

The Insolvency Act 1986

Statement of administrators' proposals

Name of Company IPeople Services Limited	Company number 03205506
In the High Court of Justice, Chancery Division, Leeds District Registry [full name of court]	Court case number 494 of 2015

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

We, (a) Julian Nigel Richard Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Nicholas Edward Reed of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

* Delete as applicable

attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 5 August 2015

Signed

Joint Administrators

Dated

05.08.2015

Contact Details:

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

Begbies Traynor (Central) LLP	
Fourth Floor, Toronto Square, Toronto Street Leeds	
	Tel 0113 244 0044
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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

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

IPeople Services Limited (In Administration)

Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

Important Notice

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. 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. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	IPeople Services Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Act on 12 June 2015
"the administrators", "we", "our", "us"	Julian Nigel Richard Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Nicholas Edward Reed of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	IPeople Services Limited	
Trading name(s)	IPeople Services Limited	
Date of Incorporation	30 May 1996	
Company registered number	03205506	
Company registered office	Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ	
Former registered office	Sanderson House, Station Road, Leeds, LS18 5NT	
Trading address(es) (or attach a separate sheet if more than one)	5 th Floor, 20 Little Britain, London, EC1A 7DH	
Principal business activities	Human resources provision	
Directors and details of shares held in the Company (if any)	Name	Shareholding
	Mr R Nealon	0
	Mr J Ladva	0
Share capital	40,100 Ordinary Shares	
Shareholders	IPeople Limited	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment	12 June 2015
Court	High Court of Justice, Chancery Division, Leeds District Registry
Court Case Number	494 of 2015
Person(s) making appointment / application	The Directors
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.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company had accrued significant liabilities since it was purchased from Synarbor Plc in December 2011 mainly as a result of legacy debt acquired on purchase which included HMRC liabilities, an overdraft facility and transitional fee costs from the seller. These factors placed significant pressure on the cash flow of the newly acquired business.

In addition, a large debt repayable by a connected company was not repaid putting further strain on cash resources. The Company had also taken out a loan from Reward Capital LLP ("Reward") to assist the cost of acquisition. This added to increasing monthly interest costs.

As a result of the above issues, the business entered into a number of Time To Pay arrangements with HMRC, the last of which was in February 2015 which was later cancelled in April 2015 as the business failed to meet the terms of the arrangement.

In addition to the large HMRC liabilities, the Company came under increasing pressure from Reward who had requested payment in relation to their lending across the group.

Throughout 2015, the Company had been in discussions with potential funding partners in order to raise sufficient finance to settle the HMRC liabilities in full, however, it became apparent that any funding would not be secured within the required timescale to avoid winding up action being brought by HMRC in May 2015.

Having regard to the Company's financial position and the pressure from both HMRC and Reward, it was acknowledged that the Company could not trade out of its difficulties and it would be in the interests of the Company and its creditors that it be placed into administration

Accordingly, on 12 June 2015 Julian Nigel Richard Pitts and Nicholas Edward Reed were appointed joint administrators of the Company pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986

The business and assets of the Company were sold to IPeople Solutions Limited on 12 June 2015. Further details of this sale are noted below in Section 6

5. STATEMENT OF AFFAIRS

The Company's financial director, Robert Nealon, has prepared a statement of affairs of the Company as at 12 June 2015 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

6. THE ADMINISTRATION PERIOD

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 12 June 2015 to 5 August 2015.

RECEIPTS

The following sums have been received in accordance with the sale of business and assets to IPeople Solutions Limited ("the Purchaser")

Goodwill

The sum of £1,000,000 has been received from the Purchaser in relation to the goodwill

Book Debts

The net sum of £77,369 has been received following the sale of the debtor ledger. As part of this sale the Purchaser also satisfied the outstanding debt due to Skipton Business Finance of £294,539.

Equipment & Stock

The sum of £1,000 has been received from the Purchaser in relation to the furniture and equipment.

Further details of these receipts are provided below in the section titled 'pre-packaged sale of the business and assets'.

