

AM10

Notice of administrator's progress report



Companies House

SATURDAY



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21/12/2019

#66

COMPANIES HOUSE

1 Company details

Company number 03401779

Company name in full Rococo Chocolates Ltd

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

2 Administrator's name

Full forename(s) Kerry

Surname Bailey

3 Administrator's address

Building name/number 3 Hardman Street

Street Spinningfields

Post town Manchester

County/Region

Postcode M33AT

Country

4 Administrator's name

Full forename(s) Danny

Surname Dartnaill

Other administrator
Use this section to tell us about
another administrator

5 Administrator's address

Building name/number Level 12

Street Thames Tower

Station Road

Post town Reading

County/Region

Postcode RG11LX

Country

Other administrator
Use this section to tell us about
another administrator

AM10

Notice of administrator's progress report


6 Period of progress report

From date	^d 2	^d 3	^m 0	^m 6	^y 2	^y 0	^y 1	^y 9	
To date	^d 2	^d 2	^m 1	^m 1	^y 2	^y 0	^y 1	^y 9	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	<div>Signature</div> <div>  </div>	
Signature date	^d 2 ^d 0 ^m 1 ^m 2 ^y 2 ^y 0 ^y 1 ^y 9	

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	Kerry Bailey
Company name	BDO LLP
Address	3 Hardman Street Spinningfields
Post town	Manchester
County/Region	
Postcode	M 3 3 A T
Country	
DX	
Telephone	01512 374 500

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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

Important information

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

Where to send

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

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

Further information

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

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

**Rococo Chocolates Ltd
(In Administration)
Joint Administrators' Trading Account**

Statement of Affairs £	From 23/05/2019 To 22/11/2019 £	From 23/05/2019 To 22/11/2019 £
POST APPOINTMENT RECEIPTS		
Sales	176,579.34	176,579.34
	176,579.34	176,579.34
THIRD PARTY FUNDING		
Funding Agreement - Trading	58,609.04	58,609.04
	58,609.04	58,609.04
SUSPENSE		
Purchaser monies	13,453.74	13,453.74
	13,453.74	13,453.74
COST OF SALES		
Carriage/Logistics	1,877.77	1,877.77
Material Purchases	17,744.05	17,744.05
Packaging	4,002.92	4,002.92
Ransom payments	22,900.35	22,900.35
Repairs & Renewals	350.00	350.00
Royalties	800.25	800.25
	(47,675.34)	(47,675.34)
TRADING EXPENSES		
Accounting software	184.03	184.03
Electricity	199.72	199.72
Fulfilment provider	4,712.72	4,712.72
Gas	63.20	63.20
Insurance	36.26	36.26
Internet & Telephones	7,091.39	7,091.39
Merchant services charges	5,203.90	5,203.90
Miscellaneous store expenses	899.25	899.25
Motor Expenses	492.99	492.99
Parking	70.00	70.00
Rates	9,727.87	9,727.87
Rent	11,971.51	11,971.51
Stationery and Postage	536.53	536.53
Sub Contractors	4,960.00	4,960.00
Wages	96,800.03	96,800.03
Water Rates	14.63	14.63
	(142,964.03)	(142,964.03)
TRADING SURPLUS/(DEFICIT)	58,002.75	58,002.75

Rococo Chocolates Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 23/05/2019 To 22/11/2019 £	From 23/05/2019 To 22/11/2019 £
	ASSET REALISATIONS	
118,418.08	Book debts	90,507.43
	Business Name	1.00
	Business Rights	1.00
	Cash at Bank	18,695.42
	Cash floats	3,244.82
	Customer contracts	1.00
Uncertain	Directors' Loan Account	NIL
Uncertain	Goodwill	1.00
	Intellectual Property	73,000.00
	Interest Gross	904.33
	Licence to Occupy fees	110,339.64
16,467.80	Plant	164,678.00
	Rates and other refunds	2,405.92
	Software Licences	1.00
60,000.00	Stock	459,070.18
	Supply Contracts	1.00
	Trading Surplus/ (Deficit)	58,002.75
	Transferred records	1.00
		980,855.49
	COST OF REALISATIONS	
	Administrators' Disbursements	7,796.61
	Administrators' Fees	175,000.00
	Agents' Fees & Disbs	15,740.53
	Bank Charges	51.00
	Debtor commission - 10%	11,600.00
	Insurance	3,107.14
	Legal Fees & Disbs	50,190.51
	Payroll agent's fees	830.00
	Preparation of S.of A.	800.00
	Professional fees and services	10,245.00
	Rents Payable	92,189.58
		(367,550.37)
	THIRD PARTY FUNDING	
	Funding Agreement	12,294.00
		12,294.00
	PREFERENTIAL CREDITORS	
(5,255.06)	Pension Contributions	NIL
(61,126.05)	Preferential Wages and holiday pay	NIL
		NIL
	DISTRIBUTION TO SECURED CREDITOR	
(117,587.82)	RBS Invoice Finance Limited	28,589.19
		(28,589.19)
	UNSECURED CREDITORS	
(1,509,663.60)	Trade & Expense Creditors	NIL
		NIL
	DISTRIBUTIONS	
(350,100.00)	Ordinary Shareholders	NIL
		NIL
(1,848,846.65)		597,009.93
	REPRESENTED BY	597,009.93

**Rococo Chocolates Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 23/05/2019 To 22/11/2019 £	From 23/05/2019 To 22/11/2019 £
REPRESENTED BY CONTINUED		
Current Account 1		446,390.24
Current Account 2		120,951.00
Input VAT		22,643.21
Output VAT		(8,002.89)
Vat Control Account		15,028.37
		597,009.93



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5 Temple Square
Temple Street
Liverpool
L2 5RH

TO ALL KNOWN CREDITORS

20 December 2019

Our Ref KB/NN/00294545/A6

Please ask for
Nadine Naylor
0151 237 4655
BRCMT@bdo.co.uk

Dear Madams/Sirs

Rococo Chocolates Ltd - In Administration ('the Company')

It is now six months since my appointment in respect of the Company. In accordance with Rule 18.6 of the Insolvency (England and Wales) Rules 2016 ('the Rules') I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration for the period from 23 May 2019 to 22 November 2019 ('the Period').

