

AM03

Notice of administrator's proposals



Companies House

TUESDAY



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A18 20/02/2018 #14
COMPANIES HOUSE

1 Company details

Company number 04187433

Company name in full DESIGNER YARNS LIMITED

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

2 Administrator's name

Full forename(s) RAYMOND STUART

Surname CLAUGHTON

3 Administrator's address

Building name/number RUSHTONS INSOLVENCY LIMITED

Street 3 MERCHANTS QUAY

ASHLEY LANE

Post town SHIPLEY

County/Region WEST YORKSHIRE

Postcode BD177DB

Country

4 Administrator's name

Full forename(s) JULIAN NIGEL RICHARD

Surname PITTS

❶ **Other administrator**
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number BEGBIES TRAYNOR (CENTRAL) LLP

Street TORONTO HOUSE

TORONTO SQUARE

Post town LEEDS

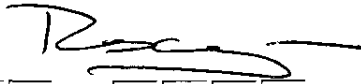
County/Region WEST YORKSHIRE

Postcode LS12HS

Country

❷ **Other administrator**
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

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| 6 | | Statement of proposals | |
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Rushtons Insolvency Limited

**Joint Administrators' Report to Creditors' and Statement of Proposals in
accordance with Paragraph 49 of Schedule B1 of The Insolvency Act 1986**

**Designer Yarns Limited (“the Company”)
In Administration**

Company Number: 04187433

Issued on 8th February 2018

**In the Leeds District Registry Business & Property Courts in Leeds
Insolvency & Companies**

Court Number: 1108 of 2017

**Rushtons Insolvency Limited
3 Merchant's Quay
Ashley Lane
Shipley
West Yorkshire
BD17 7DB**

Designer Yarns Limited (“the Company”) – In Administration

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DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors' and Statement of Proposals

1st February 2018

STATUTORY INFORMATION

DESIGNER YARNS LIMITED

(COMPANY NO. 04187433)

Statutory Information

| | |
|-----------------------------|--|
| Company Name: | Designer Yarns Limited |
| Trading Name: | Designer Yarns |
| Previous Name: | N/A |
| Company Number: | 04187433 |
| Date of Incorporation: | 26 th March 2001 |
| Principal Trading Activity: | Wholesale Yarn Sales |
| Current Director/(s): | Ian David Watt David Allan Watt Georgina Armstrong Gareth Probert Christopher Michael Smith |
| Company Secretary: | Georgina Armstrong |
| Registered Office: | C/o Rushtons Insolvency Limited, 3 Merchant's Quay, Ashley Lane, Shipley, West Yorkshire, BD17 7DB |
| Former Registered Office: | Units 8-10 Newbridge Industrial Estate, Pitts Street, Keighley, West Yorkshire, BD21 4PQ |
| Former Trading Address: | Units 8-10 Newbridge Industrial Estate, Pitts Street, Keighley, West Yorkshire, BD21 4PQ |
| Issued Share Capital: | 905 Ordinary Shares of £1 each |
| Shareholders: | Jay Opperman – 95 Shares David Watt – 46 Shares Ian Watt – 764 Shares |
| Chargeholders: | HSBC Bank plc – General Pledge containing a fixed charge dated 22 nd June 2015 HSBC Bank plc – Fixed & Floating Charge dated 22 nd June 2015 |
| Appointment Details | |
| Administrator: | Raymond Stuart Cloughton |
| IP Number: | 119 |
| Administrator's Address: | 3 Merchant's Quay, Ashley Lane, Shipley, West Yorkshire, BD17 7DB, Tel: 01274 598585 |
| Administrator's Email: | rclaughton@rushtonsifs.co.uk |

2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE JOINT ADMINISTRATORS'

Designer Yarns Limited ("the Company") was incorporated on 26th March 2001. The founding Directors' had long histories of involvement and experience in the yarn and textile industry.

The Directors' believed that using their knowledge and international connections in the yarn industry they could source yarn globally and retail the same in a wholesale manner. This proved to be true and the brand of the Company grew.

The Company established itself as a key figure in the yarn industry and supported the growth of a brand called "Debbie Bliss". This partnership flourished and the Company was granted an exclusive licence to the Debbie Bliss brand which had asserted itself as the market leader in yarn and associated patterns. For the year ended June 2016 the Company turned over £5.4 million and made a net profit of £66,000.

In early 2017 the Directors' advise that the wholesale yarn industry in general took a negative change of direction. Management accounts for the fifteen months ending 30th September 2017 show the Company made a net loss of £548,000 on a turnover of £5.9 million.

The Directors' attribute the loss to adverse movements in exchange rates following Brexit, together with increased competition. The Company began receiving regular support from its Bankers and explored various refinancing options with another bank and invoice finance provider, however, due to the recent losses they were unable to obtain formal offers.

The Company first sought advice from Rushtons Insolvency Limited in early October 2017 with a view to exploring alternative and informal restructure options.

The Company commenced early stage negotiations with two parties however one declined to proceed due to the recent losses and the current financial position. The other party was unable to agree terms with the Company's bestselling line, the Debbie Bliss brand and licence. As such sale was not considered viable by the Company.

The Company's bankers, HSBC Bank plc notified the Company that the banking facilities would be withdrawn with affect from 31st December 2017. Due to the complexity of the book debts and the high level of bank debt, together with increasing pressure from both trade Creditors and the Landlord, the advice of Rushtons Insolvency Limited was that the Company sought the additional expertise of Begbies Traynor (Central) LLP.

Begbies Traynor (Central) LLP confirmed the advice given by Rushtons Insolvency Limited and on 11th December 2017 the Directors took the decision to file a Notice of Intention to appoint Administrators'.

The Joint Administrators' were duly appointed on 14th December 2017.

Trading Results

On 14th December 2017 Ray Cloughton and Julian Pitts were appointed by the Directors' of the Company, as Joint Administrators' and took over from the Board responsibility for the management of the affairs, business and property of the Company.

Full Accounts have been prepared up to and including 30th June 2016. Extracts shown the following results:-

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| TURNOVER | 5,429,477 | 5,552,766 |
| Cost of sales | 4,149,895 | 4,345,837 |
| GROSS PROFIT | 1,279,582 | 1,206,929 |
| Administrative expenses | 1,164,333 | 1,079,757 |
| OPERATING PROFIT | 115,249 | 127,172 |
| Interest receivable and similar income | 1,751 | 72 |
| | 117,000 | 127,244 |
| Interest payable and similar charges | 50,997 | 26,466 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 66,003 | 100,778 |
| Tax on profit on ordinary activities | 12,863 | 21,675 |
| PROFIT FOR THE FINANCIAL YEAR | 53,140 | 79,103 |

3. OBJECTIVES OF THE ADMINISTRATION

- 3.1 As Administrators' of the Company, we are officers of the Court and must perform our duties in the interest of the Creditors' as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:-
- (a) rescue the Company as a going concern; or
 - (b) 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); or
 - (c) realise property in order to make a distribution to one or more secured, or Preferential Creditors'.
- 3.2 Objective (a) could not be achieved as it was assessed that no purchaser would be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.
- 3.3 As a result, the Joint Administrators' are seeking to achieve objective (b) for the Company. Whilst no continued trading has been undertaken and approximately one third of the Company's assets have now been realised by placing the Company into Administration rather than a Winding-Up Order being made against it, additional costs such as the Official receiver's Fees and the Realisation and Distribution Fees incurred in a compulsory Liquidation will now not be incurred.
- 3.4 The Insolvency Legislation has set a 12-month maximum duration for Administration, unless the duration is extended by the Court or the Creditors. If we are unable to complete the Administration of the Company within 12 months, then we will either apply to the Court, or seek the consent of Creditors' to extending the duration of the Administration.

4. ACTION OF THE ADMINISTRATORS' FOLLOWING APPOINTMENT

- 4.1 Following the Joint Administrators' appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, where appropriate, have included liaising with Solicitors to deal with any legal considerations surrounding the Company's insolvency and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.
- 4.2 The Administrators' have also dealt with a number of statutory formalities which are required under related legislation. Typically, this includes issuing and filing all appointment notices with Creditors and the Registrar of Companies and also advertising our appointment in the London Gazette.
- 4.3 Other statutory duties performed are outlined in further detail in the Administrators' Fee Estimate, which follows below. Please note that much of this work will have been performed to comply with statutory requirements and in such may not add any value to the insolvent estate.
- 4.4 The Administrators' have had to deal with a significant amount of creditor queries and retention of title claims and issues in respect of the Administration. It should be noted that Unsecured Creditors' are estimated to total approximately £1.35 million.

4.5 Asset Realisation

The Company's key assets are its debtors and stock.

The Administrators' have engaged BTG Advisory to realise the book debts of the Company and estimate, based on initial information and assumptions, that gross realisations will be £176,000.

The Administrators' have engaged agents, Michael Steel & Co, who have marketed the business and assets of the Company for approximately 6 weeks.

The Administrators' have received a recommendation to accept an offer of £72.3k plus VAT, from a Company named Advance AV Limited, a Company connected to the former Director, Ian Watt.

The Administrators' have filed an Administration Application in respect of its largest debtor and associated Company, Designer Yarns (Deutschland) Limited ("DYD").

DYD entered into Administration on 5th January 2018. Lee Lockwood of Begbies Traynor and Ray Claughton of Rushtons Insolvency Limited were appointed as Joint Administrators'.

4.5.1 Sale of Business and Assets

As stated previously, the Administrators' have engaged agents, Michael Steel & Co ("our Agents").

The business and assets have been marketed since appointment and have been advertised on our Agent's website and via direct mailshots. The marketing has now concluded.

Interest was received from 15 different parties which resulted in several offers being received. A conditional offer for £105,000 was received for the stock however this offer was subsequently withdrawn following a site and physical inspection.

The highest offer received is from Advance AV Limited, a Company connected to a former Director, Ian Watt, in the sum of £72,300 plus VAT. The offer is for office and warehouse equipment, yarn stock, physical knitting patterns, digital patterns, domain names, website and goodwill.