PAYMENTS

Reward Capital LLP

The sum of £995,000 has been paid to Reward Capital LLP under their fixed charge security resulting from the sale of the goodwill.

Statutory Advertising

The total sum of £84 60 has been paid to Courts Advertising Limited in relation to the costs associated with our statutory advertising requirements to date

Pre-packaged sale of the business and assets

Creditors of the Company have already been provided with information on the pre-packaged sale of the Company's business and assets by letter dated 18 June 2015

The information previously provided to creditors is as follows

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 12 JUNE 2015

Background Information

The Administrators' statement of proposals for achieving the purpose of the administration which will be sent to creditors as soon as practicable will provide detailed information in relation to the Company. However, to assist creditors who may have a limited understanding of the Company and its affairs to better understand the reasons for the pre-packaged sale, we have provided certain background information at this stage

The Company was incorporated on 30 May 1996 and operated under the IPeople Group as an agency providing senior managers for large teams of social care workers relating to specific projects responsible for the improvement in working practices

The business provided temporary staff for predominantly public sector clients, exclusively local authorities mainly in London and the south east of the UK

The Company had previously been known as Academy Supply Agency Limited, Staff Agency Services Limited and Synarbor Global Solutions Limited

The reasons for the Company's insolvency

The Company had accrued significant liabilities to HMRC in respect of outstanding VAT, PAYE and corporation tax and had entered into a Time To Pay arrangement in February 2015 following a demand request for payment in full. This was subsequently cancelled in April 2015 as the Company had not met the terms of the arrangement. As a result, HMRC instigated winding up action in the absence of repayment of all outstanding liabilities

In addition to the liabilities due to HMRC, the Company was also under significant pressure from one of its secured lenders, Reward Capital LLP ("Reward"), who had requested payment in relation to their lending across the Group

The Company had been in discussions with potential funders in order to raise sufficient finance to settle the HMRC liabilities in full, however, it became apparent that any funding would not be secured within the required timescale

Having regard to the Company's financial position and the pressure from both HMRC and Reward, it was acknowledged that the Company could not trade out of its difficulties and it would be in the interests of the Company and its creditors that it be placed into administration

The reasons for the pre-packaged sale

Once it became clear that the Company could no longer continue to trade on a solvent basis and that it was unable to raise additional finance within the timeframe required, it was necessary to consider all available options

Taking into account the Company's liabilities, creditor pressure and time constraints, the only options available were to seek a sale of the business or implement a wind down of the business through a liquidation process, with the latter resulting in the loss of 23 jobs and the immediate disruption and employment risk to a significant number of temporary staff which had been placed by the Company

The publication of a petition or the appointment of liquidators would have had a damaging effect on the value of the business and the collectability of the Company's debtor ledger

It was therefore concluded that an accelerated sale of the business be undertaken prior to the advertisement of the winding up petition, with the sale completing immediately upon the administrators' appointment

The sale of the business as a going concern (i.e. a sale of its shares) was not capable of being achieved due to the extent of crown debts. By completing the sale of the business and assets of the company we were able to keep intact the goodwill and customer contracts, secure continuing employment for the Company's staff and realise a better return to creditors had it been wound up

The expedient pre-pack sale of the business has therefore maximised asset realisations whilst minimising claims against the company resulting in the best outcome for creditors overall

The statutory purpose of administration that was pursued

The statutory purpose of the administration that was pursued was Paragraph 3(1)(b) of Schedule B1 of the Insolvency Act 1986, to achieve a better result of the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

Begbies Traynor (Central) LLP was introduced to the Company by Montpelier Professional Limited who are the Company's accountants

What was the extent of Julian Pitts and Nicholas Edward Reed, and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

Julian Pitts met with the directors on 28 April 2015 to provide professional advice. This advice subsequently led to the Company being placed into administration

Prior to their appointment, the proposed administrators advised the Company and not the directors on their personal position, the directors were encouraged to take independent advice. It was made clear to the directors that once Julian Pitts and Nick Reed were appointed administrators that their responsibilities would be to act in the best interests of the Company's

creditors. This would mean that they could no longer provide advice to the Company and that their duties to the Company would cease. They would be required to take custody or control of the Company's property and assets and to manage the affairs, business and property of the Company in accordance with the approved proposals of the administrators.

