

In accordance with
Rule 3.61(1) of the
Insolvency (England
& Wales) Rules 2016
& Paragraph 84(8) of the
Schedule B1 of the
Insolvency Act 1986.

AM23

Notice of move from administration to dissolution



Companies House

WEDNESDAY



A20 *A7YPVMF3* 06/02/2019 #240
COMPANIES HOUSE

1 Company details

Company number 03883690
Company name in full HMC Health & Beauty Limited

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

2 Court details

Court name High Court of Justice, Chancery Division, Leeds
District Registry

Court number 3842016

3 Administrator's name

Full forename(s) Julian
Surname Pitts

4 Administrator's address

Building name/number Fourth Floor
Street Toronto Square

Post town Toronto Street


County/Region Leeds

Postcode LS1 2HJ

Country

AM23

Notice of move from administration to dissolution

5	Administrator's name ¹															
Full forename(s)	Bob	1 Other administrator Use this section to tell us about another administrator.														
Surname	Maxwell															
6	Administrator's address ²															
Building name/number	Fourth Floor	2 Other administrator Use this section to tell us about another administrator.														
Street	Toronto Square															
Post town	Toronto Street															
County/Region	Leeds															
Postcode	L S 1 2 H J															
Country																
7	Final progress report															
	<input checked="" type="checkbox"/> I have attached a copy of the final progress report															
8	Sign and date															
Administrator's signature	Signature X  X															
Signature date	<table border="1"><tr><td>^d</td><td>^d</td><td>^m</td><td>^y</td><td>^y</td><td>^y</td><td>^y</td></tr><tr><td>0</td><td>1</td><td>0</td><td>2</td><td>2</td><td>0</td><td>1</td><td>9</td></tr></table>		^d	^d	^m	^y	^y	^y	^y	0	1	0	2	2	0	1
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AM23

Notice of move from administration to dissolution



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 Ben Fallon

Company name Begbies Traynor (Central) LLP

Address Fourth Floor

Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode L S 1 2 H J

Country

DX

Telephone 0113 244 0044



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



Julian Pitts and Bob Maxwell appointed joint administrators on 4 May 2016

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.

HMC Health & Beauty Limited (In Administration)

Final Progress Report of the Joint Administrators

Period: 4 November 2018 to 1 February 2019

Important Notice

This final progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	HMC Health & Beauty Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 4 May 2016
"the administrators", "we", "our", "us"	Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell 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 (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act.

2. STATUTORY INFORMATION

Name of Company	HMC Health & Beauty Limited
Trading name:	HMC
Date of Incorporation:	25 November 1999
Company registered number:	03883690
Company registered office:	Toronto Square, Toronto Street, Leeds, LS1 2HJ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators:	Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Bob Maxwell, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Date of appointment:	4 May 2016
Court:	High Court of Justice, Chancery Division, Leeds District Registry
Court Case Number:	384 of 2016
Persons making appointment / application:	The Directors of the Company
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	The administration period was extended with the consent of the secured creditors for a period of 12 months and subsequently extended further by application to the court for a period of 12 months to 3 May 2019.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 4 November 2018 to 1 February 2019.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 3. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous reports contain details of the work undertaken since our appointment.

General case administration and planning

It is necessary for the appointed Administrators and their staff to carry out regular reviews of the case and how the case has been administered. This includes full case compliance reviews, six monthly reviews and a review of the assets realised in the case and still to be realised. It is our duty to maintain records to demonstrate how the case has been administered and to document our reasoning for any decisions made that may materially affect the case. We have carried out reviews of the case during the period of this report including full compliance reviews, ensuring all decisions and matters have been recorded.

Compliance with the Insolvency Act, Rules and best practice

We have a duty to comply with the Act, Rules and best practice. The time incurred preparing and sending our previous progress report to creditors falls under the period of this report. We have also ensured that the case is adequately bonded, as is our statutory obligation. We have also prepared this final report in order to provide an overview of the Administration and the outcome for creditors.

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

We have continued to deal with correspondence, claims and enquiries from creditors as and when these have been received.

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

We have continued to deal with the tax affairs of the Company and submitted tax returns as necessary and made claims for the reclaim of VAT.

The sum of £88 has been paid to our storage agents, Restore plc, in respect of the storage of our files for the statutory period of six years plus destruction costs.