In the absence of any better offers, our Agents recommend acceptance of this offer. The purchaser will bear the responsibility for retention of title claims.

The acceptance of this offer was notified verbally to Advance AV limited on 29th January 2018. The formalities of the legal contract are currently in draft form with the Administrators' Solicitors. Details of the assets of the sale are detailed in paragraphs 4.5.2 – 4.5.4 below.

The consideration offered for assets is £72,300 plus VAT totalling £86,760.00. With 10% being paid upon acceptance and the balance over six equal monthly instalments. Advance AV Limited have offered a debenture over the assets of the Company in favour of Designer Yarns Limited – In Administration. Additionally, the Directors husband Mr. Ian Watt, had offered a personal guarantee as additional security to the Creditors of the Administration.

It is assumed that the purchaser and party offering the personal guarantee will take independent legal advice in due course.

4.5.2 Stock

The stock is made up of digital patterns, Debbie Bliss patterns (copyright owned by Debbie Bliss and is sold under licence, the licence automatically terminated upon entering into Administration and furthermore the Administrators' have received formal notice of termination from Solicitors acting for Debbie Bliss), yarn stocks and physical knitting patterns. The total cost value of the stock is £1.7m.

The stock was originally valued by our Agents on 21st November 2017 at between £70,000 (ex situ) and £350,000 (in situ). Our Agents comments on this valuation are as follows:-

- Some of the yarn stock was slow moving or obsolete and the cost value was therefore reduced from £650,000 to £520,000. A value of £250,000 (in situ) has been attributed to the yarn stock. However, without any continuity of supply of the various different brands then our Agents advise an ex situ value of £65,000.
- The physical knitting patterns have a cost of circa £350,000, although again without the continuity of supply of the knitting yarns to go with the patterns then our Agents advise on a value of £50,000 (in situ) and £5,000 (ex situ). It should also be noted that some of this stock may become a liability as unsaleable stock would have to be disposed of which we envisage would be at a cost.
- The digital patterns are various knitting patterns stored online which agents value at £30,000 (in situ) and nil (ex situ).
- The Debbie Bliss knitting patterns are sold subject to copyright being granted by Debbie Bliss which any potential purchaser would have to take into consideration when purchasing the business and as a result would be unlikely to purchase this stock, unless an agreement would be reached directly with Debbie Bliss. Should this be granted then agents advise on a value of £20,000 and of no value if this could not be agreed. As mentioned above Debbie Bliss subsequently terminated the agreement.
- This stock valuation has since been revised down to between £55,000 (ex situ) and £300,000 (in situ) due to a reduction in the yarn stocks through the course of trading since the original valuation was undertaken. It should also be noted that some of the stock is subject to claims under retention of title.

4.5.3 Office & Warehouse Equipment

This comprises of medium duty warehouse racking along with paper guillotine pallet wrapper, general office furnishings and business equipment.

Our Agents have estimated a value in situ of £3,500 and £2,300 on a market ex situ basis.

4.5.4 Domain Name & Website

The Company has the following names along with associates websites:

www.intercontinentalyarns.co.uk

www.designeryarns.uk.com

Agents advise the websites associated with the domain names are basic websites which show details of the Company's products along with contact information etc.

In addition to the websites and domain names the Company has its own brand, DY Choice, which is also a registered trademark protecting the Company's brand.

Agents are of the opinion the domain names, websites and trademarks would have a market value between a willing buyer and willing seller of circa £5,000 though on a market value ex situ basis they would not attribute any value to these assets.

4.5.5 Goodwill

The Company is operating in a competitive market and management have noted a downward trend in orders from high street shops, who are suffering from a lack of footfall and the Company's own customers' buying direct from the internet. This is reflected in recent financial performance.

Our Agents are therefore of the opinion that the goodwill would only have nominal value between a willing buyer and a willing seller and on a market value ex situ they would not attribute any value to the Company's goodwill.

4.5.6 Leasehold Property

The Company operated from two leasehold units in Keighley, West Yorkshire. All stock has now been consolidated into one unit. Whilst the Administrators have not yet been provided with final executed lease documentation, we understand the lease commenced on 1st May 2013 for a term of 5 years at annual rent of £74,500, paid quarterly in advance. We further understand there was a rent review after two years and six months, but again no documentation has yet been supplied.

Based on the documentation supplied to date, our Agents are of the opinion that there would be no premium value attached to the 4 month unexpired term of the lease.

To enable the maximum realisation of the stock now condensed into one warehouse unit the Administrators' have agreed a rental period with the Landlord to enable adequate marketing time frame.

4.5.7 Debtors

As advised, the Joint Administrators' have engaged BTG Advisory to realise the book debts of the Company.

BTG Advisory will be paid 5% of gross debtor realisations.

BTG Advisory have undertaken an initial review of the debtor ledger and have advised that the opening position on appointment was £947,000 (converted from Euros), split across approximately 200 debtors. The ledger is broken down as follows:-

| | |
|-----------------------------|----------|
| GBP debtors | £388,000 |
| Euro debtors | £531,000 |
| USA debtors (billed in GBP) | £28,000 |

Due to the recent insolvency of Designer Yarns (Deutschland) GMBH ("DYD"), the intercompany debt of £459,000 due from DYD is likely to be irrecoverable; however, this is subject to the outcome of the insolvency proceedings of DYD which could take some time to conclude. We have, at this stage assumed no realisations will be made from this source.

In addition to the above, there are further historic debts of £30k which have been confirmed as written off.

Further, the Administrators' are advised there is a debt due from a sole trader of £165,000, who we understand is currently subject to a repayment plan of £3,000 per month due to their financial circumstances. We have assumed no realisations will be made against this debt and therefore any realisations will all be upside

We are advised a number of other debtors are also subject to payment plans.

Post appointment gross realisations to date total £70,500. Payments have been received either into the HSBC bank accounts or to the Administrators' direct.

However, for the purposes of this report, based on the above, we have made specific provisions of £654,000. This leaves a balance of £293,000, against which we have applied a general provision of 40% resulting in final estimated gross realisation of £176,000.

4.5.8 Investments

The Company holds 100% of the shares in Designer Yarns (Deutschland) GMBH ("DYD").

Due to the insolvency of DYD, the Administrators expect that there will be no return to the Company for its shareholding in DYD.

Intercompany Loan

The Company's management accounts at 30th September 2017 show a loan of £19,000 due from DYD.

For the reasons set out previously, this appears to be irrecoverable but is subject to the outcome of the *Insolvency of DYD*.

5. FINANCIAL POSITION OF THE COMPANY

I attach a copy of the Statement of the Financial Position as at 14th December 2017, together with a list of names and addresses of all known Creditors' and the amounts of their debts, at Appendix 1. This statement makes no provision for the costs of the administration or of any subsequent Liquidation.

6. LIABILITIES

6.1 Secured Creditors

The Company assets are subject to a fixed and floating charge granted in favour of HSBC Bank plc ("the Bank"). This was created on 22nd June 2015. In addition the Bank also has a General Pledge created on the same date. The total indebtedness to the Bank is £1,205,472.

6.2 Preferential Creditors

As a result of making all 18 of the Company's employees redundant, preferential claims in respect of employees for arrears of wages, salary and holiday pay are currently estimated at £18k.

6.3 Prescribed Part

There are provisions of the Insolvency legislation that require an Administrator to set aside a percentage of Company Assets for the benefit of the Unsecured Creditors in cases where the Company gave a "Floating Charge" over its assets to a lender on or after 15th September 2003. This is known as the "Prescribed Part of the Net Property". A Company's net property is that left after paying the Preferential Creditors, but before paying the lender who holds a Floating Charge. An Administrator has to set aside:-

50% of the first £10,000 of the net property; and
20% of the remaining net property
up to a maximum of £600,000.

In this case, as the Company has created a floating charge on or after 15th September 2003, the Administrators must therefore make a Prescribed Part of the Company's net property available for the Unsecured Creditors' and not distribute it to the floating charge holder. Based on present information, the Administrators' calculate the Prescribed Part to be £16,100.

6.4 Trade and Expense Creditors

Included in Appendix 2 is a list of known Unsecured Creditors'. The major Creditors' are:-

6.3.1 HM Revenue & Customs who have submitted a provisional claim in the sum of £176,076.

6.3.2 Several European companies have submitted claims through Euler Hermes the largest being Filatura Cervinia SPA, who are owed £146,222.

7. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

The Receipts and Payments Account is attached herewith (Appendix 3).

8. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS' TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

8.1 In order to achieve the objective of the Administration of the Company, the Joint Administrators' propose to collect the balance of the deferred consideration for the purchase of the assets/stock and continue to use the services and expertise of BTG Advisory to collect outstanding book debts:-

An initial deposit has been received by the Joint Administrators for the sale of the assets in the sum of £8,676 (being 10% (inc VAT)). The balance of £78,084 will be collected in equal instalments over the next 6 months commencing in March 2018.

It is the Administrators' decision that in order to protect Creditors' a Fixed and Floating Charge will be secured against the assets pending settlement of the above figure. A personal guarantee from Mr. Ian Watt has also been procured.

ADMINISTRATOR'S PROPOSALS

8.2 We continue to manage the business, affairs and property of the Company to achieve the purpose of the Administration. In particular, that we:

- (a) realise the remaining Company assets at such time(s) and on such terms as we consider appropriate;
- (b) investigate and if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer, or former officer of the Company, or any person, firm, or Company which supplies, or has supplied goods or services to the Company; and

- (c) do all such things and generally exercise all our powers as Administrators', as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration, or protect and preserve the assets of the Company, or maximise the realisations of those assets, or of any purpose incidental to these proposals.
 - (d) if necessary, extend the period of the Administration. If this is appropriate we will seek the consent of the creditors, or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.
- 8.3 If having realised the assets of the Company, the Administrators' thinks that a distribution will be made to the unsecured Creditors' from the fund created out of the Company's net floating charge property (known as the "Prescribed Part") by virtue of section 176A(2)(a), this will be distributed by the Administrators' in the Administration and the Company will therefore proceed to dissolution.
- 8.4 If, however, having realised the assets of the Company the Administrators' think that a distribution will be made to the unsecured Creditors' other than by virtue of section 176a(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Administrators' to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL). In order that the distribution can be made in these circumstances, it is proposed that the Administrators' as Office Holders' at the date of conversation to CVL will become the Joint Liquidators in the CVL.
- 8.5 Court approval is not required to enable the Administrators' to make a distribution to the Unsecured Creditors' of the Prescribed Part. If, however, a distribution to Unsecured Creditors' not limited to the Prescribed Part is anticipated, the Administrators' may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 8.6 If the Administrators' think that the Company has no property which might permit a distribution to its Creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.