This report should be read in conjunction with the Joint Administrators' proposals ('the Proposals') uploaded to the creditors' portal on 16 July 2019. As detailed in the Proposals, the Joint Administrators completed a sale of the Company's business and certain assets to Rococo Chocolates London Limited ('the Purchaser') on 25 June 2019.

1 Statutory Information

The Joint Administrators are Kerry Bailey (officeholder number: 8780) of BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT, and Danny Dartnall (officeholder number: 10110) of BDO LLP, Level 12, Thames Tower, Station Road, Reading, RG1 1LX and they were appointed in respect of the above company on 23 May 2019. Under the provisions of Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators carry out their functions jointly and severally meaning any action can be carried out by one or both of them.

The Joint Administrators were appointed by an unsecured creditor of the Company, pursuant to Paragraph 12 of Schedule B1 to the Insolvency Act 1986. The Administration proceedings are dealt with in the Business and Property Courts of England and Wales Insolvency Companies List and the court case number is CR-2019-003235.

The Company's registered office is situated at 3 Hardman Street, Spinningfields, Manchester, M3 3AT and the registered number is 03401779.

2 Trading in Administration

Following the appointment of the Joint Administrators, the Company continued to trade for the period from 23 May 2019 to 25 June 2019 (the 'Trading Period').

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

The Joint Administrators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Administration of Rococo Chocolates Ltd. Please see the privacy statement at <https://www.bdo.co.uk/en-gb/privacy-notice/insolvencies>

As detailed in the Proposals, the Joint Administrators reviewed the Company's trading projections, considered the interest received for the business and assets prior to the appointment and assessed the alternative scenarios available. As a result of the Joint Administrators assessment, we concluded that the best outcome for creditors would be to continue to trade the business as a going concern whilst a buyer was sought. The Company continued to trade from its head office and five retail stores. We also continued the Company's online operations through its website and wholesale relationships.

Ongoing trading also enabled the preservation of the Company's goodwill and wholesale customer relationships, which were essential to achieve a sale of the Company's business and assets. Continuing to meet certain contractual obligations during the Trading Period also served to reduce unsecured claims against the Company.

A Trading Receipts and Payments Account is provided at Appendix 1 which provides details of the trading activities for the Trading Period.

During the Trading Period, a total of £176,579 was realised from retail, wholesale and online sales. There are additional receipts of c£15,000 expected to be received in relation to post-administration wholesale debtors. The Joint Administrators, with the assistance of the Purchaser, will continue to pursue these debtors. It is anticipated that the post-Administration debtors will be realised in full and a further update will be provided in the next report.

The Company settled costs totalling £190,639 in the Trading Period, which included employees' wages, material purchases, internet and telephone costs, merchant service charges and sub-contractor costs. In addition, ransom payments of £22,900 were made ensuring continued supply of essential services during the Trading Period of the Administration. There are several trading Administration costs to be finalised including the payment of pension contributions.

Funding Agreement

As detailed in the Proposals, shortly prior to appointment, the Company prepared trading projections which anticipated a trading loss and a funding requirement during the summer months. On appointment, the Joint Administrators entered into a funding agreement ('the Funding Agreement') with Rupert Morley (a director of the Company and an unsecured creditor), whereby initial funding of £220,000 was provided to the Company to allow it to continue to trade whilst the Company's business and assets were marketed for sale. A further £152,000 was provided during the Trading Period and £12,294 was received in order to settle professional fees (see section 4 below). As such the funding provided totalled £384,294.

The terms of the Funding Agreement provided that funding advanced would be repaid if a sale of the Company's business and assets was achieved and the consideration received was in excess of the forced sale value of the assets and, sufficient to meet the costs of the Administration process.

In the Period, a total of £313,391 has been repaid. The repayment of the remaining £70,903 (as detailed in the Receipts and Payments Account) is dependent on receiving clearance from HMRC in respect of Corporation Tax and finalisation of the trading account. A further update will be provided in the next report.

Purchaser monies

As at 22 November 2019, a total of £13,454 was held in the Administration trading account in respect of payments incorrectly made by customers to the Company's bank account. Any funds incorrectly paid into the Company's bank account are swept to the Purchaser on a regular basis. These receipts should not be considered as Administration trading receipts. For future payments, customers have been reminded of the Purchaser's correct bank details.

It is currently anticipated that the entire Trading Period will generate a loss. However, as per the terms of the Funding Agreement, any loss incurred will be funded to ensure there is no detriment to creditors. As part of the sale of the Company's business and assets, the Purchaser also agreed to settle the wages that had accrued during the Trading Period. Should the Company have paid these wages, the loss would have been c£129,000. Although trading in Administration will result in a loss, continuing to trade enabled a sale of the Company's business and assets as a going concern, which resulted in a significantly better outcome to creditors than the alternative.

3 Receipts & Payments

I enclose for your information, a summary of my receipts and payments to date showing a balance in hand of £597,010, together with a copy of my summary account covering the Period as follows:

3.1 Receipts

The receipts shown are largely self-explanatory, however I would comment specifically on the following:

Sale of the Company's business and assets

As detailed above, the Joint Administrators completed a sale of the Company's business and assets to the Purchaser on 25 June 2019.

The terms of the sale are summarised below:

- Sales consideration of £700,000 was paid on completion.
- All remaining employees transferred to the Purchaser avoiding employee claims of £32,000.
- The Purchaser settled all wage liabilities in relation to the Administration period (that were not already settled). The payroll liability was estimated at £125,000.
- All retention of title was resolved by the Purchaser.
- Licences to occupy were agreed in relation to each of the properties to ensure a smooth transition of the business and minimal disruption to trade. This enabled the Purchaser to negotiate assignments of the current leases or to enter into new leases and the current lease to be surrendered. Agreeing assignments or entering into new leases was estimated to mitigate landlord unsecured creditor claims of approximately £420,000.
- A proportion of an unsecured creditor claim (£200,000) was subordinated for dividend purposes. As such, this improves the return for unsecured creditors as a whole.