5. OUTCOME FOR CREDITORS

Secured creditors

Lloyds Bank Commercial Finance Limited ("Lloyds") realised the sum of £1.1m from the collection of the factored book debt ledger, against its total lending of £1.9m. Lloyds has therefore suffered a shortfall in the region of £800,000.

BOS have received fixed charge distributions from the Administration totalling £71,951. The outstanding indebtedness due to BOS as at the date of our appointment was £141,000. BOS have therefore also suffered a shortfall against its lending.

Preferential creditors

As a result of the sale of the business and assets the employees of the Company transferred to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no known preferential claims.

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

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

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be £nil and the prescribed part of the Company's net property to be £nil.

We have not made a distribution of the prescribed part as the estimate of the Company's net property is less than the minimum prescribed by the Insolvency Act 1986 (Prescribed Part) Order 2003 and we consider, in accordance with Section 176A(3)(b) of the Act, that the costs of making a distribution of the prescribed part to unsecured creditors would be disproportionate to the benefits.

Unsecured creditors

There have been insufficient realisations to pay a dividend to unsecured creditors.

Ending the administration

Once the Notice of move from administration to dissolution (Form AM23) has been registered (which we anticipate shortly), our appointment as administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice.

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals deemed approved under Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 (as amended), including the revisions approved by decision of creditors via a deemed consent procedure.

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

Sale of the Business and Assets

We accepted an offer of £275,000 for the business and certain assets of the Company from Prestige Personal Care Limited ("PPC") following a period of negotiation immediately after our appointment on 4 May 2016.

£150,000 of the purchase price was paid on completion with the balance of £125,000 payable on deferred terms. Time was spent liaising with PPC with regard to the payment of the deferred consideration as it encountered cash flow difficulties as a result of having to pay suppliers on a proforma basis.

After an extended period of time revised deferred terms were agreed. Further difficulties were encountered and we instructed solicitors to pursue the balance, which was eventually paid in full plus late payment interest on 18 April 2017.

Licence to Occupy

As part of the sale to PPC, we granted a licence to occupy the Company's leasehold premises for a period of six months whilst PPC negotiated their own lease with the landlord. However, as PPC had not agreed terms we agreed to roll the licence over on a monthly basis.

PPC's negotiations with the landlord became protracted and we therefore instructed our solicitors to advise us of the position with the lease and to liaise with the landlord and PPC regarding an assignment of the lease.

After an extended period of correspondence and negotiation, the lease was assigned to PPC and the Company's interest and any further liability was removed.

Book Debts

The Company's book debt ledger was factored to Lloyds. Lloyds therefore instructed its in-house collections team to carry out the collection of the ledger.

Once their collection process had concluded, the book debt ledger was reassigned to the Company in order that we could try and realise further sums for the benefit of the creditors.

With the assistance of BTG Corporate Solutions, we assessed the ledger and made attempts to pursue the remaining, disputed debts. However, as those debts were disputed, no further realisations have been achieved and it is deemed not in the interests of creditors to continue to pursue or instruct a solicitor to assist.

The balance of the book debt ledger has therefore been written off as irrecoverable.

8. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by the secured creditors on 20 June 2016, by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters as set out in the fees estimate. We are also authorised to draw disbursements for services provided by our firm and/or entities within the Begbies Traynor Group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 4 November 2018 to 1 February 2019 amount to £3,468 which represents 19 hours at an average rate of £183 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 3:

- Time Costs Analysis for the period 4 November 2018 to 1 February 2019
- Begbies Traynor (Central) LLP's charging policy

To 1 February 2019, we have drawn the total sum of £78,251 on account of our remuneration, against total time costs of £145,383 incurred since the date of our appointment.

Time Costs Analysis

In addition to the time costs information disclosed at Appendix 3 for the period since our last progress report, a cumulative Time Costs Analysis for the period from 4 May 2016 to 1 February 2019 is also attached at Appendix 3.

In the absence of there being sufficient realisations to discharge our time costs in full, our unbilled time costs of £70,132, have been written off as irrecoverable. However, we reserve the right to recover our unbilled time costs in the event that circumstances subsequently permit us to do so.

The costs that were incurred from the date of our appointment to 1 February 2019 amount to £145,383. Details of the costs incurred during the period of this report are stated above.

As can be seen from the information above, we have exceeded the limit of our fees estimate. For the avoidance of any doubt, we have not drawn any remuneration in excess of the level approved. The reasons why the estimate has been exceeded are as follows:

- Extensive correspondence with PPC with regard to payment of the outstanding deferred consideration; and
- Communication with the landlord, PPC and our solicitors in respect of the occupation of 10 Howlett Way and the late payments of the licence fee by PPC.

