full forename(s) Dean

Surname Watson

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 1 Winckley Court

Street Chapel Street

Post town Preston

County/Region

Postcode P R 1 8 B U

Country

② Other administrator
Use this section to tell us about
another administrator.

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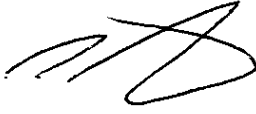
6 Period of progress report

From date	^d 1	^d 8	^m 1	^m 0	^y 2	^y 0	^y 1	^y 6	
To date	^d 1	^d 7	^m 0	^m 4	^y 2	^y 0	^y 1	^y 7	

7 Progress report

☐ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X 	X							
Signature date	^d 0	^d 8	^m 0	^m 5	^y 2	^y 0	^y 1	^y 7	

**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	Keeley Lord
Company name	Begbies Traynor (Central) LLP
Address	1 Winckley Court Chapel Street
Post town	Preston
County/Region	
Postcode	P R 1 8 B U
Country	
DX	
Telephone	01772 202000

**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

Ian McCulloch and Dean Watson were appointed joint administrators on 13 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.

Thomas Barnes & Sons PLC (In Administration)

Progress report of the joint administrators

Period: 18 October 2016 to 17 April 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.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Thomas Barnes & Sons PLC (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 13 November 2015
"the administrators" "we" "our" and "us"	Ian McCulloch and Dean Watson of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston, PR1 8BU
"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 Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Thomas Barnes & Sons PLC
Trading name(s):	Thomas Barnes & Sons PLC
Date of Incorporation:	21 July 1986
Company registered number:	02039209
Company registered office:	1 Winckley Court, Chapel Street, Preston, PR1 8BU

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators:	Ian McCulloch and Dean Watson are Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston, PR1 8BU On 4 July 2016, a block transfer order was made in the Manchester District Registry of the High Court of Justice (number 2508 of 2016) transferring the appointment of Lila Thomas and David Robert Acland to Ian McCulloch and Dean Watson of this firm as Joint Administrators.
Date of administrators' appointment:	Lila Thomas & David Acland - 13 November 2015 Ian McCulloch & Dean Watson – 04 July 2016
Court:	High Court of Justice, Preston District Registry
Court Case Number:	197 of 2015
Person(s) making appointment / application:	Pamela Barnes, Brian Barnes (deceased) and Thomas Barnes (collectively known as "FAMACC") being the holder of a qualifying floating charge ("QFCH").
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 creditors for a period of 12 months.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 18 October 2016 to 17 April 2017.

Receipts

Debtors & Retentions

In the period of this report, £56,225.38 has been realised in respect of the outstanding debtors and retentions. Further details can be found in Section 8.

Payments

Bank Charges

Bank charges of £15 have been incurred in the period.

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 2. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous report contains details of the work undertaken since our appointment.

General case administration and planning

Insolvency Practitioners are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case.

Time charged to "General Case Administration and Planning" in the period covered by this report will include work of this nature, together with sundry tasks such as filing and photocopying.

Compliance with the Insolvency Act, Rules and best practice

Insolvency Practitioners are required to comply with the provisions of The Insolvency Act 1986 (as amended) and The Insolvency Rules 1986 (as amended), together with best practice guidelines laid down within the profession (for instance the Statements of Insolvency Practice set out by the R3 body which represents business recovery professionals). This includes the undertaking of periodic reviews of case progression, ensuring that a specific bond is in place at the correct value to insure the sums realised and the issuing of periodic reports on the progress of the insolvency to creditors.

Time charged to "Compliance with the Insolvency Act, Rules and Best Practice" in the period covered by this report includes the undertaking of these tasks, including the issuing of the progress report for the period to 18 October 2016 to 17 April 2017 to creditors and contributories.

Investigations

Insolvency Practitioners are required to, in accordance with the provisions of Statement of Insolvency Practice 2, to carry out investigations into the conduct of business by the director or directors of an insolvent company to the extent that it is proportional and in the interests of creditors. This will include a review of the books and records of an insolvent company, an investigation into the causes of the failure of an insolvent company and an assessment of whether there have been any transactions (or similar dispositions) that would result in the formulation and quantification of a civil claim against any party.

Time charged to "Investigations" in the period of this report will include time charged in relation to our duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors.

Realisation of assets

The primary duty of an Insolvency Practitioner is to identify and to realise the value of an insolvent company's property for the benefit of creditors.

The continued review of the Company's main asset (contractual debts) has been undertaken and contact has been made with certain parties in respect of these debts.