Was the business or were the assets of the Company acquired from an insolvency practitioner prior to this pre-packaged sale?

The business and assets of the Company were not acquired from an insolvency practitioner prior to this pre-packaged sale.

What marketing of the Company's undertaking and assets was undertaken by the Company?

Due to the sensitive nature of the client relationships there was a significant risk that a substantial part of the business would have been lost if the Company undertook its own marketing exercise.

The Company therefore did not formally market the business for sale prior to the appointment of the administrators. IPeople Solutions Limited, as a connected Company, had made itself known to Begbies Traynor (Central) LLP.

What marketing of the Company's undertaking and assets was undertaken by Julian Pitts and Nicholas Edward Reed?

Due to the circumstances as set out above, the business was not formally marketed. It was not feasible to market the Company for a sale to a third party other than by a liquidation sale post closure. An offer was received from IPeople Solutions Limited and, after consideration of the alternative and the views of the secured creditors, Reward and Skipton Business Finance Limited ("Skipton"), this proved the best way to preserve the value.

What valuations of the Company's undertaking and assets were obtained?

We instructed specialist RICS approved agents Sanderson Weatherall ("SW") to provide an independent valuation of the Company's equipment and stock on an ex situ basis. SW was instructed on the basis of their independence, strong reputation and previous experience in valuing assets. The valuation prepared by SW reflected a market value for removal from the premises. The equipment and stock was valued at £700.

No valuations were undertaken in relation to the assigned debts, customer contracts and list, goodwill and intellectual property. The administrators were satisfied as to the value in respect of these assets being maximised and that any value would have been significantly diminished on a break up basis.

What security (if any) has the Company provided to its creditors?

The Company has granted 8 charges since the date of incorporation, 6 of which have been satisfied. The 2 outstanding charges are as follows:

- Debenture to Reward Capital LLP, created on 29 December 2011 and registered at Companies House on 30 December 2011
- Fixed and floating charges to Skipton Business Finance Limited, created on 29

December 2011 and registered at Companies House on 4 January 2012

What alternative courses of action were considered by Julian Pitts and Nicholas Edward Reed?

The alternative of placing the Company into liquidation would have resulted in all staff being made redundant, crystallising additional unsecured claims. It would have also generated a worse outcome for creditors as any realisable value the Company's assets would have been significantly diminished.

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

The outcome of trading the business during the administration was uncertain. It was therefore considered that trading in administration was considered unviable.

What requests were made to potential funders to fund working capital requirements during the administration?

Skipton advised that they would not be prepared to fund working capital requirements in a trading administration. No requests were made to any other potential funders.

What consultations were made with major creditors?

The Company's secured creditors, Reward and Skipton were consulted throughout the process and HMRC were made aware of the strategy.

What was the date of the transaction?

The date of the transaction was 12 June 2015.

What were the assets sold and what was the nature of the transaction?

The business and assets of the Company were sold to IPeople Solutions Limited. 23 employees were transferred in the sale.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

IPeople Solutions Limited acquired the following assets from the Company:

<u>Categories of Assets</u>	<u>Valuation (going concern basis) £</u>	<u>Valuation (break-up basis) £</u>	<u>Sum realised £</u>	<u>Fixed or Floating charge realisation</u>
Assigned Debts, Customer Contracts & Customer List	n/a	n/a	77,369	Floating
Equipment and Stock	n/a	700	1,000	Floating
Goodwill & Intellectual Property	n/a	n/a	1,000,000	Fixed

The total price payable by the purchaser for the business and assets is £1,078,369 with £1,072,369 payable on completion and £6,000 due within 30 days of completion

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No

Who was the purchaser?