In light of the above, we are obliged to provide the secured creditors with details of the additional work that has been undertaken along with details of the time and cost of that additional work. As our fees are limited by the level of realisable assets, we do not propose to seek a fee estimate increase from the secured creditors.

Disbursements

To 1 February 2019, we have also drawn disbursements in the sum of £313.

Category 2 Disbursements

We have not incurred any Category 2 disbursements during the period covered by this report.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2015' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

9. EXPENSES

A statement of the expenses incurred and discharged by us during the period of this progress report is attached at Appendix 4. A cumulative statement of expenses also appears at Appendix 4 which details the expenses incurred since the date of our appointment.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the administration would total £15,059. That estimate has not been exceeded and we do not expect it to be exceeded if matters progress to conclusion as envisaged.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

11. ASSETS THAT REMAIN TO BE REALISED

There are no assets of the Company that remain to be realised.

12. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. We have complied with our duties in this respect.

Investigations completed

As explained in our Statement of Proposals, we have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

Extension of administration

The Administration has been extended for a period of 12 months with the consent of the secured creditors and for an additional period of 12 months by order of the court until 3 May 2019.

Use of personal information

Please note that although the administration is being concluded, in discharging our remaining duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

13. CONCLUSION

As stated in section 5 of this report, once the Notice of move from administration to dissolution (Form AM23) has been registered (which we anticipate shortly), our appointment as administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice.



J N R Pitts
Joint Administrator

Date: 1 February 2019

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 4 November 2018 to 1 February 2019

Statement of Affairs £		From 04/11/2018 To 01/02/2019 £	From 04/05/2016 To 01/02/2019 £
	SECURED ASSETS		
82,000.00	Goodwill	NIL	82,000.00
1.00	Business Intellectual Property	NIL	1.00
		NIL	82,001.00
	COSTS OF REALISATION		
	Administrators' pre appointment time	NIL	10,000.00
		NIL	(10,000.00)
	SECURED CREDITORS		
(141,000.00)	Bank of Scotland	NIL	71,951.00
		NIL	(71,951.00)
	HIRE PURCHASE		
1,985,869.00	Book Debts	NIL	NIL
(1,878,542.00)	Lloyds Bank Commercial Finance Limited	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Leasehold Property - Rent	NIL	253,689.94
	Leasehold Property - Insurance	NIL	12,677.94
1.00	Benefit of the Contracts	NIL	1.00
140,000.00	Plant, Equipment and Office Furniture	NIL	140,000.00
52,998.00	Stock	NIL	52,998.00
NIL	Intercompany Debt	NIL	NIL
	Insurance settlement	NIL	2,030.00
	Sundry Refund	NIL	844.40
	Bank Interest Gross	NIL	184.31
	Late Payment Interest	NIL	2,671.90
		NIL	465,097.49
	COST OF REALISATIONS		
	Other	NIL	37.06
	Specific Bond	NIL	140.00
	Statement of Affairs Fee	NIL	3,000.00
	Administrators' Fees	18,250.52	78,250.52
	Administrators' pre appointment time	NIL	41,429.50
	Dataroom cost	NIL	27.44
	Rent	NIL	248,875.25

	Agents/Valuers Fees	NIL	33,500.00
	Agents Disbursements	NIL	1,197.83
	Legal Fees	NIL	27,898.50
	Legal Disbursements	NIL	275.42
	Property Insurance	NIL	12,677.94
	Administrators' pre appointment disbursements	NIL	333.57
	Corporate Finance - Sale of Business	NIL	14,500.00
	Accountant's Fees	NIL	1,000.00
	Statutory Advertising	NIL	84.60
	Mileage	NIL	286.66
	Travel	NIL	801.53
	Storage Costs	88.00	88.00
	Accommodation	NIL	173.67
	Bank Charges	NIL	20.00
	Property Inspections	NIL	550.00
		<u>(18,338.52)</u>	<u>(465,147.49)</u>
	UNSECURED CREDITORS		
(3,240,476.49)	Trade Creditors	NIL	NIL
(221,504.03)	HMRC	NIL	NIL
(605,996.23)	Highland Phoenix Limited	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(163,812.00)	Preference Shareholders	NIL	NIL
(113,001.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(4,103,462.75)</u>		<u><u>(18,338.52)</u></u>	<u><u>0.00</u></u>

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 (as amended), including the revisions approved by decision of creditors via a deemed consent procedure

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 presently consider that the most appropriate objective to pursue in this case is 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).