9. PRE-ADMINISTRATION COSTS

During the pre-appointment period we reviewed the Company's financial position, presented and explored non formal options for the Company to consider, to enable an enhanced return to Creditors', advised and prepared comparative outcomes for alternative formal insolvency options. We undertook such other work as was required to assist the Company and its Floating Charge Creditor and Preferential Creditors' (employees) to identify the route most likely to provide the best outcome for all Creditors' as a whole. We also undertook such other work as was necessary to assist the Directors place the Company into Administration.

The Pre-Administration costs are broken down as follows:-

| <u>Description</u> | <u>Name of Recipient</u> | <u>Net Amount</u> | <u>VAT</u> | <u>Gross</u> |
|--------------------|-------------------------------|-------------------|------------|--------------|
| Fees | Rushtons Insolvency Ltd | 16,496 | 3,299 | 19,795 |
| Legal Costs | Irwin Mitchell | 2,996 | 599 | 3,595 |
| Fees | Begbies Traynor (Central) LLP | 5,155 | 1,000 | 6,155 |

The Pre-Administration costs are unpaid and we are seeking that they be paid as an expense of the Administration. **Please note Appendix 5, 1.6 in which the Joint Administrators' have capped their total pre-appointment time costs to £15,115.** Approval to discharge such costs ("the unpaid Pre-Administration costs") as an expense is required from the Creditors committee or in the absence of a committee, or if the committee does make a determination, the Secured Creditor and the Preferential Creditors'. Payment of the unpaid Pre-Administration costs requires separate approval and is not paid as proposals subject to approval.

In order to provide sufficient information to consider approval of the payment of the unpaid Pre-Administration costs, a Pre-Administration Time Costs Analysis and Summary appear at Appendix 5. These show the number of hours spent by each grade of staff involved in the case and give the hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

10. ADMINISTRATORS' REMUNERATION

- 10.1 We propose that the basis of our remuneration be fixed under Rule 18.16 of the Insolvency Rules 2016 by reference to the time properly given by us and various grades of staff for attending to matters set out in the fees estimate. We consider that the Company has insufficient property to enable a distribution to be made to Unsecured Creditors (other than by virtue of the prescribed part fund of any net floating charge property). In these circumstances, if there is no Creditors committee, or the committee does not make a determination, it is for the Secured Creditors and the Preferential Creditors of the Company to determine the basis of our remuneration under Rule 18.18 of the Insolvency Rules 2016.

We are obliged at this point to disclose any business or personal relationship with parties responsible for approving our remuneration and as such we advise that Begbies Traynor (Central) LLP is currently on the Secured Creditors' panel of approved suppliers of insolvency services. Begbies therefore consider that their firm has a business relationship with the Secured Creditor, however, they do not consider that the relationship will give rise to a conflict of interest.

Appendix 4 contains the hourly charge out rates, fee estimates and time spent in attending to matters arising in the Administration since 14th December 2017.

10.2 Disbursements

Disbursements for services provided by both Rushtons Insolvency Limited and Begbies Traynor (Central) LLP will be charged in accordance with our firms' policies, details of which are set out in Appendix 4. These disbursements will be identified by us and will be payable subject to the approval of those responsible for determine the basis of our remuneration.

10.3 Estimate of Expenses

We are required by the Rules to provide Creditors' with details of the expenses that we consider will be, or are likely to be, incurred in the course of the Administration. This information also appears in Appendix 5.

10.4 Expenses Incurred To Date

Apart from the costs incurred pre-appointment with Irwin Mitchell totalling £2,496 plus VAT and disbursements of £50, the Joint Administrators' have also incurred legal fees with Eversheds LLP totalling £3,575 and disbursements of £18, it is anticipated that additional costs of £5,000 and disbursements of £200 will be incurred.

In addition Eddisons Commercial Limited have incurred fees and disbursements in respect of valuation advice, costs will be calculated as a percentage of the asset selling price.

10.5 Split of Works

To avoid duplication the respective Joint Administrators' and their firms have agreed to split the works required in this Administration. The split of works were based on the expertise and level of resources available at Rushtons Insolvency Limited and Begbies Traynor with a view to achieving the best outcome for the Company's Creditors.

10.5.1 **Administration**

This represents the work that is involved in the routine administrative functions of the case by the Office Holders' and their staff, together with the control and supervision of the work done on the case by the Office Holders'. It does not give direct financial benefit to the Creditors', but has to be undertaken by the Office Holders' to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that Office Holders' must follow.

10.5.2 **Investigations**

The Insolvency Legislation gives the Office Holders' powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure and also in respect of matters such as misfeasance and wrongful trading. The Office Holders' are required by the Statements of Insolvency Practice to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of Creditors' and the time costs recorded represent the cost of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified, then the Office Holders' will need to incur additional time costs to investigate them in detail and bring recovery actions where necessary and further information will be provided to Creditors' and approval for an increase in fees will be made as necessary. Such recovery actions will be for the benefit of the Creditors' and the Office Holders' will provide an estimate of that benefit if an increase is necessary.

As previously mentioned the Office Holders' are also required by legislation to report to the Insolvency Service on the conduct of the Directors' and the work to enable them to comply with this statutory obligation is of no direct benefit to the Creditors', although it may identify potential recovery actions.

10.5.3 **Realisation of Assets**

This is the work that needs to be undertaken to protect and then realise the known assets in the case. Our comments as regards assets realisations are detailed above.

10.5.4 **Trading**

No Post-Appointment trading has been undertaken.

10.6 **Creditors'**

10.6.1 **Employees**

The Company had 18 employees who were dismissed upon the Appointment of the Joint Administrators'. Time costs have and are anticipated to be incurred in assisting employees with their records and information to submit their claims to the Redundancy Payments Office. Further time costs and work shall be necessary liaising and agreeing with the Redundancy Payments Office claims and identifying the preferential and non-preferential elements of these claims.

10.6.2 **Claims of Creditors'**

The Office Holders' need maintain up to date records of the names and addresses of Creditors', together with the amounts of their claims as part of the management of the case and to ensure that notices and reports can be issued to the Creditors'. The Office Holders' will also have to deal with correspondence and queries received from Creditors' regarding their claims and dividend prospects as they are received. The Office Holders' are required to undertake this work as part of their statutory functions.

10.6.3 Dividends

The Office Holders' have to undertake certain statutory formalities in order to enable them to pay a dividend to Creditors'. In this case, it is anticipated that a dividend will be paid to Unsecured Creditors via the prescribed part and as such claims will need to be agreed for dividend purposes. It is the Office Holders' policies not to incur the cost of agreeing Creditor claims if no dividend is expected to be paid to any class of Creditors'. As such, whilst the claims of Unsecured Creditors' will be recorded for information purposes at present, such claims will not formally be agreed, unless requested to do so by individual Creditors', e.g. for credit insurance purposes. Valid claims will be agreed for dividend purposes once sufficient funds are available from the realisation of assets to make a dividend payment.

10.6.4 Opting Out Procedure

We would also inform you that as a Creditor, under Rule 1.39 of the Insolvency (England and Wales) Rules 2016, you have the right to elect to opt out of receiving further documents relating to these proceedings. (I attach herewith at Appendix 9, a Notice to "Opt Out" from receiving documents).

The above Statement does not apply to documents we are required by law to provide you with, that is; a notice relating to a change of office holders, or Office Holders' contact details, i.e. a notice of a dividend or proposed dividend, or a notice which the Court orders to be sent to all Creditors', or all Creditors' of a particular category to which you may belong.

You should note the following regarding opting out:-

Opting-out will not affect a Creditor's entitlement to receive dividends should any be paid to Creditors', unless the Rules provide to the contrary, opting-out will not affect any right a Creditor may have to vote in a decision procedure, or to participate in a deemed consent procedure in the proceedings, although you will not receive notice of it. A Creditor who opts out will be treated as having opted out, in respect of any consecutive Insolvency Proceedings of a different kind, in respect of the same Company.

We set out below for your convenience, an extract of Rule 1.38 of The Insolvency (England and Wales) Rules 2016, which details the procedure to follow, should you wish to opt out.

Creditors election to opt out

1.38

- 1) A Creditor may at any time elect to be an opted-out Creditor.
- 2) The Creditor's election to opt out must be by a notice in writing authenticated and dated by the Creditor.
- 3) The Creditor must deliver the notice to the officer-holders.
- 4) A Creditor becomes an opted-out Creditor when the notice is delivered to the office-holder.
- 5) An opted-out Creditor:-
 - a) will remain an opted-out Creditor for the duration of the proceedings, unless the opt out is revoked and
 - b) is deemed to be an opted-out Creditor in respect of any consecutive Insolvency Proceedings under Parts 1 to 11 of the Act of a different kind relating to the same Company.

- 6) The Creditor may at any time revoke the election to opt out by a further notice in writing, authenticated and dated by the Creditor and delivered to the office-holder.
- 7) The Creditor ceases to be an opted-out Creditor from the date the notice is received by the office-holder.

11. ADMINISTRATORS' INVESTIGATION

- 11.1 We have duty to consider the conduct of those who have been Directors' of the Company at any time in the three years preceding the Administration. We are also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. We should be pleased to receive from you any information you have that you consider will assist us in this duty. I would stress that this request for information forms part of our normal investigation procedure and implies no criticism of the Directors'.

12. EC REGULATION ON INSOLVENCY PROCEEDINGS

- 12.1 We consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. We also consider that they are "main" proceedings since the Company's registered office and its trading address are located within the United Kingdom.