IPeople Solutions Limited

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company or their associates?

Bob Nealon, a director of the Company, is also sole director of IPeople Solutions Limited Skipton is also a secured creditor of Ipeople Solutions Limited

Are any directors, or former directors, of the Company involved in the management or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

See above

The joint administrators are not aware of any other former directors of the Company being involved in the management of the purchaser

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

The directors have informed the joint administrators that they have given no guarantees to a prior financier

What options, buy-back arrangements, deferred consideration or other conditions are attached to the contract of sale?

See above

7. ESTIMATED OUTCOME FOR CREDITORS

The sums owed to creditors at the date of appointment (as detailed in the directors' statement of affairs) are as follows

Secured creditors

The Company's book debts were owned by Skipton At the date of appointment, the indebtedness to Skipton was £294,539

Reward has the benefit of a debenture and was owed the sum of £3,002,160 across the group of companies

Preferential creditors

There are no known preferential creditors

Unsecured creditors

Claims of unsecured creditors are estimated at £1,155,347 per the Statement of Affairs which relates solely to the claims of HMRC. We are not aware of any other unsecured claims at this stage.

HMRC has subsequently submitted claims totalling £1,050,392 which will therefore result in a lower level of unsecured claims.

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

Secured creditors

The book debts were included within the pre packaged sale and a net £77,369 was realised from this source following satisfaction of the Skipton debt by the Purchaser.

Reward Capital LLP has received £995,000 under its fixed charge security resulting from the sale of the goodwill. Reward will therefore suffer a shortfall of £2,007,160 however they have additional security over other group assets and we believe they are fully secured.

Preferential creditors

There are no known preferential creditors.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000.

An administrator will not be required to set aside the *prescribed part of net property* if

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

Reward holds a debenture created in 2011 and as such the *prescribed part* provisions would apply. However, after costs, we consider it unlikely that there will be any *net property* to make a distribution to Reward.

In light of the above, we consider it unlikely that there will be a *prescribed part* available to unsecured creditors. However, should this situation change, we will inform creditors at the earliest opportunity.

Unsecured creditors

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. In the circumstances, pursuant to paragraph 52(1)(b) of Schedule B1 to the Act, we do not intend to summon an initial meeting of creditors.

Effect of administration on limitation periods under the Limitation Act 1980

As explained in our initial correspondence confirming our appointment as administrators, 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.

8. OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

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

For the reasons set out in this report, we considered that the most appropriate objective to pursue in this case was that specified in sub-paragraph 3(1)(b), namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration). This objective was achieved with a sale of the business taking place on 12 June 2015.

It was not possible to rescue the Company on a going concern basis as it had significant liabilities at the date of appointment. The Company had insufficient assets with which to meet its liabilities.

The alternative of placing the Company into liquidation would have resulted in all permanent staff being made redundant, immediate disruption and employment risk to a significant number of temporary staff placed by the company and the impairment of the Company's debtor ledger and goodwill had it been wound up.

Proposals

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property.

In order to achieve this, the joint administrators propose that

- 1) The joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled Report and Proposals of the joint administrators under the provisions of Paragraph 49 of Schedule B1 to The Insolvency Act 1986, be and hereby are approved.
- 2) The joint administrators will, if they see fit, make an application pursuant to paragraph 65(3) of Schedule B1 of the Insolvency Act 1986, for the permission of the Court to make a payment by way of a distribution to all or any creditors where such distribution is considered to be in the best interests of creditors as a whole.
- 3) The Company shall remain in administration for such period as the joint administrators deem necessary and appropriate.