It was not possible to rescue the Company on a going concern basis as it had significant liabilities at the date of appointment. Significant additional funding would be required to support the Company and all parties approached in this regard confirmed that they would be unwilling to make investment in the Company. The Company had insufficient assets with which to meet its liabilities.

We therefore, sought to achieve 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). We consider that this objective has already largely been achieved due to the sale of the business and assets of the Company taking place on 4 May 2016.

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 principal matters to deal with in this respect are:

- Collection of the deferred consideration
- Realisation of the Company's outstanding book debt ledger
- Investigations into the Company's affairs

This document in its entirety constitutes our proposals as well as the specific itemised proposals below.

- 1) The joint administrators' proposals for achieving the purpose of the administration, as set out in this document, be and hereby are approved.
- 2) Creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors).

- 3) The Company shall remain in administration for such period as the joint administrators deem necessary and appropriate.
- 4) For the purposes of Rule 2.106(2) 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.
- 5) The joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm and/or entities within the Begbies Traynor group (defined as Category 2 disbursements in *Statement of Insolvency Practice 9*), in accordance with their firm's policy, details of which are attached.
- 6) The unpaid pre-administration costs, 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.
- 7) 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.
- 8) 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) of the Insolvency Act 1986), and if required, may also approach the court for a further extension of the administration.
- 9) That the joint administrators be and 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

Dissolution

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.

Extending the Administration

It may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the realisation of the Company's property. 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 twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Revisions to the Proposals

We propose a revised exit route from administration pursuant to paragraph 79 of Schedule B1 to the Act. Under these provisions an application will be made to the court for an order ending the administration in conjunction with a petition under Section 124 of the Act for an order to wind up the Company.

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 revised proposals we propose that we, or in the event of there being a subsequent change of persons appointed as administrator, the individuals in office as such immediately prior to the Company being placed into liquidation, do act as joint liquidators in the subsequent 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.

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 4 November 2018 to 1 February 2019; and
- c. Cumulative Time Costs Analysis for the period from 4 May 2016 to 1 February 2019.

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 appraisal advice in relation to the Company's plant and machinery and stock to appraise the finance agreements, identify potential retention of title stock, attending site in preparation of interested party viewings and inspections, dealing with the landlord of the Company's premises and dealing with the negotiations of the sale.

Eddisons Commercial Limited's charges will be equivalent to 10% of realisations. Their charges 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

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

Grade of staff	Charge-out rate (£ per hour) 1 December 2018 – until further notice
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

Prior to 1 December 2018, the following rates applied:

Grade of staff	Charge-out rate (£ per hour)
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Junior Administrator	110
Support	60 - 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.

SIP9 HMC Health & Beauty Limited - Administration - 80HMO17.ADM : Time Costs Analysis From 04/11/2018 To 01/02/2019

Staff code	4 month end factory	01/01/18	Nov Mop	Dec Mop	Jan Mop	Feb Mop	Mar Mop	Apr Mop	May Mop	Jun Mop	Jul Mop	Aug Mop	Sep Mop	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	2.0												2.7	1,031.50	382.04
	Administration													0.4	50.00	125.00
	Total for General Case Administration and Planning	2.0												3.1	1,081.50	348.87
	Compliance with the Insolvency Act, Rules and best practice													0.4		0.00
	Banking and Bonding													1.0	128.00	128.00
	Case Closure													5.2	640.00	122.89
	Statutory reporting and statements of affairs													8.3	1,145.50	138.01
	Total for Compliance with the Insolvency Act, Rules and best practice													14.8	2,118.00	143.17
	Investigations															0.00
	Total for Investigations															0.00
Realisation of assets	Debt collection															0.00
	Property, business and asset sales															0.00
	Retention of Third/Third party assets															0.00
	Total for Realisation of assets															0.00
	Trading															0.00
	Total for Trading															0.00
	Secured															0.00
	Others															0.00
	Creditor committees															0.00
	Total for Realisation with all creditors claims (including employees), correspondence and distributions:													6.7	161.50	240.71
Other matters which includes working decisions of creditors, meetings, tax, litigation, pensions and travel	Working decisions of creditors															0.00
	Meetings															0.00
	Other															0.00
	Tax															0.00
	Litigation															0.00
	Total for Other matters:															0.00
	Total hours by staff grade:	2.0												8.4	44.00	116.00
	Total time cost by staff grade:	760.00												1.5		
	Average hourly rate £:	380.00												121.33		182.53
	Total fees drawn to date £:														76,231.00	