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

Insolvency Practitioners will need to deal with the claims of creditors during the course of their time in office, which will include the recording of those claims together with the provision of ad hoc updates to creditors and dealing with general queries from those creditors.

Time charged to "Dealing with All Creditors' Claims, Correspondence and Distributions" relates to dealing with claims and creditor correspondence.

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

In addition to the above categories, Insolvency Practitioners will also have to attend meetings when applicable (whether this be with directors, the respondents in any potential recovery action commenced in the course of the insolvency, solicitors, creditors or other interested party), tend to an insolvent company's pre and post insolvency tax affairs (including the submission of annual corporation tax returns and periodic VAT returns), enter into litigation in conjunction with appointed solicitors (usually applicable in instances where investigations have quantified a civil action that was unable to be settled directly between the Insolvency Practitioner and the respondent), deal with the winding up of a company pension scheme (where applicable) and undertake travel when applicable (for instance to attend meetings incidental to the progression of the insolvency).

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our progress report for the period 13 November 2015 to 12 May 2016.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor – FAMACC

FAMACC holds a debenture conferring fixed and floating charges over the Company's assets created on 1 August 1997. In addition, FAMACC have the benefit of an intercompany cross guarantee between the Group

companies and a chattel mortgage over the Company's assets. The indebtedness due to FAMACC at the date of appointment amounted to c£685k. In addition, monies owed to FAMACC by other group companies are caught under the cross guarantee..

The Company submitted a VAT return for the period to 30 September 2015 resulting in monies owed to the Company from HM Revenue & Customs ("HMRC"). There are currently competing interests in the VAT refund. HMRC claim that the monies are available for crown set off and therefore available to various crown departments that are owed monies from the Company. FAMACC consider that the monies are caught under their fixed charge security.

We are currently liaising with both parties and it is possible that we may need to make an application to court for directions.

Preferential creditors

Preferential claims of employees for arrears of wages, salary and holiday pay were estimated at £31,665.70 and we have received claims of £17,311.48. The dividend prospects for preferential creditors are currently uncertain and will be subject to further asset realisations and the outcome of the position of the VAT refund.

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

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals and in our previous progress report.

Unsecured creditors

Claims of unsecured creditors were estimated at £2,983,121 as per the Company's books and records. Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors, however, depending on the outcome of the VAT refund, it is possible that the liability of the crown departments is reduced.

Effect of administration on limitation periods under the Limitation Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

6. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by a resolution of creditors passed by correspondence, by the secured and preferential creditors on 22 April 2016, 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 18 October 2016 to 17 April 2017 amount to £8,715.50 which represents 39.70 hours at an average rate of £219.53 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 2:

- ☐ Time Costs Analysis for the period 18 October 2016 to 17 April 2017

- Begbies Traynor (Central) LLP's charging policy

To 17 April 2017, we have drawn the total sum of £10,000 on account of our remuneration, against total time costs of £80,378 incurred since the date of our appointment.

Time Costs Analysis

In addition to the time costs information disclosed at Appendix 2 for the period of this report, a cumulative Time Costs Analysis for the period from 13 November 2015 to 17 April 2017 is also attached at Appendix 2.

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only.

The costs that were incurred from the date of our appointment to 18 October 2016 amount to £71,662.50. Details of the costs incurred during the period of this report are stated above.

Disbursements

To 17 April 2017, we have also drawn disbursements in the sum of £300.25.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2015' 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. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3. A cumulative statement of expenses also appears at Appendix 3 which details the expenses incurred since the date of our appointment.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the administration would total £6,796.76 plus VAT and an additional 20% of debtor realisations in respect of debt collection fees. That estimate has not been exceeded and we do not expect it to be exceeded if matters progress to conclusion as envisaged.

8. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

Debtors & Retentions

As detailed above, the Administrators are continuing to pursue the outstanding debtor ledger with the assistance of the Directors and another group Company.

As at the date of appointment the value of outstanding monies for work performed totalled £696,405 which included invoiced works of £69,311, retentions of £204,895 and un-invoiced works / work in progress ("WIP") of £422,199.

A review of the collectability of the WIP is ongoing, with the assistance of the Director and other Group Companies. Another group company has been given authority to undertake any remedial works, in addition to

the review and agreement of the final accounts on behalf of the Company. A collection fee and any direct costs will be paid to the group company upon receipt of any debts that they have actively assisted in securing.

In respect of the invoiced works and retentions totalling £274,206, it was estimated that the sum of £158,656 would be fully recoverable. To date the sum of £125,102.56 has been collected. The balance of the invoiced works and retentions are aged and disputed and it is not yet known whether these will be collectable.