- 4) If the joint administrators consider that there will be no distribution to unsecured creditors, then the joint administrators be authorised to take the necessary procedural steps to bring about the end of the administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 of the Act. For more details of this procedure, please refer to the 'Exit from Administration' section in the main body of the report.
- 5) If the joint administrators consider that there will be a distribution to unsecured creditors, whether via the prescribed part or otherwise, then the joint administrators be authorised to take the necessary procedural steps to bring about the end of the administration and move the Company into creditors voluntary liquidation pursuant to paragraph 83 of Schedule B1 of the Act. For more details of this procedure, please refer to the 'Exit from Administration' section in the main body of the report.
- 6) If necessary, the joint administrators shall have the authority to apply to the necessary body of creditors for an extension of the duration of the administration for a period of up to twelve months (in accordance with the provisions of Schedule B1 paragraph 76(2)(b) of the Insolvency Act 1986), and if required, may also approach the court for a further extension of the administration.
- 7) For the purposes of Rule 2.106(2)(b) of the Insolvency Rules 1986, the joint administrators' remuneration be fixed on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that, subject to full disclosure to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies, they may draw their remuneration on account as and when funds permit.
- 8) The joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in *Statement of Insolvency Practice 9*), in accordance with their firm's policy, details of which are attached.
- 9) The unpaid pre-administration costs of £13,803.40 plus VAT, as set out in Section 9 of this report, be paid as an expense of the administration, pursuant to Rule 2.67A of the Rules.
- 10) The joint administrators shall have authority to sanction and agree the fees of any solicitors, quantity surveyors or similar agents by reference to the time given by such agents and their staff, in attending to matters arising in the administration.
- 11) Without prejudice to the provisions of Section 14 of the Insolvency Act 1986, the joint administrators may carry out all other acts that they may consider to be incidental to the proposals above in order to assist in their achievement of the stated purposes of the administration order or any variation thereto.
- 12) That the joint administrators be and they are hereby discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect.

Exit from Administration

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the 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 three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

It may transpire that there are monies available to unsecured creditors via the prescribed part (Section 176A of the Act)

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

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

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

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

We confirm that as part of our proposals we propose that we act as joint liquidators, should the requirement arise, in the winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors approval, with or without modification, of our proposals.

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

Irrespective of the chosen exit route, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extend the period of the administration for up to a further six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. PRE-ADMINISTRATION COSTS

In the period before the Company entered administration, we advised the Company on the most appropriate insolvency procedure having reviewed its financial position and future viability and subsequently assisted the directors with the formalities of placing the Company into administration ("the Work").

The Work was carried out before the Company entered administration in an attempt to identify the difficulties facing the business and consider possible solutions available to the Company and its directors. The Work identified the issues facing the business and aided the directors of the Company to plan for an inevitable insolvency event, namely achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration).

The pre-administration costs are broken down as follows

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Fees in relation to the Work	Begbies Traynor	18,191 00	3,638 20	21,830 20
Disbursements in relation to the Work	Begbies Traynor	612 40	122 48	734 88
TOTAL PRE-ADMINISTRATION COSTS		18,803 40	3,760.68	22,565 08

Of the pre-administration costs, the sum of £5,000 00 plus VAT was paid to Begbies Traynor in relation to our fees for the Work before the Company entered administration, by the Company. There are therefore unpaid pre-administration costs ("the unpaid pre-administration costs"), broken down as follows

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Fees in relation to the Work	Begbies Traynor	13,191 00	2,638 20	15,830 20
Disbursements in relation to the Work	Begbies Traynor	612 40	122 48	734 88
TOTAL UNPAID PRE- ADMINISTRATION COSTS		13,803 40	2,760 68	16,565 08

We are seeking that the unpaid pre-administration costs be paid as an expense of the administration. Pursuant to Rule 2.67A of the Rules, approval to pay the unpaid pre-administration costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, each secured creditor of the Company.

10. REMUNERATION AND DISBURSEMENTS

Remuneration

We propose that the basis of our remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration.

Appendix 3 sets out our firm's hourly charge out rates and the time that we and our staff have spent in attending to matters arising in the administration since 12 June 2015.

These proposals contain a statement by us, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that we consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 7). In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor of the Company to determine the basis of our remuneration under Rule 2.106 of the Rules. In the absence of an initial meeting of creditors (see section 12 Conclusion, below) and the establishment of a creditors' committee, our remuneration is fixed by the approval of the secured creditor in accordance with Rule 2.106(5A).