- The Purchaser agreed to negotiate and settle certain unsecured liabilities in full, estimated at £200,000.

The cash element of the sales consideration of £700,000 was received in full on completion and is apportioned below.

Category	Consideration (£)
Rococo Chocolates Ltd	
Intellectual Property	73,000
Business Name	1
Business Rights	1
Customer Contracts	1
Goodwill	1
Software Licence	1
Supply Contracts	1
Transferred Records	1
Cash floats	3,245
Plant	164,678
Stock	459,070
Total	700,000

No further realisations are expected in relation to the assets detailed above.

Book Debts

The Company's debtors were primarily wholesale customers. As stated in the Proposals, the pre-appointment book debtors were excluded from the sale to the Purchaser. As part of the sale, the Purchaser agreed to assist with the collection of book debts (both pre and post-administration), in exchange for 10% commission.

On appointment, book debts totalled £303,000 and £89,000 was collected shortly after appointment, which was offset against the invoice discounting facility held by Royal Bank of Scotland Invoice Finance Limited ('RBSIF') (further detail in relation to RBSIF is in Section 9 below). During the Period, the Company has realised pre-appointment debtors of £90,507. The remaining ledger of £123,000 relates to very historic balances. It is unclear if these debts are owed to the Company. The Joint Administrators will continue to pursue the remaining ledger however, the timing and quantum of future realisations is currently uncertain. A further update will be provided in the next report.

Licence to Occupy Fees

Prior to the Joint Administrators' appointment, the Company held six leases in relation to its five retail stores and head office. As stated in the Proposals, the Administrators granted licences to occupy in respect of five of the six leasehold properties, which are due to expire on 24 December 2019. One property lease had lapsed prior to the sale of the Company's business and assets therefore, a licence to occupy was not granted and a new lease was agreed between the Purchaser and the landlord.

During the Period, the Purchaser entered into negotiations with the five landlords and to date, assignments/surrenders in respect of four of the five leasehold properties have completed. The Purchaser is in negotiations with the landlord in respect of the final property.

During the Period, a total of £110,340 has been received from the Purchaser in regards to license to occupy fees which were calculated based on the rental costs anticipated to be incurred. Invoices were raised monthly to the Purchaser.

The Company has settled property costs totalling £93,422 in relation to rent and insurance. It is anticipated that a refund will be paid to the Purchaser in relation to the fees provided under the licence to occupy. As a result, the licence to occupy receipts and payments will offset and will not impact on the return to the creditors of the Company.

As detailed above, in the event that all five leases are transferred it will mitigate the landlord unsecured creditor claims of approximately £420,000, estimated at two years of lease costs or expiry of the lease whichever is earlier.

Other realisations

On appointment, the Joint Administrators realised £18,695 and £3,245 in relation to cash at bank and cash floats, respectively.

In addition, rates and other refunds totalling £2,406 and bank interest of £904 has been received in the Period.

3.2 Payments

The payments shown are largely self-explanatory, however I would comment specifically on the following:

Debtor Commission

As mentioned above, the Purchaser collected pre and post-appointment book debts on behalf of the Company, in exchange for a 10% commission. To date, commission of £11,600 has been paid to the Purchaser in relation to commission. Future commission paid to the Purchaser will be dependent on the final realisations of pre and post-administration book debts.

Preparation of the Statement of Affairs

A total of £800 was paid to the former Finance Director of the Company to assist the Directors with the preparation of the Statement of Affairs.

Insurance

In addition to the insurance payments made to landlords in respect of the leasehold properties, the Company settled an invoice totalling £1,875 in respect of a Health and Safety Assessment carried out shortly after appointment.

The payments made in relation to the Joint Administrators' fees and disbursements are discussed in further detail later in my report.

4 Costs in the Administration

I additionally provide a summary of the professional fees and other expenses which have been paid during the Period, the costs which have been accrued and not yet paid and, the costs that are anticipated.

Professional Fees & Expenses	Accrued £	Paid £	Anticipated £
Hilco Valuations - Agents' Fees & Disbursements	11,240	11,240	-
Colliers International Property Consultants Ltd - Agents' Fees & Disbursements	4,500	4,500	-
ERA Solutions Limited - Payroll Agent's Fees	1,520	830	690
Addleshaw Goddard LLP - Legal Fees & Disbursements	51,822	50,191	3,178
Axia Valuation Services Limited - Professional Fees & Services	10,245	10,245	-
Total	79,327	77,006	3,868

Agents' Fees & Disbursements

Hilco Valuations/Hilco Appraisal Limited ('Hilco')

As detailed in the Proposals, independent agents, HilCo, were engaged to assist the Joint Administrators with the valuation of the Company's assets, recommending acceptance of offers and overall advising on the sale of the business and assets. During the Period, Hilco received £11,240 in relation to the work they undertook during the Administration. No further charges are expected.

Colliers International Property Consultants Ltd ('Colliers')

Colliers were instructed to undertake a valuation of the leasehold interests held by the Company. During the Period, Colliers were paid a total of £4,500 in relation to the work they undertook during the Administration. No further charges are expected.

ERA Solutions Limited ('ERA')

ERA received a sum of £830 during the Period in relation to their assistance with dealing with redundancies made by the Company. Additional costs of £690 are anticipated in relation to liaising with the pension provider and remitting pension contributions.

Legal Fees & Disbursements

Addleshaw Goddard LLP ('Addleshaws')

Addleshaws were engaged to provide legal advice to the Company, for which they received £50,190 during the Period.

I can confirm that solicitors' costs have exceeded the Joint Administrators' original estimate as a result of advice required to complete assignments/surrendering the leases subject to the licences to occupy and advice provided in relation to the Funding Agreement. It is anticipated that Addleshaws will be paid total fees of approximately £55,000 in respect of advice provided to the Company.

Professional Fees & Services

Axia Valuation Services Limited ('Axia')

Prior to the appointment, Axia, a corporate financier, was instructed to assist in marketing the business and assets of the Company for sale. Axia received 15 Non-Disclosure Agreements and three offers for the Company's business and assets.