13. APPROVAL OF PROPOSALS

As explained above, in the absence of a Creditors' Committee the matters described in this Proposal are to be decided by the Secured and Preferential Creditors. Therefore, this information is provided to other Creditors' for information purposes only, however, Creditors' whose debts amount to at least 10% of the total debts of the Company may request that a decision is sought from the Unsecured Creditors as to whether to approve our proposals via a qualifying decision procedure. Any such request must be delivered to the offices of Rushtons Insolvency Limited in writing within eight business days of receiving this report. If no such request are received, our proposals are deemed to have been approved by the Creditors'.

Where the proposals are deemed to have been approved, we will write to you to confirm the same.

14. FURTHER INFORMATION

- 16.1 If Creditors' have any queries regarding these proposals or the conduct of the Administration in general, or if they want hard copies of any of the documents made available online, they should contact Ivan McKenzie of Rushtons Insolvency Limited in the first instance, who can be contacted on the details at the head of this letter.



Raymond Stuart Claughton
Joint Administrator

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors and Statement of Proposals

APPENDIX 1 – STATEMENT OF FINANCIAL POSITIONS

THE INSOLVENCY ACT 1986
DESIGNER YARNS LIMITED
ESTIMATED STATEMENT OF FINANCIAL POSITION AT 14TH DECEMBER 2017

| | Book Value | Estimated to Realise |
|--|------------|----------------------|
| Assets | | |
| Assets subject to Fixed Charge | | |
| Goodwill & Intellectual Property | 5,000 | 5,000 |
| Fixed Charge Holder | | |
| HSBC Bank | | 1,205,672 |
| | | <hr/> |
| Shortfall | | 1,200,672 |
| Assets subject to Floating Charge | | |
| Debtors | 947,000 | 176,000 |
| Less: Costs | | 8,800 |
| | | <hr/> |
| | | 167,200 |
| Stock | 1,700,000 | 65,000 |
| Office & Warehouse Equipment | - | 2,300 |
| Intercompany Loans | 19,000 | - |
| | | <hr/> |
| Estimated Total Assets available for Preferential Creditors | | 234,500 |
| Liabilities | | |
| Preferential Creditors | | |
| Employees Wages & Holiday Pay | | 18,000 |
| | | <hr/> |
| Estimated Surplus regards Preferential Creditors | | 216,500 |
| Estimated Prescribed Part of Net Property (to carry forward) | | (46,300) |
| Debts Secured by a Floating Charge | | |
| HSBC Bank Shortfall brought forward | | 1,200,672 |
| | | <hr/> |
| Shortfall to HSBC Bank | | (1,030,472) |
| Estimated prescribed part of net property to Non-Preferential Creditors (brought down) | | 46,300 |
| Non-Preferential Claims | | (880,117) |
| | | <hr/> |
| Estimate Deficiency as regards Creditors | | (833,817) |
| Issued Share Capital | | (905) |
| Estimated Total Deficiency | | <hr/> |
| | | (834,722) |

Notes

1. The book debts are subject to a collection fee BTG Advisory based at 5% on gross realisations.
2. The claims of the Deposit for Business Energy and Industrial Strategy represents employees estimated claims under the Employment Rights Act 1996.
3. Section 176 A/2 of The Insolvency Act 1986 requires Administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts (see Section 6.3, Prescribed Part).

DESIGNER YARNS LIMITED

ESTIMATED EXPENSES

| | |
|--|----------|
| Administration Fee | 15,000 |
| Legal Costs (Pre) | 2,996 |
| Agents Fees (Pre-Valuation) | 1,000 |
| Administrator's Fees (Post) | 100,000 |
| Legal Costs (Post) | 10,000 |
| Agent's Fees (assets – 10% of selling price) | 7,230 |
| Property Holding Costs | 12,000 |
| Insurance | 1,000 |
| Bond | 500 |
| General Expenditure | 1,000 |
| | <hr/> |
| Total Costs | £150,726 |
| | <hr/> |

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors and Statement of Proposals

1st February 2018

APPENDIX 2 – LIST OF CREDITORS

APPENDIX 2

DESIGNER YARNS LIMITED - LIST OF CREDITORS & DEBT OWED

| | £ |
|---|---------|
| 1. Aceville Publications Limited, 21-23 Phoenix Court, Hawkins Road, Colchester, Essex, CO2 8JY | 1 |
| 2. Advanced Solutions Yorkshire Ltd, Cullingworth Mills, Cullingworth, Bradford, West Yorkshire, BD13 5AB | 1 |
| 3. Advanced Business Equipment, Tavistock House, 5 Rockingham Road, Uxbridge, Middlesex UB8 2UB | 1 |
| 4. Ancar B Technologies, Victoria Spring Business Park, Wakefield Road, Liversedge, West Yorkshire, WF15 6BE | 1 |
| 5. Global Logistics Limited, Unit 5, Argent Court, Sylvan Way, Southfields Business Park, Basildon, Essex, SS15 6TH | 1,273 |
| 6. Audi Financial Services, Brunswick Court, Yeomans Drive, Blakelands, Milton Keynes MK14 5LR | 1 |
| 7. Avia S.r.l, Via Pollone 64, 13900 Biella, Italy | 1 |
| 8. BT, Correspondence Row, Durham, BH98 1BT | 1 |
| 9. Bradford Metropolitan District Council, Business Rates, PO Box 1248, Bradford, BD1 9YU | 10,350 |
| 10. Brittany Needles, 42755 Bolander Drive, Menocino, CA 95460, USA | 2,139 |
| 11. Cargo Nord, Filiale Di Biella, Via Papa Giovanni XXIII, 13882 Cerrione, Italy | 1 |
| 12. Carmel King Photography, 31 St. Mary Road, London, E17 9RF | 1 |
| 13. Charles Kendal Freight Limited, Spur Road, Feltham, Middlesex, TW14 0SL | 1 |
| 14. Close Brothers Premium Finance, Wimbledon Bridge House, 1 Hartfield Road, London, SW19 3RU | 1 |
| 15. Debbie Bliss, 9 Folkstone Road, Walthamstowe, London, E17 9SD | 15,340 |
| 16. DHL International (UK) Limited, PO Box 192, Feltham, Middlesex, TW14 0YB | 1 |
| 17. Donegal Yarns Limited, Dun Mac Snaith Teoranta, Kilcar, County Donegal Ireland | 75,029 |
| 18. DPD, 15 th Floor, Castlemead, Lower Castle Street, Bristol, BS1 3AG | 12,831 |
| 19) Eisaku Noro & Co Limited, 55 Shimoda Ohibono Azai-Cho, Ichinomiya-City Aichi 491-0105 Japan | 22,503 |
| 20) Emmepieffe Srl, C/o Euler Hermes UK, 1 Canada Square, London, E14 5DX | 48,769 |
| 21) Filatura Cervinia, C/o Euler Hermes UK, 1 Canada Square, London, E14 5DX | 146,222 |
| 22) Filatura Petinata VVG, 13871 Benna (Biella), Via Gianasso 11, Italy | 1 |
| 23) Filpucci SPA, C/o Coface, Egale 1, 80 St. Albans Road, Watford, WD17 1RP | 13,964 |

| | |
|---|---------|
| 24) Ford Lease, Oakwood Drive, Emersons Green, Bristol, BS16 7LB | 1 |
| 25) Fuelcard Services, Kingsway House, Kingsway, Burnley, BB11 1BJ | 612 |
| 26) Global Payments, 5 De Montfort Street, Leicester, LE1 7BB | 1 |
| 27) Grove Print & Packaging Limited, Unit 1 Old Engine Room, Sunny Bank Mills 83-85 Town Street, Farsley, Pudsey, West Yorkshire, LS28 5UJ | 2,631 |
| 28) Guild of Master Craftsmen Publ, 166 High Street, Lewes, East Sussex, BN7 1XU | 1,920 |
| 29) H Charlesworth & Co Ltd (Charlesworth Press), Flanshaw Way, Flanshaw Lane Wakefield, WF2 9LP | 3,000 |
| 30) Penny Hill, 19 Horsehoe Road, Pangbourne, Reading, RG8 7JQ | 2,750 |
| 31) HM Revenue & Customs, CT Operations Lincoln, CT Operations S0838, PO Box 29997 Glasgow, G70 5AB | 1 |
| 32) HM Revenue & Customs, Corporate Treasury Operations 2, Central Deferment Office 8 th Floor Central, Alexander House, 21 Victoria Avenue, Southend on Sea, Essex SS99 1AA | 1 |
| 33) HM Revenue & Customs, Debt Management, Enforcement & Insolvency Service Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE | 176,075 |
| 34) Investec Asset Finance C/o Baker Tilly, Creditor Services, Salisbury House, 31 Finsbury Circus, London, EC2M 5SQ | 7,765 |
| 35) Inca Tops S.A.A., Av. Miguel Forga No 348, Parque Industrial, Arequipa, Peru | 58,616 |
| 36) Industria Filati Buzau S.r.l, Bulevardul Stadionului 122, Buzau 120178, Romania | 1 |
| 37) Kerry Logistics Limited, Unit 3 Axis Court, Nepshaw Lane South, Morley, Leeds LS27 7UY | 1 |
| 38) Kite Packaging, 186 Torrington Avenue, Tile Hill, Coventry, CV4 9AJ | 1 |
| 39) Knitting Fever Inc, 315 Bayview Avenue, Amityville, New York 11701, USA | 28,915 |
| 40) Laxtons Limited, Unit 6 Sapper Jordan Rossi Park, Otley Road, Baildon, West Yorkshire, BD17 7AX | 9,018 |
| 41) Lane Mondial S.P.A., Via G, Di Vittorio 4, 25125 Brescia (BS), 25125 | 49,584 |
| 42) Land Rover Contract Hire, Heathside Park, Heathside Park Road, Stockport Cheshire, SK3 0RB | 1 |
| 43) Michell Y Cia S.A., Juan de la Torre No 101, Casilla Postal 57, Arequipa, Peru | 107,870 |
| 44) Neon Freight Limited, 2 The Old Shippon, Sandlow Green Far, Holmes Chapel Road, Holmes Chapel, Cheshire, CW4 8AS | 4,161 |
| 45) Network, 165 Bath Road, Slough, Berkshire, SL1 4AA | 1 |
| 46) Newbridge Limited, 100 Cavendish Street, Keighley, West Yorkshire, BD21 3DE | 30,000 |