Disbursements

We propose that disbursements, including disbursements for services provided by our firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and subject to the approval of those responsible for determining the basis of our remuneration.

11 OTHER INFORMATION TO ASSIST CREDITORS

Expenses incurred to date

In relation to work undertaken to date, the following expenses have been incurred but not yet paid

Type of expense	Name of party with whom expense incurred	Amount incurred but not yet paid (£)
Bordereau	Marsh Limited	20 00
Legal Fees	Clanon Solicitors	10,000 00
Agent's Fees	Sanderson Weatherall	250 00

Report on the conduct of directors

We have a statutory duty to investigate the conduct of the director and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Innovation and Skills.

As administrators of the Company we are required by best practice guidance to make enquires of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

Investigations carried out to date

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

Connected party transactions

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold to a company with a common director.

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
12 June 2015	Business and assets of the Company	£1,078,369 paid leaving no outstanding balance	IPeople Solutions Limited	Former director of the Company

Further details of the above transaction are outlined in section 6 of this report.

12. CONCLUSION

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of the prescribed part)

In the circumstances, we do not intend to summon an initial meeting of the Company's creditors. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 8 business days of the date on which our statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with us security for their payment. If no such meeting is requisitioned, then by Rule 2.33(5), our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

In the absence of an initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



J N R Pitts
Joint Administrator

Date 5 August 2015

ACCOUNT OF RECEIPTS AND PAYMENTS

12 June 2015 to 5 August 2015

	£	£
SECURED ASSETS		
Goodwill	<u>1,000,000 00</u>	1,000,000 00
SECURED CREDITORS		
Reward Capital LLP	<u>995,000 00</u>	(995,000 00)
ASSET REALISATIONS		
Equipment & Stock	1,000 00	
Book Debts	<u>77,369 00</u>	78,369 00
COST OF REALISATIONS		
Statutory Advertising	<u>84 60</u>	(84 60)
		<u><u>83,284 40</u></u>
REPRESENTED BY		
Vat Receivable		16 92
Bank 1 Current		78,267 48
Bank 2 Current		5,000 00
		<u><u>83,284.40</u></u>

**DIRECTORS' STATEMENT OF AFFAIRS AS AT 12
JUNE 2015**

A – Summary of Assets

Assets

Assets subject to fixed charge:

Goodwill
Reward LLP

Book Debts
Skipton

Assets subject to floating charge:

Cash at bank

Furniture & Fittings

iPeople Ltd

Uncharged assets:

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
	1,000,000
743,815	371,908 (294,539)
	<u>77,369</u>
41	41
1,000	1,000
652,691	0
1,397,547	1,078,410

Signature Michael F. Neill Date 16/7/2015

A1 – Summary of Liabilities

to realise		Estimated £
Estimated total assets available for preferential creditors (carried from page A)		£ 1,078,410
Liabilities		
Preferential creditors -		
Estimated deficiency/surplus as regards preferential creditors		£ 1,078,410
Estimated prescribed part of net property where applicable (to carry forward)		
Estimated total assets available for floating charge holders		£ 1,078,410
Debts secured by floating charges - Reward LLP	£ (3,002,160)	(3,002,160)
Estimated deficiency/surplus of assets after floating charges		£ (1,923,750)
Estimated prescribed part of net property where applicable (brought down)		
Total assets available to unsecured creditors		£ (1,923,750)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
HMRC – VAT	£ (849,969)	(849,969)
HMRC – PAYE	(255,582)	(255,582)
Corporation Tax	(49,796)	(49,796)
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		£ (3,079,097)
Shortfall to floating charge holders (brought down)		
Estimated deficiency/surplus as regards creditors		(3,079,097)
Issued and called up capital	£	
Estimated total deficiency/surplus as regards members		£