Following the Company being placed into Administration, Axia released all marketing and interested party information to the Joint Administrators to allow all parties who had expressed interest to be followed up. The Company settled Axia's fees of £10,245 in order to receive this information. The fees were met by the funding received via the Funding Agreement. No further costs are anticipated.

5 Future of Administration

The Joint Administrators have continued to perform their statutory duties in the Administration. Based on current information there will be sufficient funds available to enable a dividend to be paid to the unsecured creditors, however the exact quantum and timing of the distribution is uncertain at this stage.

It is therefore anticipated that once all assets have been realised and distributed in the Administration, the Company will move to Creditors' Voluntary Liquidation ('CVL') before the anniversary of the Administration to facilitate such a distribution.

6 Assets

I can confirm that there are no assets of a peculiar or special nature which cannot be sold. Consequently, there has been no distribution of unsold assets to creditors, as mentioned in Rules 18.10/14.13 of the 2016 Rules.

7 Extension of Administration

The Administration is due to end automatically on 22 May 2020. It is not the Joint Administrators intention at present to extend the Administration as it is proposed to move to CVL prior to the anniversary date.

8 Investigations

The Joint Administrators have a duty to investigate the affairs of the Company and also the conduct of the directors and, in respect of the latter, to submit a confidential statutory report to the Secretary of State. I confirm that a report has been submitted.

The Joint Administrators have completed a review of the Company's affairs and assets to establish whether there are any actions that can be investigated for the benefit of the creditors and have concluded there are no causes of action to be pursued.

If creditors wish to bring to our attention any matters that may merit investigation they should contact the Joint Administrators c/o of BDO LLP, 5 Temple Square, Temple Street, Liverpool, L2 5RH quoting reference 00294545.

9 Prospects for Creditors

Secured Creditors

Please see below details of the registered charge against the Company.

In Favour of	Type of Security	Date of Creation	Date Registered
RBS Invoice Finance Limited ('RBSIF')	Debenture	25 March 2010	8 April 2010

On appointment, RBSIF was owed c£118,000 in relation to an invoice discounting agreement. As detailed above, the Company continued to collect debtors whilst trading in Administration and debtor balances of c£89,000 were collected. On 25 June 2019, the amount owing to RBSIF totalled £28,589.

As part of the sale of the Company's business and assets, the Joint Administrators transferred assets subject to security held by RBSIF to the Purchaser. In order to facilitate the transfer to the Purchaser, the Company was required to settle RBSIF's debt. On 25 June 2019 and simultaneously on completion of the sale, the debt owed to RBSIF was settled in full with cash received from the sale. The cash consideration would have been subject to RBSIF's charge in any event. As such, RBSIF confirmed that its charge has been satisfied and has released its security allowing the sale of the business and certain assets.

As such, there are no remaining secured creditors of the Company.

Preferential Creditors

Preferential claims are defined as monies owed to former employees in respect of arrears of wages and accrued holiday pay at the date of Administration.

The Joint Administrators were advised that the employees of the Company had arrears of wages in respect of the period 29 April 2019 to 23 May 2019. On 14 June 2019, the Administrators processed the payroll for the period 29 April to 26 May 2019, in line with the Company's usual payroll date.

The Joint Administrators did not settle wages for the four employees made redundant. As such, the Administrators are anticipating preferential claims of £2,355.

Claims for arrears of wages up to £800 per employee and unpaid holiday pay is deemed a preferential claim. We expect to receive notification of those claims from the Redundancy Payments Service in due course.

Based on present information, we anticipate that preferential creditors will be paid in full.

Unsecured Creditors

The Statement of Affairs estimates unsecured creditors of £1.5 million. To date, unsecured creditor claims received but not yet adjudicated, total approximately £858,200.

Based on present information, we anticipate there will be a dividend of approximately 20 pence in the pound. I would comment that the timing and quantum of payment of the dividend is dependent upon future realisations and costs.

Prescribed Part

Under the provisions of Section 176A of the Insolvency Act 1986, the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where a company has granted a floating charge to a creditor after 15 September 2003.

Although the Company has granted a floating charge to RBSIF after 15 September 2003, RBSIF was paid in full on 25 June 2019. There will therefore be no floating charge distribution and the provisions of the prescribed part will not apply.

10 Joint Administrators' Remuneration

The Joint Administrators were obliged to fix their remuneration in accordance with Rule 18.16. This permits remuneration to be fixed either:

- (1) As a percentage of the assets realised and distributed; and/or
- (2) By reference to the time the Joint Administrators and the staff have spent attending to matters in the administration; and/or
- (3) As a set amount; and/or
- (4) As a combination of the above.

Creditors approved the Joint Administrators' remuneration on 8 August 2019 on a time cost basis in line with their Fees Estimate, following a resolution included in the Proposals.

I attach a schedule detailing the time costs incurred to date. This records time costs of £331,912, which represents 1,227 hours spent at an average charge out rate of £294 per hour.

To date, the Joint Administrators have drawn £175,000 in respect of remuneration as shown on the enclosed Receipts and Payments Account.

I also attach the Joint Administrators' Fees Estimate annotated with a column showing the time costs accrued in respect of each activity, together with a detailed description of the work undertaken.

For guidance, I enclose a document that outlines the policy of BDO LLP in respect of fees and disbursements.

11 Joint Administrators' Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. Since my last report category 1 disbursements of £7,694 has been incurred in respect of staff expenses, staff travel, data management, and statutory advertising.

Some Joint Administrators recharge expenses, for example printing, photocopying and telephone costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors before they can be drawn, and these are known as category 2 disbursements. The policy of BDO LLP in respect of this appointment is not to charge any category 2 disbursements with the exception of mileage on the basis of the mileage scale approved by HMRC, being 45p per mile unless otherwise disclosed to the creditors. To date, category 2 disbursements of £396 have accrued.

Total disbursements of £8,090 have been incurred in this Administration as detailed below.

	Cat. 1 (£)	Cat. 2 (£)	Total (£)
Staff Expenses	5,035.69	-	5,035.69
Data Management	293.80	-	293.80
Staff Travel	2,284.00	-	2,284.00
Statutory Advertising	81.00	-	81.00
Mileage	-	395.92	395.92
Total	7,694.49	395.92	8,090.41

To date, category 1 disbursements of £7,797 have been drawn, as shown on the enclosed Receipts and Payments Account.