| | |
|--|---------|
| 47) Pan-European Asset Company, Block 2, Blackrock Business Park, Carysfort Avenue Blackrock, Co. Dublin, Ireland | 7,986 |
| 48) Parcel Force Worldwide, Credit Management Centre, Stone Hill Road, Farnworth Bolton, BL4 9XX | 1,317 |
| 49) Parkingeye Limited, PO Box 565, Chorley, PR6 6HT | 100.00 |
| 50) Premier Paper Group Ltd, Midpoint Park, Kingsbury Road, Minworth, Birmingham B76 1AF | 1,005 |
| 51) Miss. Rita Platts, Rita Platts Photography, 63 Lea Hall Road, Leyton, E10 7AR | 1,827 |
| 52) Penguin Random House UK, 20 Vauxhall Bridge Road, London, SW1V 2SA | 1 |
| 53) Rhenus Logistics Limited, Liverpool Road, Eccles, Manchester, M30 7RF | 1 |
| 54) Royal Mail, Credit Management Centre, Stone Hill Road, Farnworth. Bolton, BL4 9XX | 2,125 |
| 55) Sage (UK) Limited, North Park, Newcastle upon Tyne, NE13 9AA | 1 |
| 56) Sestosenso SRL, C/o Euler Hermes UK, 1 Canada Square, London, E14 5DX | 29,776 |
| 57) Shire Leasing plc, 1 Calico Business Park, Sandy Way, Tamworth, B77 4BF | 1 |
| 58) Rosy Tucker, Garden Flat, 22 Norfolk Square, Brighton, BN1 2PD | 2,020 |
| 59) Ulusoy Tekstil San.ve Tic Ltd, H. Sabanci Organize, Sanayi Bolgesi, Ataturk Bul.No6 Misis/Adana Turkey | 1 |
| 60) UPS Limited, St. David's Way, Bermuda Park, Nuneaton, Warwickshire, CV10 7SD | 539 |
| 61) Rosee Woodland, 60 Stanley Hill, Totterdown, Bristol, BS4 3BA | 225 |
| 62) True Commerce (Manchester) Limited, Atlas Suite, Greenbank House, Swan Lane, Hindley Green, Wigan, WN2 4AR | 1,833 |
| | <hr/> |
| | 880,117 |
| | <hr/> |

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors and Statement of Proposals

1st February 2018

APPENDIX 3 – ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

THE INSOLVENCY ACT 1986

DESIGNER YARNS LIMITED

IN ADMINISTRATION

ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

FOR THE PERIOD 14TH DECEMBER 2017 TO 1ST FEBRUARY 2018

Estimated to produce
Per
Statement of Affairs

ASSETS

Period from
14/12/17 to 01/02/18

Accumulated

2,300

Office Equipment

-

-

65,000

Stock

8,676

8,676

176,000

Book Debts

34,283

34,283

 42,959

 42,959
COST OF REALISATIONS

Nil

Cash in Hand:

Monies held in Client Account

 42,959

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors and Statement of Proposals

1st February 2018

APPENDIX 4 – RUSHTONS INSOLVENCY LIMITED – FEES AND EXPENSES

- BEGBIES TRAYNOR (CENTRAL) LLP – FEES & EXPENSES

DESIGNER YARNS LIMITED

Administrators' Report to Creditors and Statement of Proposals

1st February 2018

RUSHTONS INSOLVENCY LIMITED'S FEE AND EXPENSES FOR ADMINISTRATORS

1. TIME COST AND CHARGE-OUT RATES

| Grade of Staff | (£ per hour) |
|----------------------------------|---------------------|
| Insolvency Practitioner/Director | 200-280 |
| Senior Manager | 180 |
| Support Staff | 100 |

All charge-out rates are subject to periodic review. Any material amendments to charge-out rates shall be advised to Creditors' (or the Creditors' Committee, if appropriate) in any subsequent statutory report. Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried out as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff. Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

The anticipated work involved in this assignment will mainly relate to the following:-

Administration and Planning

Administration and planning – This represents the work that is involved in the routine administrative functions of the case by the Office Holders' and their staff, together with the control and supervision of the work done on the case by the Office Holders'. It does not give direct financial benefit to the Creditors', but has to be undertaken by the Office Holders' to meet requirements under insolvency and company legislation and regulation. Tasks under this heading will include inter alia and although have no direct benefit to Creditors' must be undertaken as part of my statutory obligations.

- Case planning
- Administrative set up
- Maintenance of records
- Opening, maintaining and managing the Estate accounts
- Post appointment VAT compliance
- Post appointment Corporation Tax compliance
- Securing and scheduling Company's books and records
- Undertaking case progression reviews (typically at the end of months 1, 2 and 3 and then every six months thereafter) and general management of case
- Routine correspondence and e-mails

Investigation

The insolvency legislation gives the Office Holders' power to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure (and also in respect of matters such as misfeasance and wrongful trading). The Office Holders' are required by *Statements of Insolvency Practice* and the *Company Directors' Disqualification Act 1986* to undertake an initial investigation in all cases to determine whether there are potential recovery actions for the benefit of Creditors'. If potential recoveries or matters for further investigation are identified, then the Office Holders' will need to investigate them in detail and bring recovery actions where necessary.

Such recovery actions will be for the benefit of the Creditors'. The Office Holders' are also required by legislation to report to the Insolvency Service on the conduct of the Directors' and the work to enable them to comply with his statutory obligations is of no direct benefit to the Creditors, although it may identify potential recovery actions. Tasks under this heading will include inter alia.

- Recovering the books and records and reviewing the same
- Review and compliance with Statement of Insolvency Practice 2 (SIP 2)
- Sending out questionnaires to Director(s) and reviewing the same once completed
- Review and identify potential asset recoveries by seeking and obtaining information from relevant third parties, such as Banks, Accountants, Solicitors, Shareholders and Creditors
- Taking actions to recover if any potential assets are identified
- Compiling and filing a report to the Insolvency Service in accordance with the Company Directors' Disqualification Act 1986 ("CDDA")

Realisation of Assets

This is the work that needs to be undertaken to realise the known assets in the case. If this work is undertaken, the Office Holders' anticipates that the assets will realise the estimated to realise amounts provided to Creditors'. Such realisations will be for the benefit of the Creditors'. Tasks under this heading will include inter alia and will directly affect the realisations available for Creditors'.

- Review statement of affairs, accounts and books and records, together with communications with Directors and other third parties to identify the assets of the Company
- Liaising with Agents to realise assets and valuations as detailed in the attached report
- Review the pre-packaged sale and valuation achieved

Creditors

Claims of Creditors' – the office holder needs to maintain up to date records of the names and addresses of Creditors', together with the amounts of their claims as part of the management of the case and to ensure that notices and reports can be issued to the Creditors'. The Office Holders' will also have to deal with correspondence and queries received from Creditors' regarding their claims and dividend prospects as they are received.

The Office Holders' are required to undertake this work as part of his statutory functions, identifying true and accurate Creditor claims, will have a direct impact on any potential return to Creditors'.

Tasks under this heading will include inter alia

- Communication with Creditors' by email, post or telephone
- Processing Creditors' claims and maintaining up to date Creditor information (including employees and any Preferential Creditors')
- Requesting additional information from Creditors' in support of their proof of debt
- Dealing with pre-appointment taxation issues relating to VAT, PAYE/NL, CIS and Corporation Tax
- Liaising with the former Directors, Accountant and Solicitors to validate contested claims and independently reviewing the same

Statutory Matters

The Office Holders' are obliged to follow various statutory and regulatory obligations. It does not give direct financial benefit to the Creditors', but has to be undertaken by the Office Holders' to meet their requirements under Insolvency and Companies Act, Legislation and the Statements of Insolvency Practice, which set out required practice that Office Holders' must follow. Tasks under this heading will include inter alia.

- Notifying Creditors' of the Office Holders' appointment and filing statutory appointment documents at Companies House
- Arranging statutory advertising in London Gazette
- Notifications to HM Revenue & Customs re-appointment and submission of VAT 769
- Obtaining a specific penalty bond and quarterly reviews
- Preparation of submission of a SIP 16 Report
- Preparation of Proposals to be put to Creditors'
- Filing statutory documents at Companies House following approval or rejection of Proposals
- Establishing and holding periodic meetings of Creditors' Committee and associated filing formalities (if a Committee is formed)
- Submission of interim and final draft progress reports to Members and Creditors'
- Submission of progress report and return to Companies House
- Submission of final return to Companies House
- Preparation and submission of periodical Receipts and Payment Accounts

EXPENSES AND DISBURSEMENTS COSTS

Where the Insolvency Practitioner in the firm acts as Office Holders' of an insolvent estate, the firm will seek to re-charge these costs (plus VAT where applicable). In such cases to comply with Statement of Insolvency Practice 9 (SIP 9), the standard disbursement cost and expense re-charge calculations will be based upon the firm's standard policy which is as follows:-

Category 1 Disbursements

These costs will include, among other:-

| | |
|-----------------------------|---|
| Statutory Advertising | As per advertisers/agents invoice currently £84.60 per advert |
| Statutory Bonding | Charged at cost – see below |
| Postal Redirection | Charged at cost – see below |
| Courier | Charged at cost – see below |
| Postage | First class postal charges based on the weight of the circular |
| Storage | Pro rata per number of boxes per storage charge invoice. An external storage provider provides this facility to the firm. Current charges are £2.50 for the box and £4.08 per box per annum for the storage |
| Room Hire | No charge is made for meeting within the firm's Office |
| Land Registry Searches | As per Land Registry invoice |
| Companies House Search | As per Companies House invoice |
| Travel | Charged at costs for public transport, taxis and car parking |
| Legal Costs | As per agreed rates – see below |
| Valuer's Fee | Valuation and Asset realisation fee as per agreed rates – see below |
| Book Debt Collection Agents | As per agreed rates – see below |

Category 2 Disbursements

This relates to expenditure which may be directly related to the insolvent estate, or where the costs is apportioned or allocated over a number of such cases and estimates are used in the calculation. Such disbursements require Creditors' approval.

| | |
|-------------------|--|
| Photocopier/Paper | £0.15 per sheet – irrespective of size. Based on average costs of machine consumables (toner cartridges, maintenance etc) and paper. |
| Travel | 45p per mile which is the cost re-imbursed to Staff |

All the above costs are subject to periodic review. Any material amendments to costs shall be advised to Creditors' (or the Creditors' Committee, if appropriate) in subsequent statutory reports.