Signature *Robert F. ...* Date 16/7/2015

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Skipton Business Finance	The Bailey, Skipton, North Yorkshire, BD23 1DN	£294,539	Fixed and Floating Charge/Debenture	Dec 2011	
Reward Capital LLP	17-19 York Place, Leeds, LS1 2EX	£3,002,160	Fixed and Floating Charge/Debenture	Dec 2011	
HMRC	Durrington Bridge House, Barrington Rd., Worthing, West Sussex, BN12 4SE	£1,155,347	Unsecured	N/A	

Signature Robert F. Henderson Date 16/7/2015

COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No of shares held	Nominal Value	Details of Shares held
Ipeople Ltd	Sanderson House, Station Road, Horsforth, Leeds, LS18 5NT	100	100	Ordinary
TOTALS				

Signature Robert F. Henderson Date 16/7/2015

TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of our licensing bodies.

Total time spent to 5 August 2015 on this assignment amounts to 57.2 hours at an average composite rate of £204.02 per hour resulting in total time costs to date of £11,670.00.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Pre-administration Time Costs Summary
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

DIRECTORS' STATEMENT OF AFFAIRS

Notes to the Directors' Statement of Affairs

- 1 The goodwill and book debts are subject to fixed charges granted in favour of Reward Capital LLP and Skipton Business Finance. Reward holds as debenture securing the undertaking and all property and assets present and future. Skipton holds fixed and floating charges securing the undertaking and all property and assets present and future.
- 2 The furniture and fittings have been valued by Sanderson Weatherall LLP on a desk top appraisal having regard to a break up basis.
- 3 Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (ie after accounting for preferential debts and the costs of realisation). The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

We will not be required to set aside the prescribed part of net property if
 - a The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit,
 - b Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds.
- 4 The claim of HM Revenue & Customs represents VAT outstanding since August 2014.
- 5 The claim of HM Revenue & Customs represents PAYE outstanding since June 2014.
- 6 The claim of HM Revenue & Customs represents Corporation Tax outstanding since December 2013.
- 7 Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
- 8 The estimated total deficiency is subject to the costs of administration for which no provision is made in the statement of affairs.

TIME COSTS AND EXPENSES

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In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

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,

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

² Ibid 1

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

Services provided by other entities within the Begbies Traynor group

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

Instruction of Eddisons Commercial Limited to provide valuation advice in relation to the Company's plant and machinery and to provide assistance in the disposal of part of the Company's business. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows

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

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 set out above

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

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

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 Leeds 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.

PRE ADMINISTRATION TIME COSTS SUMMARY

CASE NAME IPeople Services Limited
CASE TYPE Administration
OFFICE HOLDERS Julian Nigel Richard Pitts and Nicholas Edward Reed
DATE OF APPOINTMENT 12 June 2015

1 CASE OVERVIEW

- 1.1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case

1.2 Time costs information

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals

1.3 Overview of work undertaken prior to appointment

The proposed joint administrators work prior to their appointment consisted of assessing and analysing the Company's financial position and future viability. This required consideration of all possible outcomes. Full details of the Work carried out are set out in the main body of this report

1.4 Complexity of work undertaken prior to appointment

There were no complex issues arising in the Work

1.5 Exceptional responsibilities

There were no exceptional responsibilities prior to the joint administrators' appointment

1.6 The proposed Administrators' effectiveness

The proposed joint administrators successfully negotiated the sale of the Company's business and assets and thus ensured maximum realisations for the Company's creditors

1.7 The views of the creditors

The secured creditors were consulted during this process

1.8 Approval of fees, expenses and disbursements incurred in the period prior to appointment

The Joint Administrators are seeking a resolution in relation to their pre-administration costs as follows: that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment. As at statement under paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986 has been made in the body of this report and there are no known preferential creditors of the Company, it is for the secured creditors to agree the pre appointment fees of £13,191.00 plus VAT and disbursements

Approval of pre-appointment expenses and disbursements will be required from the secured creditors

19 Other professionals employed & their costs

Clarion Solicitors were engaged to act on behalf of the joint administrators in relation to all legal matters concerning the appointment of joint administrators and the completion of the sale of the Company's business and assets. Their fees amount to £10,000 plus VAT and disbursements.

