

# AM10

## Notice of administrator's progress report



Companies House

SATURDAY



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18/11/2017

#159

COMPANIES HOUSE

### 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	<sup>d</sup> 1	<sup>d</sup> 8	<sup>m</sup> 0	<sup>m</sup> 4	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7
To date	<sup>d</sup> 1	<sup>d</sup> 7	<sup>m</sup> 1	<sup>m</sup> 0	<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 */M. Miller*

X

Signature date

<sup>d</sup> 1	<sup>d</sup> 5	<sup>m</sup> 1	<sup>m</sup> 1	<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	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](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)

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.

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## **Thomas Barnes & Sons PLC (In Administration)**

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Progress report of the joint administrators

Period: 18 April 2017 to 17 October 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

<b><u>Expression</u></b>	<b><u>Meaning</u></b>
"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"	Dean Watson & Ian McCulloch 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
Date of administrators' resignation:	Lila Thomas & David Acland - 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 until 12 November 2017 and for a further period of 2 years by order of the court until 12 November 2019.

## 4. PROGRESS DURING THE PERIOD

### Receipts and Payments

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

#### Receipts

##### VAT refunds

As creditors are aware and as per the previous progress reports, 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.

Following a number of queries from HM Revenue & Customs ("HMRC"), which were 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.

Against this sum, HMRC applied a crown set-off and on 31 July 2017 the balance of £234,891 was received.

#### Payments

##### Legal Fees

£2,000 has been paid to Naphthens LLP for their assistance provided relating to the HMRC negotiations.

##### 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 reports and time incurred dealing with all aspect of the court extension

#### 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 in addition to time spent relating to the review of the secured creditor status.

#### 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 dividend prospects for the secured creditor is currently uncertain due to uncertain further asset realisations.

#### **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, subject to further asset realisations.

#### **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.

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**

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.

#### **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. PRE-ADMINISTRATION COSTS**

Details of our pre appointment costs have previously been provided in our progress report for the period 13 November 2015 to 12 May 2016.

## **7. 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 April 2017 to 17 October 2017 amount to £11,398 which represents 48.90 hours at an average rate of £233.09 per hour.

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

- ❑ Begbies Traynor (Central) LLP's charging policy
- ❑ Time Costs Analysis for the period 18 April 2017 to 17 October 2017
- ❑ Time Costs Analysis for the period 13 November 2015 to 17 October 2017

To 17 October 2017, we have drawn the total sum of £15,000 on account of our remuneration, against total time costs of £90,665 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 October 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.

### **Disbursements**

To 17 October 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](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.

## **8. 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.

## **9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE**

In addition to the ongoing collect of debtors and retentions detailed below, there are ongoing litigation matters. These matters are not anticipated to be resolved in the near future.

### **Debtors & Retentions**

As previously advised, the Administrators are continuing to pursue the outstanding debtor ledger with the assistance of the Directors.

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 relates to one debtor and is disputed. It is not yet known whether these will be collectable.

**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.

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.

## 10. 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 24 months by order of the court.

### **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.

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

## **12. CONCLUSION**

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



**Ian McCulloch**  
Joint Administrator

Dated: 15 November 2017

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 18 April 2017 to 17 October 2017

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

Statement of Affairs £	From 18/04/2017 To 17/10/2017 £	From 13/11/2015 To 17/10/2017 £
SECURED ASSETS		
VAT Refunds	234,891.00	234,891.00
	<u>234,891.00</u>	<u>234,891.00</u>
SECURED CREDITORS		
FAMAC	214,981.00	214,981.00
	<u>(214,981.00)</u>	<u>(214,981.00)</u>
ASSET REALISATIONS		
Deposit For Costs	NIL	25,000.00
Plant & Machinery	NIL	1,500.00
Debtors & Retentions	NIL	125,102.56
Cash at Bank	NIL	2,183.34
Sundry Refund	NIL	105.00
Bank Interest Gross	NIL	8.53
	<u>NIL</u>	<u>153,899.43</u>
COST OF REALISATIONS		
Pre Administrators' Fees	NIL	3,500.00
Pre Administrators' Disbursements	NIL	142.07
Administrators' Fees	5,000.00	15,000.00
Contract Completion Costs	NIL	7,414.55
Bordereau	NIL	67.50
Legal Fees	2,000.00	3,750.00
Professional Fees	NIL	1,700.00
Stationery & Postage	NIL	232.75
Statutory Advertising	NIL	84.60
Bank Charges	15.00	60.00
	<u>(7,015.00)</u>	<u>(31,951.47)</u>
FLOATING CHARGE CREDITORS		
Distribution to Floating Charge Creditor	NIL	112,697.84
	<u>NIL</u>	<u>(112,697.84)</u>
	<u><b>12,895.00</b></u>	<u><b>29,160.12</b></u>
REPRESENTED BY		
Bank 2 Current		29,160.12
		<u><b>29,160.12</b></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 April 2017 to 17 October 2017; and
- c. Cumulative Time Costs Analysis for the period from 13 November 2015 to 17 October 2017.