SLIP9 - HMC Health & Beauty Limited - Administration - 80HMO17.ADM : Time Costs Analysis From 04/05/2016 To 01/02/2019

Staff Code	Worked with/without	Director	Sup. Mgr	Engg	Asst Mgr	Sr Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	18.5		10.4	1.0	3.8	2.0	8.0	5.7	35.2	11,351.00	317.07
	Administration		0.0	8.4	1.0	7.3	2.0	8.0	5.7	34.0	5,893.50	173.40
	Total for General Case Administration and Planning	18.5	0.0	18.8	2.0	14.3	2.9	8.4	8.7	88.2	17,124.50	347.46
	Compliance with the Insolvency Act, Rules and best practice	2.5		3.8			5.9			12.2	2,791.00	228.77
	Appointment											
	Banking and Bonding	1.2				0.3	8.3	0.8	22.0	32.7	4,184.00	127.85
	Case Closure			1.0	2.0			2.6		6.2	1,111.00	179.10
	Statutory reporting and statements of affairs	12.5	0.0	28.9	7.0	28.0	25.9	24.7		129.4	25,090.50	198.54
	Total for Compliance with the Insolvency Act, Rules and best practice	18.2	0.0	33.7	10.4	28.3	40.1	28.3	22.0	188.5	33,776.00	182.13
	Investigations	3.0		5.9						8.9	2,748.50	308.02
Realisation of assets	Total for Investigations:	3.0		8.9						8.9	2,748.50	308.02
	Debt collection	0.5		8.5	5.8	4.2	0.7	1.2		20.8	4,800.50	230.12
	Property, business and asset sales	28.5		7.3	5.0	32.5				73.3	19,804.50	271.55
	Retention of Third Party assets		0.3	32.1	8.5	5.1	88.0	0.6		135.6	23,396.00	172.54
	Total for Realisation of assets:	29.0	0.3	47.8	20.3	41.8	88.7	1.8		228.8	47,891.00	208.45
	Trading											0.00
	Total for Trading:											0.00
	Secured	7.0		5.2	1.1	2.6	1.1			17.2	5,007.00	291.10
	Others	25.0		28.3	2.2	20.5	8.5	2.7		87.2	22,875.50	262.33
	Creditors committee											0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	32.5		33.5	3.3	23.3	9.6	2.7		106.4	27,882.00	262.07
	Other matters which facilitates meeting decisions of creditors, petitions and travel											0.00
	Meetings			7.3	4.0	1.0	8.8			13.1	3,037.50	231.87
	Other			9.4		2.0	2.2	0.6		14.2	3,204.00	225.63
	Tax	8.3		4.3	15.5	15.1	0.3		2.0	43.5	9,708.50	223.18
	Unpaid											0.00
	Total for Other matters:	8.3		21.0	18.5	18.1	3.3	0.6	2.0	70.8	16,680.00	235.78
	Total hours by staff grade:	108.0	1.5	161.8	55.5	122.7	143.7	42.7	29.7	603.8		
	Total time cost by staff grade:	41,478.00	517.50	42,533.00	11,422.50	21,841.50	78,298.50	4,897.00	3,291.00	144,383.00		
	Average hourly rate £:	385.00	348.00	268.33	202.81	173.00	138.00	110.00	110.81	78,231.00		218.08
	Total fees shown in date £:											

STATEMENT OF EXPENSES FOR THE PERIOD

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Storage	Restore plc	88.00	88.00	0.00

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £
Agent's fees	Eddisons Commercial Limited	33,500.00
Agent's disbursements	Eddisons Commercial Limited	1,197.83
Corporate finance	BTG Corporate Solutions	14,500.00
Legal fees	Gateley plc	29,398.50
Legal disbursements	Gateley plc	275.42
Legal fees	Clarion Solicitors Limited	3,038.50
Accountant's fees	DSC Dack	1,000.00
Statutory advertising	Courts Advertising Limited	84.60
Bond	Marsh Limited	140.00
Property inspections	RemoteZone	550.00
Travel	Begbies Traynor (Central) LLP	919.00
Accommodation	Begbies Traynor (Central) LLP	173.67
Storage	Restore plc	88.00