12 Creditor rights and enquiries

Creditors with the concurrence of at least 5% in value of the unsecured creditors may within 21 days of this report request in writing further information regarding the remuneration and expenses set out in this report. In accordance with Rule 18.9(3) of the Rules within 14 days of a request we will provide further information or explain why further information is not being provided. Creditors may access information setting out creditors' rights in respect of the approval of Administrator's remuneration at <https://www.r3.org.uk/what-we-do/publications/professional/fees>.

Creditors with the concurrence of at least 10% of the creditors may apply to the court if they consider that the remuneration of the administrators, or the basis fixed for the remuneration of the administrator or expenses charged by the administrator are excessive (Rule 18.34 of the Rules). Such an application must be made within 8 weeks of

receiving this draft report. The text of Rules 18.9 and 18.34 are set out at the end of this report.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>.

Creditors may access information setting out creditors' rights in respect of the approval of Joint Administrators' remuneration at <https://www.r3.org.uk/what-we-do/publications/professional/fees>.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

If you require any further information please contact me or my colleague Nadine Naylor at BRCMT@bdo.co.uk.

Yours faithfully
for and on behalf of
Rococo Chocolates Ltd



Kerry Bailey
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales in the UK

Enclosures

Receipts and Payments Account
SIP 9 Time Cost Report for the Period
Fees Estimate to Accrued Time Comparison
BDO LLP Policy in Respect of Fees and Disbursements
Statement of Creditors' Rights in respect of Fees and Disbursements

Rococo Chocolates Ltd
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £	From 23/05/2019 To 22/11/2019 £	From 23/05/2019 To 22/11/2019 £
POST APPOINTMENT RECEIPTS		
Sales	176,579.34	176,579.34
	176,579.34	176,579.34
THIRD PARTY FUNDING		
Funding Agreement - Trading	58,609.04	58,609.04
	58,609.04	58,609.04
SUSPENSE		
Purchaser monies	13,453.74	13,453.74
	13,453.74	13,453.74
COST OF SALES		
Carriage/Logistics	1,877.77	1,877.77
Material Purchases	17,744.05	17,744.05
Packaging	4,002.92	4,002.92
Ransom payments	22,900.35	22,900.35
Repairs & Renewals	350.00	350.00
Royalties	800.25	800.25
	(47,675.34)	(47,675.34)
TRADING EXPENSES		
Accounting software	184.03	184.03
Electricity	199.72	199.72
Fulfilment provider	4,712.72	4,712.72
Gas	63.20	63.20
Insurance	36.26	36.26
Internet & Telephones	7,091.39	7,091.39
Merchant services charges	5,203.90	5,203.90
Miscellaneous store expenses	899.25	899.25
Motor Expenses	492.99	492.99
Parking	70.00	70.00
Rates	9,727.87	9,727.87
Rent	11,971.51	11,971.51
Stationery and Postage	536.53	536.53
Sub Contractors	4,960.00	4,960.00
Wages	96,800.03	96,800.03
Water Rates	14.63	14.63
	(142,964.03)	(142,964.03)
TRADING SURPLUS/(DEFICIT)	58,002.75	58,002.75

Rococo Chocolates Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 23/05/2019 To 22/11/2019 £	From 23/05/2019 To 22/11/2019 £
	ASSET REALISATIONS		
118,418.08	Book debts	90,507.43	90,507.43
	Business Name	1.00	1.00
	Business Rights	1.00	1.00
	Cash at Bank	18,695.42	18,695.42
	Cash floats	3,244.82	3,244.82
	Customer contracts	1.00	1.00
Uncertain	Directors' Loan Account	NIL	NIL
Uncertain	Goodwill	1.00	1.00
	Intellectual Property	73,000.00	73,000.00
	Interest Gross	904.33	904.33
	Licence to Occupy fees	110,339.64	110,339.64
16,467.80	Plant	164,678.00	164,678.00
	Rates and other refunds	2,405.92	2,405.92
	Software Licences	1.00	1.00
60,000.00	Stock	459,070.18	459,070.18
	Supply Contracts	1.00	1.00
	Trading Surplus/(Deficit)	58,002.75	58,002.75
	Transferred records	1.00	1.00
		980,855.49	980,855.49
	COST OF REALISATIONS		
	Administrators' Disbursements	7,796.61	7,796.61
	Administrators' Fees	175,000.00	175,000.00
	Agents' Fees & Disbs	15,740.53	15,740.53
	Bank Charges	51.00	51.00
	Debtor commission - 10%	11,600.00	11,600.00
	Insurance	3,107.14	3,107.14
	Legal Fees & Disbs	50,190.51	50,190.51
	Payroll agent's fees	830.00	830.00
	Preparation of S.of A.	800.00	800.00
	Professional fees and services	10,245.00	10,245.00
	Rents Payable	92,189.58	92,189.58
		(367,550.37)	(367,550.37)
	THIRD PARTY FUNDING		
	Funding Agreement	12,294.00	12,294.00
		12,294.00	12,294.00
	PREFERENTIAL CREDITORS		
(5,255.06)	Pension Contributions	NIL	NIL
(61,126.05)	Preferential Wages and holiday pay	NIL	NIL
		NIL	NIL
	DISTRIBUTION TO SECURED CREDITOR		
(117,587.82)	RBS Invoice Finance Limited	28,589.19	28,589.19
		(28,589.19)	(28,589.19)
	UNSECURED CREDITORS		
(1,509,663.60)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(350,100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,848,846.65)		597,009.93	597,009.93
	REPRESENTED BY		

Rococo Chocolates Ltd
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 23/05/2019 To 22/11/2019 £	From 23/05/2019 To 22/11/2019 £
REPRESENTED BY CONTINUED		
Current Account 1		446,390.24
Current Account 2		120,951.00
Input VAT		22,643.21
Output VAT		(8,002.89)
Vat Control Account		15,028.37
		597,009.93