Staff Grade	Consultant/Partner	Director	Snr Mgr	Mngr	Asst Mgr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	3.5								3.5	1,382.50	395.00
	Administration				2.1	2.1		13.4		17.6	2,272.00	129.09
	Total for General Case Administration and Planning:	3.5			2.1	2.1		13.4		21.1	3,654.50	173.20
	Appointment											0.00
	Banking and Bonding						0.3		1.9	2.2	249.50	113.41
Compliance with the Insolvency Act, Rules and best practice	Case Closure											0.00
	Statutory reporting and statement of affairs	6.3				8.8				15.1	4,028.50	266.79
	Total for Compliance with the Insolvency Act, Rules and best practice:	6.3				8.8	0.3		1.9	17.3	4,278.00	247.28
	CDDA and investigations											0.00
	Total for Investigations:											0.00
Realisation of assets	Debt collection	2.5								2.5	987.50	395.00
	Property, business and asset sales											0.00
	Retention of Title/Third party assets											0.00
	Total for Realisation of assets:	2.5								2.5	987.50	395.00
	Trading											0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Total for Trading:											0.00
	Secured	4.5								4.5	1,777.50	395.00
	Others				0.2	0.2				0.6	145.00	241.67
	Creditors committee											0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	4.5			0.2	0.2				5.1	1,922.50	376.96
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors including meetings											0.00
	Other				1.0					1.4	343.00	245.00
	Tax				0.5				1.0	1.5	212.50	141.67
	Litigation											0.00
	Total for Other matters:				1.5				1.0	2.9	555.50	191.55
Average hourly rate £:	Total hours by staff grade:	16.8			3.8	11.1	0.3	13.4	2.9	48.9		
	Total time cost by staff grade:	6,636.00			779.00	1,942.50	40.50	1,474.00	319.00		11,398.00	
	Average hourly rate £:	395.00		0.00	205.00	175.00	135.00	110.00	110.00			233.09
	Total fees drawn to date £:										0.00	

Staff Grade	Consultant/Partner	Director	Snr Mgr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	8.2		0.6			1.5			12.6	4,003.00	317.70
	Administration	0.9		0.3	2.2	8.2	6.8	13.6	11.8	43.8	5,493.00	125.41
	Total for General Case Administration and Planning:	9.1		0.9	2.2	18.6	8.3	13.6	11.8	66.4	9,496.00	168.37
	Appointment	1.8		1.1						2.9	1,002.50	345.69
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding			0.5			12.5		1.9	14.9	2,029.00	136.17
	Case Closure											0.00
	Statutory reporting and statement of affairs	12.1		21.2	0.3	22.1	15.5		0.5	71.7	16,449.00	229.41
	Total for Compliance with the Insolvency Act, Rules and best practice:	13.9		22.8	0.3	22.1	28.0		2.4	88.5	19,480.50	217.66
Investigations	CDDA and investigations	4.9		0.5			3.9			9.3	2,594.50	278.88
	Total for Investigations:	4.9		0.5			3.9			9.3	2,594.50	278.88
Realisation of assets	Debt collection	18.0		3.4						21.7	8,114.50	373.94
	Property, business and asset sales	10.8	0.3	1.6						12.4	4,890.00	378.23
	Retention of Title/Third party assets	0.3								0.3	118.50	395.00
	Total for Realisation of assets:	29.1	0.3	5.0						34.4	12,923.00	375.67
Trading	Trading											0.00
	Total for Trading:											0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Secured	12.6	0.3	3.8						16.7	6,087.50	364.52
	Others	29.7	0.5	19.3	0.2	4.0	22.4		4.3	80.4	21,116.50	262.64
	Creditors committee											0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	42.3	0.8	23.1	0.2	4.0	22.4		4.3	97.1	27,204.00	280.16
Other matters which includes meetings, tax, litigation, pensions and travel	Seeking decisions of creditors including meetings			4.3						4.3	1,139.50	265.00
	Other	1.9	0.4	3.8	1.0					7.1	2,100.50	295.85
	Tax	23.8		15.2	0.5	8.3	4.1		1.0	52.9	15,647.50	295.79
	Litigation			0.3						0.3	79.50	265.00
	Total for Other matters:	25.7	0.4	23.6	1.5	8.3	4.1		1.0	64.6	18,967.00	293.61
	Total hours by staff grade:	125.0	1.5	75.9	4.2	44.9	66.7	13.6	19.5	351.3		
	Total time cost by staff grade:	49,375.00	517.50	20,113.60	861.00	7,857.50	9,004.50	1,495.00	1,440.00		90,665.00	
	Average hourly rate £:	395.00	345.00	265.00	205.00	175.00	135.00	110.00	73.85			255.08
	Total fees drawn to date £:										15,000.00	

## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

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

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. 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>2</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;

*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

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

<sup>2</sup> 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.

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
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.

## STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities <b>not</b> within the Begbies Traynor Group				
Postage	Royal Mail	238.71	0	238.71

## 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
Statutory Advertising	Courts Advertising Limited	84.60
Postage	Royal Mail	1,259.74
Bond	AUA Insolvency Risk Services	94.50
Professional Fees	Napthens LLP	1,700
Legal Fees	Napthens LLP Exchange Chambers	2,000 1,750