VAT repayment

As creditors are aware, the Company submitted a VAT return immediately prior to the appointment for the quarter ending 30 September 2015 detailing a repayment. The return was not exceptional and the Company had always operated on a repayment basis.

The majority of the queries raised by HM Revenue & Customs ("HMRC") have been addressed with the assistance of the Director and the Group Accountant. HMRC confirmed on 13 April 2016 that a repayment in the sum of £483,222.66 was available to the Company.

However, HMRC are claiming crown set-off and have advised that based on their estimated claims for outstanding PAYE, CIS, VAT assessments and the Redundancy Payments Service claim, there will not be any surplus available for the Company.

FAMACC are claiming that the VAT repayment is caught under their fixed charge security.

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

General case administration and planning

Further general tasks will need to be undertaken until the Administration is concluded (i.e. diary updates, filing etc) however, the costs associated with these tasks will be nominal.

Compliance with the Insolvency Act, Rules and best practice

As part of our statutory duties, the Insolvency Act and Rules require IP's to produce progress reports, produce a final report, file information with the Registrar of Companies and ensure that the case is adequately bonded.

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. An extension of the Administration is sought in Section 11. In addition, further progress reports will be due following the extension.

Realisation of assets

With the assistance of the Director, the Administrators will continue to pursue the Company's debts in order to secure realisations for the benefit of creditors. In view of their contractual nature, it is not anticipated that this exercise will be straightforward and we expect that a number of counter claims will be received from clients following the cessation of trade.

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

It is currently not anticipated that there will be sufficient funds available to pay a distribution to any class of creditor other than the secured creditor. However, the Administrators still have a statutory duty to assist creditors with their claims and deal with any queries. Any costs incurred in undertaking this work will be included in the current fee estimate.

How much will this further work cost?

As detailed in our original fee estimate included within the proposals, it is still estimated that time costs will be c£84,000. This will cover the work undertaken to date and all further work required in order to satisfy our duties as Administrators and bring the administration to a conclusion.

Should there be additional or unexpected asset realisations; we will look to draw further fees with the consent of the secured and preferential creditors.

9. 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

We have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

Extension of administration

The administration has been extended for a period of 12 months with the consent of creditors.

Proposed exit route from administration

As detailed in the proposals, we anticipate that the Company will have insufficient funds to enable a distribution to be made to the unsecured creditors. Therefore, as soon as we have fully discharged our duties as administrators we propose to implement the provisions of Paragraph 84 of Schedule B1 of the Act. Under these provisions, on registration of a notice sent by us to the Registrar of Companies, our appointment as Administrators ceases to have effect and at the end of the three months the Company will be automatically dissolved.

10. 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 during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

11. CONCLUSION

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above the printed name and title.

Dean Watson
Joint Administrator

Dated: 4 May 2017

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 18 October 2016 to 17 April 2017

Thomas Barnes & Sons PLC
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 18/10/2016 To 17/04/2017 £	From 13/11/2015 To 17/04/2017 £
ASSET REALISATIONS		
Deposit For Costs	NIL	25,000.00
Plant & Machinery	NIL	1,500.00
Debtors & Retentions	56,225.38	125,102.56
Cash at Bank	NIL	2,183.34
Sundry Refund	NIL	105.00
Bank Interest Gross	NIL	8.53
	<u>56,225.38</u>	<u>153,899.43</u>
COST OF REALISATIONS		
Pre Administrators' Fees	NIL	3,500.00
Pre Administrators' Disbursements	NIL	142.07
Administrators' Fees	NIL	10,000.00
Contract Completion Costs	NIL	7,414.55
Bordereau	NIL	67.50
Legal Fees	NIL	1,750.00
Professional Fees	NIL	1,700.00
Stationery & Postage	NIL	232.75
Statutory Advertising	NIL	84.60
Bank Charges	15.00	45.00
	<u>(15.00)</u>	<u>(24,936.47)</u>
FLOATING CHARGE CREDITORS		
Distribution to Floating Charge Creditor	56,225.38	112,697.84
	<u>(56,225.38)</u>	<u>(112,697.84)</u>
	<u>(15.00)</u>	<u>16,265.12</u>
REPRESENTED BY		
Bank 2 Current		22,335.20
Vat Payable		(6,070.08)
		<u>16,265.12</u>

Dean Watson
Joint Administrator

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 18 October 2016 to 17 April 2017; and
- c. Cumulative Time Costs Analysis for the period from 13 November 2015 to 17 April 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 guidance¹ 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 guidance² 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;

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

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

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.