Detail of Time Charged and Rates Applicable for the Period From 23/05/2019 to 22/11/2019

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
B Steps on Appointment														
01 Statutory Documentation			2.40	719.20	0.50	63.50	8.90	1,667.20	22.85	1,579.25			34.65	4,039.15
02 Attendance at Premises							8.20	1,738.40	9.00	1,440.00			16.20	3,178.40
09 Preparation of Proposals			4.00	963.50	2.00	262.00	1.00	130.40	5.00	345.00			12.00	1,700.90
12 Setting up Internal File			1.30	312.00									1.30	312.00
sub total -			7.70	1,994.70	2.50	325.50	18.10	3,536.00	35.85	3,364.25			64.15	9,220.45
B. Steps on Appointment														
C. Planning and Strategy														
05 Review Options Available	33.45	17,828.85					1.80	381.60					35.25	18,210.45
07 Strategy Planning	27.20	14,664.80	8.00	1,904.00			0.50	106.00	1.00	180.00			36.70	18,254.80
99 Other Matters	4.00	3,040.00							0.50	58.00			4.50	3,098.00
sub total -	64.65	35,533.65	8.00	3,504.00			2.30	487.60	1.50	238.00			76.45	39,563.25
C. Planning and Strategy														
D. General Administration														
01 Insurance Matters					0.30	65.40	2.50	530.00					2.80	595.40
02 VAT			3.50	1,610.00	6.70	1,460.60							10.20	3,070.60
03 Taxation			17.05	9,053.55	5.70	1,242.60			0.50	46.50			23.25	10,342.65
04 Instruct Liase Solicitors					2.30	487.60							2.30	487.60

Detail of Time Charged and Rates Applicable for the Period From 23/05/2019 to 22/11/2019

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
05 Investigation					10.90	2,361.20			2.00	142.00			12.90	2,503.20
06 Conduct Reports					2.30	501.40							2.30	501.40
07 Receipts Payments Accounts	1.65	875.45	8.35	2,811.20	41.30	8,911.00	4.55	72.60	84.55	7,117.95			140.40	19,788.20
08 Remuneration Issues					1.10	249.80							1.10	249.80
09 Statutory Matters					9.40	2,025.60	2.30	357.00	0.50	90.00			12.10	2,472.60
13 General Meetings					2.30	487.60							2.30	487.60
14 General Discussions					4.60	988.40							4.60	988.40
15 Gen Admin Correspondence	10.55	6,228.70	6.00	2,317.20	2.50	431.35	3.95	410.00	34.45	2,574.85			57.45	11,962.10
sub total -	12.20	7,104.15	34.90	15,791.95	89.30	19,202.55	13.30	1,369.60	122.00	9,971.30			271.70	53,439.55
D. General Administration														
E. Assets Realisation/Dealing														
01 Evaluation Reconciliation					1.10	239.80							1.10	239.80
04 Agent Instruction Liaising			0.50	170.50	1.80	805.60							4.30	976.10
05 Sales Info Preparation			4.50	1,682.50					77.75	13,995.00			82.25	15,677.50
06 Property Related Matters	4.30	2,360.70	1.65	557.70	26.50	5,756.60	2.30	487.60	12.10	1,902.70			46.85	11,065.30
07 Debt Collection					19.20	4,182.00							19.20	4,182.00

Detail of Time Charged and Rates Applicable for the Period From 23/05/2019 to 22/11/2019

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
08 Dealing with Chanel Assets			1.00	413.00									1.00	413.00
09 Dealing with other Assets			0.70	289.10	2.80	596.00			0.75	89.25			4.25	974.35
10 HP Leasing Matters			1.70	702.10	0.40	87.20							2.10	789.30
12 Retention of Title			3.90	1,610.70	0.40	87.20							4.30	1,697.90
14 Sale of Business Assets	41.40	22,066.20	140.85	50,033.60	35.90	7,611.80	48.00	8,056.00	13.75	2,478.75			269.90	90,248.35
sub total -	45.70	24,426.90	154.80	55,459.20	90.10	19,368.20	40.30	8,543.60	104.35	18,465.70			435.25	126,263.60
E. Assets Realisation/Dealing														
F. Trading Related Matters														
01 Establish Business Control			2.00	826.00									2.00	826.00
02 Trading other Projections			15.95	6,447.10			8.00	1,696.00					8.00	1,696.00
03 Cashflow Forecasts					5.20	1,102.40	24.70	5,130.40	1.75	2,295.00			15.95	6,447.10
05 Attendance at Premises			0.20	82.60									4.25	8,610.40
06 Monitor Supervisory Trading			64.60	25,018.80	10.10	2,161.00	14.40	3,052.80					89.10	30,232.60
07 Business Management			1.60	660.80					8.25	1,485.00			9.85	2,145.80
08 Trading Accounts			35.80	14,059.80	36.70	7,984.40			4.00	491.00			76.50	22,535.20
99 Other Matters	0.20	391.30	2.60	1,083.20	1.10	239.80			8.00	952.00			12.20	2,666.50

Detail of Time Charged and Rates Applicable for the Period From 23/05/2019 to 22/11/2019

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
sub total -														
F Trading Related Matters														
G. Employee Matters														
02 Dealing with Employees	0.50	391.50	122.75	48,178.30	53.10	11,487.60	46.60	9,879.20	33.00	5,223.00			255.95	75,159.60
03 EPA Matters	1.75	932.75	3.40	1,338.60	1.50	280.30	5.90	1,250.80	0.50	90.00			13.05	3,892.45
04 Pension Issues			0.30	1,23.90	1.90	402.80							2.20	526.70
99 Other Matters			3.90	1,611.90	1.90	409.40			1.50	103.50			5.80	2,021.30
sub total -	1.75	932.75	7.60	3,074.40	5.30	1,092.50	5.90	1,250.80	2.00	193.50			22.55	6,543.95
G. Employee Matters														
H Creditor Claims														
04 Non-Preferential Creditors			4.55	1,706.25	4.25	725.75	1.30	275.60	21.70	1,602.90			31.80	4,310.50
99 Other Matters			5.05	1,807.15									5.05	1,507.15
sub total -			9.60	3,213.40	4.25	725.75	1.30	275.60	21.70	1,602.90			36.85	5,817.65
H Creditor Claims														
I Reporting														
01 Statutory Reporting			1.00	413.00	39.40	8,441.00			3.00	213.00			43.40	9,067.00
04 Reporting to Creditors			17.00	6,328.00					2.00	360.00			19.00	6,688.00
sub total -			18.00	6,741.00	39.40	8,441.00			5.00	573.00			62.40	15,755.00
I. Reporting														

Rococo Chocolates Ltd

Fees Estimate to Accrued Time Comparison

Below is the original Fees Estimate annotated with a column showing the time costs accrued in respect of each activity.