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 physical meetings of creditors is charged at the rate of £100 (London £150) per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where

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

² Ibid 1

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):

Eddisons Commercial Limited are instructed to provide risk management services, in particular the management of insurance compliance works for vacant properties. Their charges for providing these services will be calculated on an individual basis.

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows:

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

Instruction of Eddisons Insurance Services Limited ("EIS") 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 subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the 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.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

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

- Telephone and facsimile
- Printing and photocopying
- Stationery

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

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

BEGBIES TRAYNOR CHARGE-OUT RATES

The rates applying to this case are subject to HSBC Bank plc panel rates as at the date of this report which are as follows:

| Grade of staff | Charge-out rate (£ per hour) |
|-----------------------|-------------------------------------|
| Partner | 260 |
| Director | 260 |
| Senior Manager | 190 |
| Manager | 190 |
| Assistant Manager | 190 |
| Senior Administrator | 130 |
| Administrator | 130 |
| Trainee Administrator | 85 |
| Support | 85 |

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.

The office holder may use the services of BTG Forensic during the course of the case. BTG Forensic is a specialist department of the office holder's firm which provides forensic accounting services. Their charge out rates are also subject to HSBC Bank plc panel rates and are as follows:

| Grade of staff | Charge-out rate (£ per hour) |
|-----------------------|-------------------------------------|
| Partner | 260 |
| Senior Manager | 190 |
| Forensics Senior | 130 |

Rushtons Insolvency Limited

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors and Statement of Proposals

1st February 2018

APPENDICES 5-6 TIME AND CHARGE OUT SUMMARIES

For Rushtons Insolvency limited

And

Begbies Traynor (Central) LLP

Pre-Administration Time Costs Summary

Designer Yarns Limited

Rushtons Insolvency Limited & Begbies Traynor (Central) LLP

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

1.2 Time Costs Information

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

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

1.3 Overview of work undertaken prior to appointment

Prior to appointment, the proposed Administrators' held initial meetings with the Directors' to establish the position of the Company and discuss the best way forward. From this point, significant work was undertaken to prepare the Company for Administration and protect the value of the assets.

1.4 Complexity of work undertaken prior to appointment

The proposed Administrators' believe that the work was of a reasonable complex nature, which had to be undertaken in a very short space of time.

1.5 The proposed Administrators' effectiveness

The proposed Administrators' were introduced to the Company at a time when it was already in significant financial distress. Our work has been effective as we have been able to work closely with the Directors' of the Company to assist in the process whilst attending meetings with the Directors' and interest parties at the leasehold property.

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

The Administrators' are seeking a resolution in relation to their pre-administration costs as follows:-

That the unpaid Pre-Administration costs detailed in the Joint Administrators' Statement of Proposals for achieving the purpose of Administration, be approved for payment.

Rushtons Insolvency Limited's costs listed at £16,496 be capped at £10,000.

Begbies Traynor (Central) LLP listed at £5,155 be capped at £5,115.

- 1.7 Expenses and disbursements incurred in the period prior to appointment of both Rushtons Insolvency limited and Begbies Traynor (Central) LLP are of nominal value and have therefore been written off.
- 1.8 The proposed Joint Administrators' instructed Irwin Mitchell Solicitors to assist the Directors with the necessary paperwork to place the company into Administration and file the documents in Court. Irwin Mitchell will be paid on a time costs basis.

Both Rushtons Insolvency Limited and Begbies Traynor (Central) LLP have attached their policies for charging fees and expenses by the Office Holders' at Appendix 4.

APPENDIX 5

CASE NAME: DESIGNER YARNS LIMITED

TIME AND CHARGE OUT SUMMARY – PRE-APPOINTMENT – UP TO 14TH DECEMBER 2017

| Classification of Work | Director | Manager | Administrator and Support Staff | Total Hours | Time Cost £ | Average Hourly Rate £ |
|-------------------------------|-----------------|----------------|--|--------------------|------------------------|----------------------------------|
| Administration and planning | 81.36 11.5 | 11.4 | | 81.36 22.9 | 16,496.00 5,155.00 | 202.16 225.11 |
| Realisation of assets | | | | | | |
| Trading | | | | | | |
| Investigations | | | | | | |
| Creditors | | | | | | |
| Reporting to Creditors | | | | | | |
| Unanalysed Time | | | | | | |
| Total Hours | 81.36 11.5 | 11.4 | | 81.36 22.9 | 16,496.00 5,155.00 | 202.16 225.11 |

Rushtons Insolvency Limited hourly charge our rates with effect from 6th April 2014 are as follows:-

Director £200-£280 Manager £180 Support Staff £100

Begbies Traynor (Central) LLP hourly charge out rates are as follows:-

Director £260 Senior Manager £190 Manager £190 Assistant Manager £190 Senior Administrator £130

Administrator £130 Trainee Administrator £85 Support £85

APPENDIX 6

CASE NAME: DESIGNER YARNS LIMITED – IN ADMINISTRATION

TIME AND CHARGE OUT SUMMARY FOR THE PERIOD FROM 14TH DECEMBER 2017 TO 1ST

| Classification of Work | Director | Manager | Administrator and Support Staff | Total Hours | Time Cost £ | Average Hourly Rate £ |
|-------------------------------|-----------------|----------------|--|--------------------|------------------------|----------------------------------|
| Administration and planning | 5.48 | 2.30 | 2.30 | 10.48 | 1,860.00 | 172.22 |
| Realisation of assets | 16.30 | | | 16.30 | 3,300.00 | 200.00 |
| Trading | | | | | | |
| Investigations | | | | | | |
| Creditors | 24.24 | 32.30 | 3.00 | 59.54 | 11,030.00 | 184.14 |
| Reports | 0.42 | | | 0.42 | 140.00 | 200.00 |
| Unanalysed Time | | | | | | |
| Total Hours | 47.24 | 35.00 | 5.30 | 87.54 | 16,330.00 | 185.79 |

FEBRUARY 2018

I am required to provide a breakdown of my time costs by activity and grade of staff under guidelines as a result of revision of Statement of Insolvency Practice 9.

Rushtons Insolvency Limited hourly charge out rates with effect from 6th April 2014 are as follows:-

Director £200-280 Manager £180 Support Staff £100

IP9 Designer Yarns Limited - Administration - 80DE325-ADM1 - Time Costs Analysis From 14/12/2017 To 01/02/2018

| Ref | Grade | Consultant/Partner | Director | Senr Mgr | Mgr | Asst Mgr | Senr Admin | Admin | Jr Admin | Support | Total Hours | Time Cost £ | Average Hourly Rate £ |
|---|--|--------------------|----------|----------|-----------|----------|------------|-------|----------|---------|-------------|-------------|-----------------------|
| General Case Administration and Planning | Case planning | 3.5 | 0.6 | | | | | | | | 4.4 | 1,123.00 | 255.23 |
| | Administration | | | | 0.3 | | | | 2.5 | 0.1 | 2.9 | 278.00 | 95.86 |
| | Total for General Case Administration and Planning: | 3.5 | 0.6 | | 0.3 | | | | 2.5 | 0.1 | 7.3 | 1,401.00 | 191.92 |
| | Appointment | | | | | | | | 9.8 | | 13.3 | 1,488.00 | 112.63 |
| | Bailing and Bonding | 0.5 | | | 3.5 | | | | | | 4.3 | 453.00 | 105.35 |
| | Case Closure | | | | | | | | | | | | 0.00 |
| | Statutory reporting and statements of affairs | | | | 2.1 | | | | 1.0 | | 3.1 | 484.00 | 156.13 |
| | Total for Compliance with the Insolvency Act, Rules and best practice: | 0.5 | | | 5.6 | | | | 10.3 | 2.8 | 28.7 | 2,438.00 | 117.83 |
| | GDPA and Investigations | | | | 1.0 | | | | 3.3 | | 4.3 | 470.50 | 109.42 |
| | Total for Investigations: | | | | 1.0 | | | | 3.3 | | 4.3 | 470.50 | 109.42 |
| Realisation of assets | Debt collection | | | | 5.7 | | | | 5.6 | | 11.3 | 1,559.00 | 137.95 |
| | Property, business and asset sales | | 12.5 | | 11.9 | | | | | | 24.4 | 5,511.00 | 225.86 |
| | Retention of Third/Third party assets | | | | 1.8 | | | | | | 1.8 | 342.00 | 190.00 |
| | Total for Realisation of assets: | | 12.5 | | 18.4 | | | | 5.6 | | 37.5 | 7,412.00 | 497.86 |
| | Trading | | | | | | | | | | | | 0.00 |
| | Total for Trading: | | | | | | | | | | | | 0.00 |
| | Secured | | 2.1 | | 28.1 | | 0.5 | | 14.4 | | 43.1 | 6,794.00 | 157.63 |
| | Others | | | | | | | | 2.0 | | 2.0 | 170.00 | 85.00 |
| | Creditors committee | | | | | | | | | | | | 0.00 |
| | Total for Dealing with all creditors claims (excluding employees), correspondence and distributions: | | 2.1 | | 28.1 | | 0.5 | | 16.4 | | 46.1 | 6,964.00 | 154.41 |
| For matters which includes employees, remuneration, pension, relations and travel | Seeking decisions of creditors including meetings | | | | | | | | | | | | 0.00 |
| | Other | | | | | | | | | | | | 0.00 |
| | Tax | | | | 0.2 | | | | | | 0.2 | 30.00 | 150.00 |
| | Litigation | | | | | | | | | | | | 0.00 |
| | Total for Other matters: | | | | 0.2 | | | | | | 0.2 | 30.00 | 150.00 |
| | Total hours by staff grade: | 4.0 | 15.2 | | 52.8 | | 0.5 | | 38.8 | 3.8 | 115.1 | | |
| | Total time cost by staff grade: | 1,040.00 | 3,952.00 | | 10,051.00 | | 65.00 | | 3,281.00 | 331.80 | | 18,720.50 | |
| | Average hourly rate £: | 260.00 | 250.00 | 0.00 | 190.00 | 0.00 | 130.00 | 0.00 | 85.00 | 85.00 | | | 162.85 |
| | Total fees drawn to date £: | | | | | | | | | | | 0.00 | |

Designer Yarns Limited

Rushtons Insolvency Limited & Begbies Traynor (Central) LLP

Whilst the split of work between the Administrators' presents duplication of the tasks involved, the explanation of the work is the same for both firms.