Sanderson Weatherall were instructed to appraise and value the assets and advise on the sale of the Company's assets. Their fees are £250 plus VAT.

Staff Grade		Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Administration								3 0			330 00	110 00
	Case planning				24 3	3 3			10 5		38 10	8,271 00	217 09
Assets	Negotiation of sale of business +/- assets												
Creditors	Other creditors												
	Secured - correspondence and meetings												
Other Matters	Meetings and correspondence with directors	23 5				1 5					25 00	9,590 00	383 60
	Travel												
Total hours by staff grade													
		23 5			24 3	4 8			13 50		48 5		
Total time cost by staff grade £													
		9,282 50			6,439 50	984 00			1485 00			18,191 00	
Average hourly rate £													
		395 00			265 00	205 00			110 00				375 07
Total fees drawn to date £													
												5,000 00	

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	IPeople Services Limited
CASE TYPE	Administration
OFFICE HOLDERS	Julian Nigel Richard Pitts and Nicholas Edward Reed
DATE OF APPOINTMENT	12 June 2015

1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 Complexity of the case

The joint administrators worked with the directors of the Company prior to the Administration to establish the options available. This involved spending time looking at potential funding and restructuring options. When it became apparent that insolvency and a pre-packed sale was the only alternative, we worked closely with the major stakeholders to achieve the best result on behalf of creditors.

1.3 Exceptional responsibilities

There were no complex issues arising in the Work.

1.4 The office holders' effectiveness

We have largely achieved the purpose of the administration with the sale of the Company's business and assets. This has ensured maximum realisations for the assets, goodwill has remained intact, continuity of the business to enable higher debtor collections and it ensured there was no disruption to the temporary staff placed by the Company.

1.5 Nature and value of property dealt with by the office holders

The Company's assets were subject to charges. Agreeing a pre-packaged sale of the business and assets unlocked further value for the assets which otherwise would have been lost.

1.6 Anticipated return to creditors

Skipton Business Finance ("Skipton") have been repaid in full as part of the sale of the Company's debtor ledger. Reward Capital LLP ("Reward") will suffer a shortfall, however they have additional security over other group assets. There are no known preferential creditors.

There is not expected to be a return to unsecured creditors.

Further details regarding the anticipated return to creditors can be found in section 7 in the main body of the report.

1.7 Time costs analysis

An analysis of time costs incurred between 12 June 2015 and 5 August 2015 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type.

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only.

In addition to time spent since the Administration began on 12 June 2015, and pursuant to rule 2.67(1)(c) of the Insolvency Rules 1986, the office holders' consider that the sum of £13,191.00 plus VAT and disbursements is also properly recoverable in relation to work undertaken prior to their appointment

1.8 The views of the creditors

Skipton and Reward were consulted throughout the period prior to the administration

In addition, unsecured creditors were notified of our appointment and the pre-packaged sale of the business on 18 June 2015 and were invited to bring to the administrators' attention any matters they felt required further investigation

1.9 Approval of fees

Skipton and Reward will be requested to agree to a time costs resolution in relation to work done during the administration as well as agreement to the outstanding pre-appointment fee of £13,191.00 plus VAT being paid as an expense of the administration

1.10 Approval of expenses and disbursements

Similar to the above Skipton and Reward will be requested to agree to the approval of disbursements and expenses of £612.40 plus VAT

1.11 Other professionals employed & their costs

Clarion Solicitors have been instructed to assist the administrators with legal aspects of the administration. They are to be remunerated on the basis of their time costs incurred

Sanderson Weatherall were instructed to value the assets of the Company as part of the pre-packaged sale. They were chosen for their knowledge of this sector. They agreed to value the assets for a fixed fee of £250.00 plus VAT and disbursements

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached as part of this appendix

2.2 The rates charged by the various grades of staff who may work on a case are also attached

[illegible]