Fees Estimate as at 12 July 2019 compared to accrued time to 22 November 2019

Joint Administrators' Fees	Total Hours	Blended Rate £	Estimated Fee £	Accrued Time £
Summary Activity				
A. Pre Appointment Matters	0.00	0.00	0.00	0.00
TOTAL			0.00	0.00
B. Steps on Appointment	60.45	143.55	8,677.75	9,220.45
C. Planning and Strategy	66.00	512.52	33,826.20	39,563.25
D. General Administration	81.50	208.16	16,965.00	53,439.55
E. Assets Realisation/Dealing	385.80	298.55	115,179.40	126,263.60
F. Trading Related Matters	186.40	306.07	57,051.90	75,159.60
G. Employee Matters	41.25	335.10	13,822.75	6,543.95
H. Creditor Claims	32.15	233.75	7,515.05	5,817.65
I. Reporting	52.20	272.41	14,219.90	15,755.00
J. Distribution and Closure	23.50	363.02	8,531.00	149.10
TOTAL	929.25	296.79	275,788.95	331,912.15
Officeholder Category 1 Disbursements			8,000	7,694.49
Officeholder Category 2 Disbursements			200.00	395.91
Other Expenses			0.00	10,245.00
Agents'/Valuers' Costs			15,500.00	15,740.53
Solicitors' Costs			45,000.00	50,190.51

You will note that the Joint Administrators' time costs have exceeded the original Fees Estimate.

The original Fees Estimate has been exceeded primarily as a result of the work in relation to general administration, asset realisation/dealing and trading. Further detail of the additional time that has been incurred in excess of the Fees Estimate is provided below:

- **General Administration** - additional time has been incurred dealing with the Receipts and Payments Accounts including reconciling the bank accounts and remitting monies to the Purchaser on a regular basis where the Purchaser's customer has incorrectly paid into the Company's bank account. In addition, time has been incurred investigating the directors' conduct and submitting VAT and Corporation Tax returns. Due to the complexity of the returns, this required advice from a Director in the BDO Tax Department. In addition, time was incurred collating the Company's books and records including transferring the electronic data from the Company's cloud based system.



- **Asset Realisation/Dealing** - time has been incurred collecting the pre-administration debtors including undertaking reconciliations on a regular basis and communicating with the Purchaser. Additional time costs also relate to issuing licence to occupy invoices, reconciling the funds received and liaising with the Purchaser's solicitor and Addleshaws in relation to the assignation or surrender of leases. Time has also been incurred preparing Estimated Outcome Statements, following the realisation of assets, to understand the potential dividend to unsecured creditors.
- **Trading Related Matters** - additional time has been incurred in relation to post-completion matters including finalising trading costs, liaising with the pension provider with the assistance of ERA, chasing (with the assistance of the Purchaser) customers for payment who had been provided with 60 and 90 day terms in the Trading Period.

At this stage, I am not seeking to revise my Fee Estimate at this time and I intend to only draw time costs up to the Fee Estimate, as detailed above.

Detail of Work Undertaken

B Steps upon Appointment

Work in this regard has included reviewing appointment and statutory documents, preliminary organisation review, initial interviews and meetings with key stakeholders including third parties and Directors, taking steps to gather in and protect all assets, establishing internal responsibilities regarding staffing of elements of the work and steps to protect assets. Immediately upon appointment, BDO staff attended the six leasehold properties to notify employees of the appointment, establish controls over ongoing trading and to protect the value of the Company's assets. This work was primarily led by a Director with the majority of work delegated to staff below manager.

C Planning and Strategy

Work in relation to this category included reviewing historic records and business performance, establishing the current financial position and reviewing the business processes and systems, liaising with key stakeholders and engaging with specialists and planning overarching strategy.

This area of work was led by me as Partner in conjunction with a Director, with some support below manager level in documenting and recording proposed strategy.

D General Administration

Time costs were incurred in relation to liaising with the insurance provider, preparation and completion of VAT and Corporation Tax returns, and managing general administrative matters.

Time also incurred relates to undertaking investigations regarding the conduct of the directors, investigations into the affairs and transactions of the entity.

The majority of this work was delegated to an Assistant Manager and Executive with suitable levels of experience, supervised by a Director.

E Asset Realisation/Management

Sale of the Company's business and assets

A significant proportion of time has been incurred in undertaking a sales process and completing a sale of the Company's business and assets, which reflects the importance of this work to the outcome of the Administration and maximising realisations for creditors of the Company.



Time costs relate to identifying interested parties, preparing a sales flyer, populating and maintaining the data room, issuing and receiving Non-Disclosure Agreements, liaising with interested parties and answering queries, attending meetings and facilitating visits to the Head Office, maintaining an interested parties schedule and assessing the value of the Company's assets with our agents Hilco and Colliers (including IP, goodwill, stock, plant and machinery and leasehold interest).

Following the receipt of offers, time was incurred preparing an Estimated Outcome Statement in order to compare the offers received to ensure the offer accepted resulted in the best outcome for the Company's creditors.

Following the acceptance of an offer for the Company's business and assets, we also incurred time negotiating the sales and purchase agreement in conjunction with solicitors, dealing with the consideration and communicating with the unsuccessful bidders. A sale of the business and assets was successfully completed on 25 June 2019.

Time was also incurred responding to Retention of Title creditors, liaising with landlords and solicitors in respect of the six leasehold properties and the LTOs, making payments to landlords and undertaking the debt collection process.