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:

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

(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

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

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 Preston office as at the date of this report are as follows:

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

Staff Grade	Consultant Par the:	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	4.7			0.6		2.3	1.5			9.1	2,620.50	287.97
Administration	0.9			0.3	0.1	6.1	6.8	0.2	11.8	26.2	3,221.00	122.94
Total for General Case Administration and Planning:	5.6			0.9	0.1	8.4	8.3	0.2	11.8	36.3	5,841.50	165.48
Compliance with the Insolvency Act, Rules and best practice	2.5			2.6						5.2	1,716.00	330.00
Appointment												
Banking and Bonding				0.5			12.2			12.7	1,779.50	140.12
Case Closure												0.00
Statutory reporting and statement of affairs	5.8			21.2	0.3	13.3	15.5		0.5	56.6	12,420.50	219.44
Total for Compliance with the Insolvency Act, Rules and best practice:	8.4			24.3	0.3	13.3	27.7		0.5	74.5	18,916.00	213.64
Investigations	4.9			0.5			3.9			9.3	2,594.50	278.98
GD&A and investigations												
Total for investigations:	4.9			0.5			3.9			9.3	2,594.50	278.98
Realisation of assets	15.5	0.3		3.4						19.2	7,127.00	371.20
Debt collection												
Property, business and asset sales	10.8			1.6						12.4	4,690.00	378.23
Retention of Title/Third party assets	0.3									0.3	118.50	395.00
Total for Realisation of assets:	26.6	0.3		5.0						31.9	11,935.50	374.15
Trading												0.00
Total for Trading:												0.00
Dealing with all creditors claims (including employees), correspondence and distributions	8.1	0.3		3.8						12.2	4,310.00	353.28
Secured												
Others	29.7	0.3		20.8		3.8	22.4		4.3	81.3	21,369.00	262.84
Creditors committee												0.00
Total for Dealing with all creditors claims (including employees), correspondence and distributions:	37.8	0.6		24.6		3.8	22.4		4.3	93.6	25,679.00	274.84
Other matters which includes meetings, tax, litigation, pensions and travel	1.9			4.3						4.3	1,139.50	265.00
Meetings												
Other	1.9			3.8						5.7	1,757.50	308.33
Tax	23.8			15.2		8.3	4.1			51.4	15,435.00	300.29
Litigation				0.3						0.3	79.50	265.00
Total for Other matters:	25.7			23.6		8.3	4.1			61.7	18,411.50	298.40
Total hours by staff grade:	109.0	0.9		78.9	0.4	33.8	66.4	0.2	16.6	306.2		
Total time cost by staff grade:	43,065.00	310.50		20,908.50	82.00	5,915.00	8,964.00	22.00	1,121.00		80,378.00	
Average hourly rate £:	395.00	345.00	0.00	265.00	205.00	175.00	135.00	110.00	67.53			262.50
Total fees drawn to date £:											10,000.00	

Staff Grade	Consultant/Part rnr	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	0.5					0.8				1.3	337.50	259.82
						3.9	0.2	0.2	0.9	5.2	830.50	159.71
	0.5					4.7	0.2	0.2	0.9	6.6	1,168.00	179.89
Compliance with the Insolvency Act, Rules and best practice												0.00
							3.1			3.1	418.50	135.00
												0.00
						4.9	5.0			9.9	1,532.50	154.80
Investigations						4.9	8.1			13.0	1,961.00	150.08
												0.00
												0.00
Realisation of assets	2.0									2.0	790.00	395.00
												0.00
												0.00
	2.0									2.0	790.00	395.00
Trading												0.00
												0.00
	1.0									1.0	395.00	395.00
Dealing with all creditors claims including employees), correspondence and distributions	7.0	0.3				2.8			1.5	11.6	3,523.50	303.75
												0.00
	8.0	0.3				2.8			1.5	12.6	3,918.50	310.99
Other matters which includes meetings, tax, litigation, pensions and travel												0.00
												0.00
						3.3	2.3			5.6	888.00	158.57
												0.00
						3.3	2.3			5.6	888.00	158.57
	10.5	0.3				18.7	10.6	0.2	2.4	39.7	8,716.50	
	4,147.50	103.50				2,747.50	1,431.00	22.00	264.00			
	396.00	345.00	0.00	0.00	0.00	175.00	135.00	110.00	110.00			219.53
											10,000.00	

STATEMENT OF ADMINISTRATORS' EXPENSES

No expenses have been incurred during the period of this report.

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £
Travel	Mileage – Dave Acland, Katy Payne & Dean Watson	311.00
Postage	Royal Mail	1,259.74
Bond	AUA Insolvency Risk Services	94.50