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

The Joint Administrators' have assisted the 18 employees of the Company in making claims to the Redundancy Payments Service and collating information in support of the same.

We have also been liaising with Unsecured Creditors' to explain the Administration process following a number of queries immediately after our appointment, this has involved individual contact with all employees.

Time has been incurred travelling to and from the premises in order to attend numerous meetings on site with interest parties, the agents and the former Directors'. It was also necessary to liaise with the Directors' in order to ascertain their intentions.

Time Costs Analysis

An analysis of time costs for both Rushtons Insolvency Limited and Begbies Traynor (Central) LLP is attached showing the time spent by each grade of staff on the different types of work involved in the case and giving the total costs and average hourly rate charged for each work type.

Please note that the analysis provides details of the work undertaken by both Administrators' and their staff following appointment only.

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

General case administration and planning

As the Administration progresses, updates will be needed dependent upon the outcome of the realisations and investigations. This will include meetings between members of staff from both Rushtons Insolvency Limited and Begbies Traynor to formulate the strategy moving forward and ensure that the targets are achieved. As detailed above, we are also required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. This will include compliance reviews, internal checklists updates and six monthly case reviews.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require that the Joint Administrators' produce interim progress reports on a six monthly basis to provide an update to the Creditors' on the progression made in the Administration.

Should the Administration require to be extended beyond its statutory term of 12 months, the Administrators' have a duty to seek an extension, firstly from the Creditors' and subsequently by order of the court, should a further extension be required.

Progress reports and other statutory documentation detailed above must also be filed with the Registrar of Companies under the provisions of the Insolvency Act. The joint Administrators' will also periodically monitor realisations and compare with the statutory bond level to ensure that sufficient cover is in place at all times in order to protect the interest of the Company's Creditors'.

In addition, a final progress report will be required to be produced when the Administration has reached its conclusion. This will provide Creditors' with an overview of the Administration as a whole, including all realisations, costs and subsequently, the final outcome for Creditors'.

Investigations

We are required to undertake a full review of potential claims which could be made and which may provide a recovery to the estate.

If our review identifies potential actions then these may be pursued. However, the current time estimates does not take account of any such action.

Realisation of Assets

Time will be incurred in liaising with BTG Advisory in respect of the book debt collections. Regular updates to the Bank on those recoveries.

In addition, it will be necessary to liaise with the purchaser of the fixtures, fittings and stock to ensure regular payment and compliance.

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

We will deal with Creditors queries during the entire duration of the Administration. Dealing with correspondence and providing further information on request is a timely manner.

We will also continue to work with the Redundancy Payments Service to process the claims of employees via the National Insurance Fund.

We will be required to prepare and submit various tax returns during the Administration period.

How much will this further work cost?

Both Rushtons Insolvency Limited and Begbies Traynor (Central) LLP have attached fee estimates for the work expected to be undertaken as part of the Administration process.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above, as well as expenses that we have already incurred, are set out in the estimate of anticipated expenses attached at Appendix 7.

R. S. CLAUGHTON LIQUIDATOR RE: DESIGNER YARNS LIMITED - IN ADMINISTRATION

Due to the complex and varying nature of insolvency cases Rule 18.16(2) of The Rules 2016 provide for a Administrators Remuneration to be charged on differing basis.

Combination of the above

The headings below provide a breakdown of the work and areas I and members of Rushtons Insolvency Limited will generally be working to.

[illegible]

Fee Estimate

SIP9 Designer Yarns Limited - In Administration

Estimated Time Costs Analysis

| Staff Grade | Partner | Director | Snr Mngr | Mngr | Asst Mngr | Snr Admin | Admin | Jnr Admin | Support | Total Hours | Time Cost £ | Average hourly rate £ |
|--|----------|-----------|----------|-----------|-----------|-----------|--------|-----------|---------|-------------|-------------|-----------------------|
| General Case Administration and Planning | 7.2 | 2.0 | | 3.5 | | | | | | 12.70 | 3,057.00 | 240.71 |
| Administration | | | | 1.5 | | | | 3.6 | | 5.10 | 591.00 | 115.88 |
| Total for General Case Administration and Planning: | 7.2 | 2.0 | 0.0 | 5.0 | 0.0 | 0.0 | 0.0 | 3.6 | 0.0 | 17.80 | 3,648.00 | 204.94 |
| Compliance with the Insolvency Act, Rules and best practice | | | | | | | | | | | | |
| Appointment | | | | 3.5 | | | | 9.5 | | 13.00 | 1,472.50 | 113.27 |
| Banking and Bonding | 1.5 | | | 2.0 | | | | 1.5 | 4.0 | 9.00 | 1,237.50 | 137.50 |
| Case Closure | 2.0 | 2.0 | | 5.0 | | | | 6.5 | 2.0 | 17.50 | 2,712.50 | 155.00 |
| Statutory reporting and statement of affairs | 1.5 | 3.0 | | 7.0 | | | | 5.0 | | 16.50 | 2,925.00 | 177.27 |
| Total for Compliance with the Insolvency Act, Rules and best practice: | 5.0 | 9.0 | 0.0 | 17.5 | 0.0 | 0.0 | 0.0 | 22.5 | 6.0 | 56.00 | 8,347.50 | 149.06 |
| Investigations | | | | | | | | | | | | |
| GDPA and Investigations Inc bank, accounts etc | 4.5 | 8.0 | | 20.0 | | 15.5 | | 18.0 | | 62.00 | 9,905.00 | 159.76 |
| Total for Investigations: | 4.5 | 8.0 | 0.0 | 20.0 | 0.0 | 15.5 | 0.0 | 18.0 | 0.0 | 62.00 | 9,905.00 | 159.76 |
| Realisation of assets | | | | | | | | | | | | |
| Debt collection Inc property, loan accounts, assets | 2.0 | 5.5 | | 13.0 | | | | 5.0 | | 25.50 | 4,845.00 | 190.00 |
| Property, business and asset sales | | 14.0 | | 15.5 | | | | | | 29.50 | 6,595.00 | 223.22 |
| Retention of Title/Third party assets | | | | 1.8 | | | | | | 1.80 | 342.00 | 190.00 |
| Total for Realisation of assets: | 2.0 | 19.5 | 0.0 | 30.3 | 0.0 | 0.0 | 0.0 | 5.0 | 0.0 | 66.80 | 11,772.00 | 207.28 |
| Trading | | | | | | | | | | | | |
| Total for Trading: | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | - | - |
| Dealing with all creditors claims (including employees), correspondence and distributions | | | | | | | | | | | | |
| Secured | 2.0 | 5.0 | | 45.0 | | 0.5 | | 20.0 | | 72.50 | 12,135.00 | 167.36 |
| Others | | 2.0 | | 8.0 | | | | 15.0 | | 25.00 | 3,315.00 | 132.60 |
| Creditors committee | | | | | | | | | | | | |
| Total for Dealing with all creditors claims (including employees), correspondence and distributions: | 2.0 | 7.0 | 0.0 | 53.0 | 0.0 | 0.5 | 0.0 | 35.0 | 0.0 | 97.50 | 15,450.00 | 168.46 |
| Other matters which includes meetings, tax, litigation, petitions and travel | | | | | | | | | | | | |
| Meetings | | 3.0 | | 3.0 | | | | | | 6.00 | 1,350.00 | 225.00 |
| Other | | | | | | | | | | | | |
| Tax | 0.5 | | | 1.0 | | | | 2.0 | | 3.50 | 480.00 | 140.00 |
| Litigation | | | | | | | | | | | | |
| Total for Other matters: | 0.5 | 3.0 | 0.0 | 4.0 | 0.0 | 0.0 | 0.0 | 2.0 | 0.0 | 9.50 | 1,840.00 | 193.66 |
| Total hours by staff grade: | 21.20 | 42.50 | - | 129.80 | - | 16.00 | - | 84.10 | 6.00 | 299.60 | - | - |
| Total time cost by staff grade: | 5,512.00 | 11,000.00 | - | 24,662.00 | - | 2,080.00 | - | 7,145.50 | 510.00 | - | 50,982.50 | - |
| Average hourly rate £: | 260.00 | 260.00 | 190.00 | 190.00 | 190.00 | 130.00 | 130.00 | 85.00 | 85.00 | - | - | 170.10 |
| Total fees drawn to date £: | | | | | | | | | | | | |

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors' and Statement of Proposals

1st February 2018

APPENDIX 8 – PROOF OF DEBT

Rule 14.4

DESIGNER YARNS LIMITED (the Company") Administration ("ADM")
Registered number: 04187433

ADMINISTRATION ("ADM")

RELEVANT DATE: 14TH DECEMBER 2017

PROOF OF DEBT FORM

Notes Name of creditor:

Address of creditor:

1 Identity of the company:

Phone Number (including STD Code):

2 Total amount of claim, including any Value-Added Tax as at the Relevant Date - see Note 2:

| | Y | N | If yes, please state the amount |
|--|--------------------------|--------------------------|---------------------------------|
| Does the claim include any outstanding uncapitalised interest? | <input type="checkbox"/> | <input type="checkbox"/> | £ |

Particulars of how and when the debt was incurred (If you need more space append a continuation sheet to this form):

If you hold any security in relation to the outstanding amount, such as a retention of title clause, or personal guarantee, please provide brief details as requested:

Type of security

Date security was obtained

Your estimate of the value of the security

Details of any reservation of title in relation to goods to which the debt relates:

| |
|--|
| |
| |
| |
| |
| |

Details of any documents by reference to which the debt can be substantiated:

Tick as required (this is not mandatory)

Please email all correspondence to:

Until further notice please opt me out of all future correspondence, except those explained in your initial letter to me.