The work was led by me and a Director supported by an Assistant Manager and Executive with suitable competencies.

F Trading Related Matters

The Company traded during the period 23 May 2019 to the completion of the sale of the business and assets on 25 June 2019.

Time costs were incurred in dealing with the following matters during trading:

- establishing business controls;
- preparation of trading projections;
- budgets and integrated cash-flow;
- attendance at the Company's premises;
- meetings and correspondence with the Company's main suppliers and stakeholders;
- guaranteeing continuity of business critical services;
- supervising trading and monitoring results including the preparation of trading accounts;
- reviewing and signing Purchase Orders;
- raising payments and allocating receipts;
- liaising with merchant service providers; and
- general business management.

The work during the Trading Period was led by a Director level supported by other staff with suitable competencies.

G Employee Matters

Time was incurred addressing the 62 members of staff on appointment and making four employees redundant. In addition, the Joint Administrators were required to offer a retention bonus to employees located in the five retail stores, and time was incurred communicating with employees in this regard. The majority of this work is carried out by specially trained insolvency staff with much of the work being processed below manager level.



H Creditor Claims

Time has been incurred liaising with unsecured creditors in relation to the progress of the Administration and communicating the potential outcome to creditors. This was largely completed by an Assistant Manager, with guidance of a Director.

I Reporting

Time has been incurred preparing and issuing the Proposals. In addition, time was incurred reporting to RBSIF prior to the sale of the Company's business and assets. This work was predominantly completed by an Assistant Manager, with the guidance of a Director.

J Distribution and Closure

Minimal time has been incurred in relation to distribution and closure in the Period.



Rococo Chocolates Ltd - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows:

GRADE	£
Partner	549-646
Manager	242-499
Assistant Manager	218-257
Senior Administrator	206-257
Administrator	119-230
Other Staff	73-90

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP are reviewed on a regular basis and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues.

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.



2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

3) Category 2

We propose to recover from the estate the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the HM Revenue & Customs Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency (England and Wales) Rules 2016 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

BDO LLP
20 December 2019



Statement from the Insolvency (England and Wales) Rules 2016 regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:

Creditors' and members' requests for further information in administration, winding up and bankruptcy

18.9.—(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report under rule 18.14—

- (a) a secured creditor;
- (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
- (c) members of the Company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the Company;
- (d) any unsecured creditor with the permission of the court; or
- (e) any member of the Company in a members' voluntary winding up with the permission of the court.

(2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.

(3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by—

- (a) providing all of the information requested;
- (b) providing some of the information requested; or
- (c) declining to provide the information requested.

(4) The office-holder may respond by providing only some of the information requested or decline to provide the information if—

- (a) the time or cost of preparation of the information would be excessive; or
- (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
- (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
- (d) the office-holder is subject to an obligation of confidentiality in relation to the information.

(5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.

(6) A creditor, and a member of the Company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—

- (a) the office-holder giving reasons for not providing all of the information requested; or
- (b) the expiry of the 14 days within which an office-holder must respond to a request.

(7) The court may make such order as it thinks just on an application under paragraph (6).

Remuneration and expenses: application to court by a creditor or member on grounds that remuneration or expenses are excessive

18.34.—(1) This rule applies to an application in an administration, a winding-up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that—

- (a) the remuneration charged by the office-holder is in all the circumstances excessive;
- (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
- (c) the expenses incurred by the office-holder are in all the circumstances excessive.

(2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable—

- (a) a secured creditor,
- (b) an unsecured creditor with either—
 - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
 - (ii) the permission of the court, or
- (c) in a members' voluntary winding up—
 - (i) members of the Company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the Company, or
 - (ii) a member of the Company with the permission of the court.

(3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3, or final report or account under rule 18.14 which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report").

Applications under rules 18.34 and 18.35 where the court has given permission for the application

18.36.—(1) This rule applies to applications made with permission under rules 18.34 and 18.35.

(2) Where the court has given permission, it must fix a venue for the application to be heard.

(3) The applicant must, at least 14 days before the hearing, deliver to the office-holder a notice stating the venue and accompanied by a copy of the application and of any evidence on which the applicant intends to rely.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the office-holder is entitled to charge;
- (b) an order reducing any fixed rate or amount;
- (c) an order changing the basis of remuneration;
- (d) an order that some or all of the remuneration or expenses in question is not to be treated as expenses of the administration, winding up or bankruptcy;
- (e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —
 - (i) the Joint administrator or Joint liquidator or the Joint administrator's or Joint liquidator's personal representative to the Company, or
 - (ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;
- (f) any other order that it thinks just.

(5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.

(6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration, winding up or bankruptcy.

Applications under rule 18.34 where the court's permission is not required for the application

18.37.—(1) On receipt of an application under rule 18.34 for which the court's permission is not required, the court may, if it is satisfied that no sufficient cause is shown for the application, dismiss it without giving notice to any party other than the applicant.

(2) Unless the application is dismissed, the court must fix a venue for it to be heard.

(3) The applicant must, at least 14 days before any hearing, deliver to the office-holder a notice stating the venue with a copy of the application and of any evidence on which the applicant intends to rely.

- (4) If the court considers the application to be well-founded, it must make one or more of the following orders—
- (a) an order reducing the amount of remuneration which the office-holder is entitled to charge;
 - (b) an order reducing any fixed rate or amount;
 - (c) an order changing the basis of remuneration;
 - (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration or winding up or bankruptcy;
 - (e) an order for the payment of the amount of the excess of remuneration or expenses or such part of the excess as the court may specify by —
 - (i) the Joint administrator or Joint liquidator or the Joint administrator's or Joint liquidator's personal representative to the Company, or
 - (ii) the trustee or the trustee's personal representative to such person as the court may specify as property comprised in the bankrupt's estate;
 - (f) any other order that it thinks just.
- (5) An order under paragraph (4)(b) or (c) may only be made in respect of periods after the period covered by the relevant report.
- (6) Unless the court orders otherwise the costs of the application must be paid by the applicant, and are not payable as an expense of the administration or as winding up or bankruptcy.