Name of signatory in
CAPITALS

Position within
company

Date of completion
of form

Signature of creditor / person authorised on the creditor's
behalf

To be completed ONLY if you are a person authorised on the creditor's behalf

Name of authorised person:

Postal address of authorised person:

Authority given by:

Please ensure that you have completed all shaded boxes and signed where shown.

Votes

1. For a company incorporated in any part of the UK under the Companies Act state:

a. It's registered number

For a company incorporated outside the UK state:

a. the country or territory in which it is incorporated;

b. the number, if any, under which it is registered.

The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act

For an unregistered company state:

a. its name, and;

b. the postal address of any principal place of business.

2. State the total amount of your claim (including any value-added tax) as at the relevant date, less any payments made after that date in relation to your claim, less:

a. All trade and other discounts (except a discount for immediate or early settlement) which would have been available to the Company but for the CVL.

VAT

- If you are registered for VAT, the amount claimed should include VAT, even if VAT bad debt relief has already been claimed by you, under the VAT Act 1994.
- Creditors registered for VAT may be able to claim VAT bad debt relief on the above amount under Section 36 of the Value-Added Tax Act 1994. In broad terms, you should be able to claim relief on the VAT element of the above amount provided the debt is 6 months old and it has been written off in your accounts.
- If any dividend is made by the Liquidator against your claim, you will receive the dividend on the gross amount you have claimed, however if you have benefited from VAT bad debt relief, you must account to the HM Revenue & Customs for the VAT element of any dividend received.
- Rushtons Insolvency Limited has no role in administering VAT bad debt relief.
- If any creditor is uncertain about the procedure, please contact your local VAT office who should be able to help you.

Creditor Rights

Information available to creditors in relation to their rights can be found at <http://www.creditorinsolvencyguide.co.uk/>

INTERNAL USE ONLY:

Added to IPS:

☐

Admitted:

☐

Other Data
Required:

☐

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors and Statement of Proposals

1st February 2018

APPENDIX 9 – ELECTION TO OPT OUT FROM RECEIVING DOCUMENTS

CREDITOR'S NOTICE ELECTING TO OPT OUT FROM RECEIVING DOCUMENTS

DESIGNER YARNS LIMITED ("the Company") Administration ("ADM")
Registered number: 04187433

Instructions To:
for
completion

RAYMOND STUART CLAUGHTON – JOINT ADMINISTRATOR

Enter your From:
name in
here:

Enter your Address:
address in
here:

I understand that as an opted-out creditor:

- I will remain an opted-out creditor for the duration of the administration by the Joint Administrators unless I revoke the opting out.
- I can, at any time, revoke my election to opt out by a further notice in writing, signed and dated by me and delivered to the Administrators. I will then cease to be an opted-out creditor from the date that the notice is received by the Administrators.

Signed _____ 

Signature of Creditor

Dated:

DESIGNER YARNS LIMITED

Joint Administrators' Report to Creditors and Statement of Proposals

1st February 2018

APPENDIX 10 – ESTABLISHING A CREDITORS COMMITTEE

Rushtons Insolvency Limited

NOTICE OF INVITATION TO FORM A CREDITORS' COMMITTEE

Company Name: Designer Yarns Limited (In Administration) ("the Company")
Company Number: 04187433 In the Leeds Registry & Property Courts in Leeds Insolvency & Companies No. 1108 of 2017

This Notice is given under Rule 3.39 of the Insolvency (England & Wales) Rules 2016 ("the Rules"). It is delivered by the Joint Administrator of the Company, Raymond Stuart Claughton, of Rushtons Insolvency Limited, 3 Merchant's Quay, Ashley Lane, Shipley, West Yorkshire, BD17 7DB, (telephone number 01274 598585), who was appointed by the Directors of the Company.

Creditors are invited to nominate Creditors (which may include themselves) by completing the section below and returning this Notice to the Administrator by one of the following methods:

By post to: Rushtons Insolvency Limited, 3 Merchant's Quay, Ashley Lane, Shipley, West Yorkshire, BD17 7DB

By email to: imckenzie@rushtonsifs.co.uk

Please note that, if you are sending nomination by post, you must ensure that you have allowed sufficient time for the Notice to be delivered to the address above by the time set out below. Unless the contrary is shown, an email is treated as delivered at 9am on the next business day after it was sent.

All nomination must be delivered by: 23.59 on 21st February 2018

Nominations can only be accepted if the Joint Administrators' is satisfied as to the nominated Creditor's eligibility under Rule 17.4 of the Rules.



Signed: _____
Raymond Stuart Claughton
Joint Administrator

Dated: 1st February 2018

NOMINATIONS FOR MEMBERS OF A CREDITORS' COMMITTEE

DESIGNER YARNS LIMITED (IN ADMINISTRATION)

On behalf of (name of Creditor):

at (address of Creditor): -

I nominate the following Creditor(s) to be member(s) of a Creditors' Committee (provide name(s) and address(es)):

1.

2.

3.

Signed:

Dated:

Name in CAPITALS:

Position with, or relationship to Creditor, or other authority for signature:

Are you the sole member/shareholder of the Creditor (where it is a Company)?

| | |
|-----|----|
| Yes | No |
|-----|----|

GUIDANCE NOTE FOR CREDITORS EXPLAINING THE PROCEDURE FOR ESTABLISHING A CREDITOR'S COMMITTEE

Functions of a committee

In addition to any functions conferred on a committee by any provision of the Insolvency Act 1986, the committee is to –

- (a) assist the Office-Holder in discharging the Office-Holders' functions; and
- (b) act in relation to the Office-Holders' in such manner as may from time to time be agreed.

Purpose of the committee

The purpose of the committee is to represent the interest of the creditors as a whole, not just the interests of its individual members. The principal function of the committee is to fix the Administrators' remuneration. In addition, the committee may also serve to assist the Administrators' generally and act as a sounding board for them to obtain views on matter in the bankruptcy.

The Administrators' is required to report to the committee on matter relating to the Administration and to submit copies of his/her accounts when required. Meetings are generally held when determined by the, Administration and voting is by majority in number. Votes may also be taken by post.

Committee members are not entitled to remuneration, but they may be reimbursed for reasonable travelling expenses incurred on committee business.

Although the Administrators' should normally have regard to the views of the creditor's committee, he/she may always refer matters of contention to a general body of Creditors, or to the court. It has been held, in a Liquidation case, that the court has a residual discretion not to follow the wished of a committee where the special circumstances of the case warrant it.

Established of committee – Insolvency (England & Wales) Rules 2016

Where the Administrators' seeks any decision from the Creditors', the Administrators' must, at the same time, deliver to the Creditors' a notice inviting them to decide whether a Creditors' committee should be established if sufficient Creditors' are willing to be member of the committee.

Where the Creditors' decide that a Creditors' committee should be established, notice should be given to the convener or chair of the decision procedure.

Before a Creditor may act as a member of the committee that person must agree to do so.

Where a Creditors' has duly appointed a proxy-holder or representative, that proxy-holder or representative who is attending a meeting to establish the committee, may give the appointing Creditor's agreement to act as a member of the committee (unless the proxy or instrument conferring authority contains a statement to the contrary).

Where a decision has been made to establish a committee, but not as to its membership, the Administrators' must seek a decision from the Creditors' about Creditor members of the committee.

The committee is not established and cannot act until the Administrators' have delivered a notice of its members' to the court (Where the bankruptcy petition was presented by a Creditor) or and to the Official Receiver (where the bankrupt applied for his/her own bankruptcy).

The notice which must be delivered by the Administrators' to the court/Official Receiver must contain the following:-

- A statement that the committee has been duly constituted;
- Identification details for any Company that is a member of the committee;
- The full name and address of each member that is not a company.

The notice must also be signed and dated by the Administaror.

This notice must be delivered as soon as reasonably practicable the minimum number of persons, being at least 3 members but not more than five members, have agreed to act as members and been elected.

Extract from the Insolvency (England and Wales) Rules 2016

Rule 17.4

Eligibility for membership of Creditors' or Liquidation committee

17.4 – (1) This rule applies to a Creditor's committee in an administration, an administrative receivership and a bankruptcy and to a liquidation committee in a Creditors' Voluntary Winding-Up and a Winding-Up by the Court.

(2) A Creditor is eligible to be a member of such a committee if:-

- a) the person has proved for a debt;
- b) the debt is not fully secured; and
- c) neither of the following apply:-
 - (i) the proof has been wholly disallowed for voting purposes, or
 - (ii) the proof has been wholly rejected for the purpose of distribution or dividend.

(3) No person can be a member as both a Creditor and a contributory.

(4) A body Corporate may be a member of a Creditors' committee, but it cannot otherwise than by a representative appointed under rule 17.7.

AM03 Notice of Administrator's Proposals



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 | RICHARD JENNINGS | | | | | | | | | |
| Company name | RUSHTONS INSOLVENCY LIMITED | | | | | | | | | |
| | | | | | | | | | | |
| Address | 3 MERCHANTS QUAY | | | | | | | | | |
| ASHLEY LANE | | | | | | | | | | |
| | | | | | | | | | | |
| Post town | SHIPLEY | | | | | | | | | |
| County/Region | WEST YORKSHIRE | | | | | | | | | |
| Postcode | B | D | 1 | 7 | | 7 | D | B | | |
| Country | ENGLAND | | | | | | | | | |
| DX | | | | | | | | | | |
| Telephone | 01274 598585 | | | | | | | | | |



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 and dated 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